

MOVING FORWARD

ANNUAL REPORT
2016



Modhumoti
Bank Limited

Your Access to Success



ANNUAL REPORT 2016

Modhumoti Bank Limited concludes another year of success towards growth. In almost every positive aspect; the Bank has shown its strength by registering steady positive figures resulting up gradation of credit rating of the Bank. The Bank achieves this by dint of prudent guidance of the Board, experienced and competent Management and for our respectable customers; for which we belong and with whom, we shall continue extending our footprint both horizontally and vertically and hope to grow locally and internationally.

Happy banking with us!

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Letter of Transmittal

All Respected Shareholders
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms

Sub: **Annual Report for the year ended 31 December 2016**

Dear Sir(s),

We are pleased to enclose a copy of Bank's Annual Report 2016 together with the audited financial statements including balance sheet as at 31st December 2016 and profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31st December 2016 along with notes thereto of Modhumoti Bank Limited for your kind information and record.

With best regards,

Yours truly,



Md. Shafiu Azam
Managing Director & CEO

Glimpse of the Third Annual General Meeting



The Directors, Sponsor Shareholders & Managing Director addressed in the Annual General Meeting.



The Sponsor Shareholders are seen reviewing Annual Report in the Annual General Meeting.

Corporate Profile



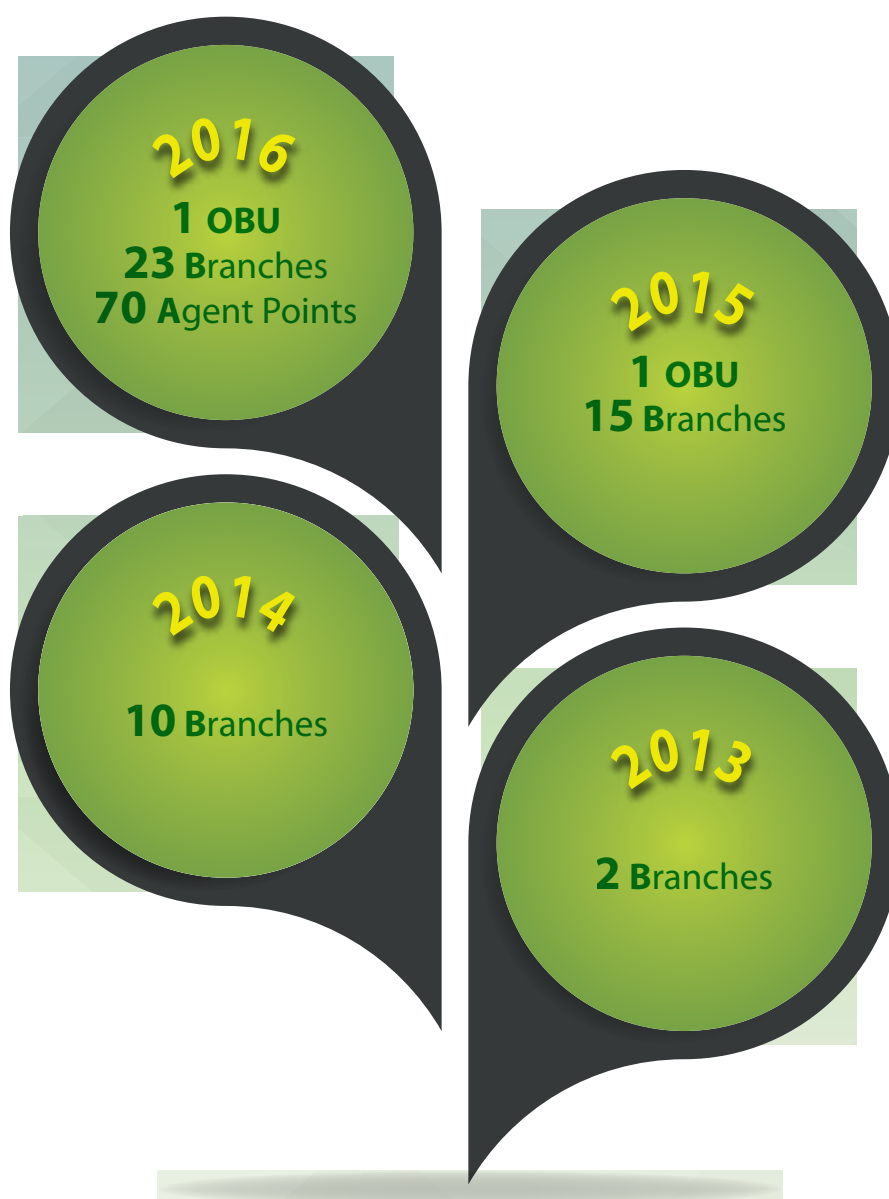
Background

Modhumoti Bank Limited, a fourth generation private commercial bank, commenced its banking operation on September 19, 2013 focusing to be a responsible bank, which is not limited just to a stable financial institution with quality products, but also becoming an integral part of the community, help others to go ahead for positive changes and improve the life of people around by providing stakeholders the highest level of stability, reliability, honesty and quality of services, which is reflected in our tagline as 'Your Access to Success'!

Legal form

A scheduled commercial bank incorporated in Bangladesh as a Public Limited Company.

Date of Incorporation	4 June 2013
Obtained Banking License from Bangladesh Bank	9 June 2013
Date of Inception of Banking Operation	19 September 2013
Authorised Capital	BDT 20,000.00 million
Paid-up Capital	BDT 4,520.00 million
Face Value of Each Share	BDT 10.00
No. of Outstanding Shares	452.00 million
Registered Office	Banglar Bani Bhaban 81 Motijheel C/A, Dhaka-1000
Chairman, The Board of Directors	Mr. Humayun Kabir
Chairman, Audit Committee of the Board	Mr. Shaikh Salahuddin
Chairman, Executive Committee of the Board	Barrister Sheikh Fazle Noor Taposh, MP
Chairman, Risk Management Committee of the Board	Mr. Mostafa Kamal
Managing Director & CEO	Mr. Md. Shafiqul Azam
BIN	000001507 dated 14.12.2016
VAT Registration	19011088268-Area Code 190101
Tax-Payer Identification Number	718496557566/LTU/Dhaka
Auditors	M/s. A. Qasem & Co., Chartered Accountants
Credit Rating Agency	Credit Rating Agency of Bangladesh Limited (CRAB)
Legal Retainer	Barrister Ali Asif Khan, Hossain & Khan Associates
Tax Consultant	M/s. Acnabin, Chartered Accountants
Head office	DCCI Building, 2nd - 4th Floor 65-66 Motijheel Commercial Area, Dhaka-1000 E-mail: info@modhumotibankltd.com Phone: 02-958 3809, Fax: 02-9583808



Chronicles

Application for Bank License	29 November 2011
Obtained Letter of Intent (LOI) from Bangladesh Bank	17 April 2012
Certificate of Incorporation	4 June 2013
Commencement of Business	4 June 2013
Obtained Banking License	9 June 2013
Launching Ceremony	6 July 2013
Inauguration of Head Office at DCCI Building, Motijheel, Dhaka	1 August 2013
Opening of the First Branch (Motijheel Branch)	19 September 2013
First Meeting of the Board of Directors	1 August 2013
First Meeting of the Executive Committee of the Board	10 October 2013
First Meeting of the Audit Committee of the Board	30 December 2013
First Meeting of the Risk Management Committee	22 September 2014

Shareholders' Meetings

Statutory Meeting of the Shareholders	6 May 2014
First Annual General Meeting	25 November 2014
Second Annual General Meeting	14 September 2015
Third Annual General Meeting	28 September 2016

Business Automation

BankUltimas Core Banking Software Roll out	19 September 2013
Internet Banking Service	19 September 2013
SMS Banking Service	24 November 2013
BACH (Automated Clearing House)	11 December 2013
Electronic Fund Transfer (EFT)	15 July 2014
Automation for Offshore Banking	5 October 2015
Commencement of Real Time Gross Settlement System	22 October 2015
Digital Banking (Agent Banking)	4 February 2016
AML Sanction Screening	17 October 2016
Central Trade Processing Unit (CTPU)	11 May 2017
NID Verification with Election Commission	19 June 2017
Launched Privilege Banking service for freedom fighters	13 March 2014
Launched Priority Banking service at Gulshan Branch, Dhaka	1 September 2014
Launched Priority Banking Service at Agrabad Branch, Chittagong	25 September 2016
Obtained license for Off-shore Banking (OBU)	02 April 2015
Launched OBU	23 September 2015
Business Development Centre at Chittagong EPZ	18 February 2016

Division-wise First Branch Opening

Barisal Division (Charfassion Branch)	25 October 2015
Chittagong Division (Agrabad Branch)	27 November 2014
Dhaka Division (Motijheel Branch)	19 September 2013
Khulna Division (Jinnahagar Branch)	27 March 2014
Mymensingh Division (Shambhuganj Branch)	10 October, 2016
Rajshahi Division (Rajshahi Branch)	20 October 2015
Rangpur Division (Pirgonj Branch)	11 February 2016
Syhet Division (Amberkhana Branch)	17 November 2013

Cards & ADCs

Launched Debit Card through ITCL	17 April 2014
Launched First On-site ATM Booth at Motijheel Branch	30 June 2014
Launched first Off-site ATM Booth at Ashulia	6 December 2015
Launched 'VISA' Credit Card	12 January 2016
Launched Card Cheque	2 November 2016
Launched 'VISA' Debit Card	21 March 2017

Agent Banking Operation

Signed agreement with Access to Information (a2i), PMO	17 June 2015
Obtained license for Agent Banking	30 June 2015
Unveiled logo for Agent Banking operations	14 September 2015
First Digital Point (Agent Point) at Boheratoil, Tangail	04 February 2016
First Agent Conference 2017	04 February 2017
100th Digital Point (Agent Point) at Delduar, Tangail	27 April 2017



The Bank signed an agreement with DNCC under which opened an exclusive booth for collecting taxes & fees.



The Bank signed an agreement for participation of utilization of Re-finance Scheme for Tk.10 Account holders.

Major Events in 2016

Branch Opening

Pirganj Branch, Rangpur	11 February 2016
Shekharnagar Branch, Munshiganj	24 March 2016
Khulna Branch, Khulna	31 March 2016
Sheikh Fazilatunnesa Mujib Eye Hospital Branch, Gopalganj	05 June 2016
Sheikh Kamal Sarani Branch, Dhanmondi, Dhaka	01 September 2016
Shambhuganj Branch, Mymensingh	10 October 2016
Mawna Branch, Gazipur	31 October 2016
Banglamotor Branch, Dhaka	28 November 2016

Celebrations

Launching Ceremony of 'Modhumoti VISA Card' and 'Customer Night'	12 January 2016
Celebrated 'International Women's Day 2016'	08 March 2016
Customer's Night for Modhumoti Bank Limited Off-Shore Banking Unit	22 March 2016
Bengali New Year 1423	14 April 2016
Third Anniversary	04 June 2016

Training & Workshop

Training program on 'Loan Documentation & Monitoring'	23 July 2016
Training Program on 'Credit Proposal Processing & Green Banking'	06 August 2016
Training Program on 'Off-Site Supervision'	01 October 2016
Workshop on 'AML/CFT and Trade Based Money Laundering'	26 September 2016
Workshop on 'House Keeping & Compliances at Branches'	19 November 2016

Vision

Our vision is to lead the new generation of local commercial banks by excelling in customer delivery through insight empowered employees, smart use of technology and a full range of highest quality products and services.

Mission

- Fast customer service
- Maintain sustainable growth
- Follow strong business ethics
- Offer quality financial services with latest technology
- Provide smooth return on shareholder's equity
- Attract and retain qualified human resource
- Maintain Corporate Social Responsibility
- Explore un-banked areas

Strategic Objectives

- To conduct business operation in a transparent manner based on market mechanism within the legal and social framework as focused in our mission towards vision of the organization.
- To provide customers efficient, innovative and quality products and services with excellent delivery system in such manner where we shall compete with ourselves every moments.
- To attract and retain good employees as well as enhancing their career through training.
- To contribute meaningfully towards the progress of the nation through socially responsible business.
- To generate profit and fair returns to our shareholders ensuring sustainable growth.

Core Values

- Ethics
- Innovation
- Transparency
- Responsibility
- Teamwork
- Customer Centricity

Our Commitment

- Focus on customers' satisfaction
- Committed to deliver best financial services to
 - Retail
 - Small and Medium Enterprises (SMEs)
 - Corporate
 - Government and
 - Individual clients
- Planning strategies to meet the upcoming demands of the market
- Catering high degree of professionalism and use of modern technology
- Creating and maintaining long-term relationship based on mutual trust
- Sharing the values and beliefs of our customers
- Grow as our customers' grow
- Offering competitive pricing with no hidden costs
- Ensuring safety and security of the valuables of our customers put in trust with us.

MENTORS TOWARDS THE PROGRESS

Modhumoti Bank Limited was established to be an important player in the financial arena of Bangladesh. During the inception of the Bank, we pledged to fulfill its vision and goals.

We believe that the competent Management Team will take the Bank to new heights and deliver expected results to the shareholders at the end of the year.

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The Board of Directors in Meetings



Composition of the **Board of Directors**

Mr. Humayun Kabir, Chairman
Mr. Shaikh Salahuddin, Vice-Chairman
Mr. Sheikh Fazle Noor Taposh, MP
Mr. Mohammad Ismail Hossain
Representing Sharmin Apparels Limited
Mr. Nemai Kumer Saha
Representing Sandhani Life Insurance Company Limited
Mr. Salahuddin Alamgir
Mr. Mostafa Kamal
Representing Tanveer Oils Limited
Mrs. Tanjima Binthe Mostafa
Representing Everest Power Generation Co. Limited
Mr. Humayun Kabir
Mrs. Shahana Yasmin
Mrs. Sultana Jahan
Mr. A. Mannan Khan
Representing Mango Teleservices Limited
Mrs. Ferdousi Islam
Representing Azbal International Limited
Mr. Manwar Hossain
Representing Anwar Jute Spinning Mills Limited
Mr. Rezin Ahmmad Talukder
Representing D&S Pretty Fashions Limited
Mr. Yousuf Ali, FCMA
Representing Meghna Flour & Dal Mills Limited
Mr. Md. Mahbubur Rahman
Representing Mona Financial Consultancy & Securities Limited
Mr. Md. Didarul Alam, MP
Mr. Md. Shaful Azam, Managing Director & CEO (Ex-officio)

Composition of the Board's Committees



The Executive Committee

Chairman : Barrister Sheikh Fazle Noor Taposh, MP

Members : Mr. Mostafa Kamal
 Mr. Salahuddin Alamgir
 Mr. Mohammad Ismail Hossain
 Mr. Nemai Kumer Saha
 Mr. Humayun Kabir
 Mr. Manwar Hossain



The Audit Committee

Chairman : Mr. Shaikh Salahuddin

Members : Mr. A Mannan Khan
 Mr. Md. Mahbubur Rahman



The Risk Management Committee

Chairman : Mr. Mostafa Kamal

Members : Mr. Md. Didarul Alam, MP
 Mr. Rezin Ahmmad Talukder

Profile of the Board of Directors



Humayun Kabir
Chairman

Mr. Humayun Kabir, the Chairman of the Board of Directors of Modhumoti Bank Limited, was born in a respectable Muslim family in 1967 in Dhaka. His father Late Al Haj Amanullah Miah was a pioneer industrialist of the country and also had been the Chairman of the Board of Directors of former Al Baraka Bank Limited while Mr. Kabir was a Director.

During his long professional life, Mr. Kabir worked in different organizations in different capacities. To flourish himself in modern Management technique, he also obtained the degree of EMBA in Accounting and Finance. He is a renowned industrialist and is currently the Managing Director of Zest Agro Food Processing Limited and also the Chairman of Dhaka Ice Cream Industries Limited (Polar Ice cream), Managing Director of Northern Hatcheries Limited (Deshi Meat).

Mr. Kabir is the President of Gulshan Youth Club and also a member of Gulshan Club and Kurmitola Golf Club, Dhaka. Besides, he involves with different social welfare activities.



Shaikh Salahuddin
Vice-Chairman

Mr. Shaikh Salahuddin is the Vice-Chairman of the Board of Directors and the Chairman of the Audit Committee of the Board of Directors of the Bank. He was born in a respectable Muslim family in 1967 in Khulna. His father, Late Shaikh Abu Naser, younger brother of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman, was martyred on 15 August, 1975.

He is a successful businessman having vast experiences in transport and shipping businesses. Mr. Salahuddin is proprietor of Fardin Fishing and Ajmeer Navigation and also a sponsor shareholder of Islami Commercial Insurance Company Limited.

Mr. Salahuddin is associated with many socio-political and trade body activities. He is the President of Khulna Nou-Paribahan Malik Group.



Sheikh Fazle Noor Taposh, MP
Director

Mr. Sheikh Fazle Noor Taposh, Barrister-at-Law, is the Chairman of the Executive Committee of the Board of Directors. He is also Member of Parliament in the Bangladesh National Parliament.

He completed his LL.B (Honours) with Upper Second Class from the University of Wolverhampton, U.K. in 1996 and then completed his Bar Final Course under the General Council of the Bar of England and Wales in 1997. He is a Member of the Honourable Society of Lincoln's Inn, U.K. He is also a Member of the Bangladesh Bar Council and has been practising in the High Court Division of the Supreme Court of Bangladesh since 2001 and has been enrolled as an Advocate in the Appellate Division of the Supreme Court of Bangladesh on 24th August, 2010. He was the lead Counsel to the Honourable Prime Minister Sheikh Hasina and had successfully defended her in all her cases. He was also the Counsel in the 'Bangabandhu Sheikh Mujib Murder Case' before the High Court Division and the Appellate Division of the Supreme Court of Bangladesh. He specializes in Constitutional Law (Law of Judicial Review), Commercial Litigation, General Corporate Practice, Banking Law, Power, Energy and Mining, Telecommunication, Real Estate, Mergers & Acquisitions and also Criminal Law.

He was a Member of the International Bar Association (IBA) and a Member of the Mining Law Committee and War Crimes Committee of the IBA. He worked as Local Legal Counsel in various projects funded by the World Bank, Department for International Development of UK (DFID), Asian Development Bank (ADB) and Japan Bank of International Co-operation (JBIC). He was one of the eminent Lawyers who were called by the 'Special Committee on Amendment of the Constitution of Bangladesh' for opinion on constitutional reforms and amendment of the Constitution of Bangladesh.

He was a Member of the Standing Committee in Parliament for the Ministry of Power, Energy and Mineral Resources and the Ministry for Law, Justice and Parliamentary Affairs. Presently, he is a Member of the Standing Committee in Parliament for the Ministry for Food and the Committee on Estimates.

He is one of the Panel Arbitrators and Conciliators of International Centre for Settlement of Investment Disputes (ICSID) from Bangladesh. He was an International Observer in the UK General Election 2010 on behalf of the Commonwealth Parliamentary Association (UK Branch) and the Royal Commonwealth Society, UK. He is also a Member of the Senate of the Dhaka University.



Mohammad Ismail Hossain
Director

Mr. Mohammad Ismail Hossain, representing Sharmin Apparels Limited, was born in a respectable Muslim family in 1966 at Faridpur. He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

Mr. Hossain is the Managing Director of Sharmin Group, one of the largest 100% export oriented garments industry in the country. He is also a Director of Bangladesh Chamber of Industries (BCI), an apex body of the country's trade and business. Earlier he was a Director of FBCCI.



Nemai Kumer Saha
Director

Mr. Nemai Kumer Saha, representing Sandhani Life Insurance Company Limited, was born in a respectable Hindu family in 1965 at Narail. Currently he is serving Sandhani Life Insurance Company as Deputy Managing Director and Chief Financial Officer. He obtained M.Com in Accounting from Jagannath University College in 1987.

He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

Mr. Salahuddin Alamgir, CIP aged 42 is a BMA Graduate. He is one of the most promising Entrepreneurs and committed Business Personalities. He is the Chairman & CEO of Labib Group which involved in various Businesses in Bangladesh like Textile, Sweater, Telecom, Bank, Lease Finance, IT, Agro etc. and he has been running his business organizations with good reputation, honest credibility and satisfactory turnover for last 20 years.

Mr. Salahuddin Alamgir, CIP has been awarded with National & International Recognitions like '20th BATEXPO AWARD-2009', 'NOKIA BEST DISTRIBUTION AWARD-2009', '21st BATEXPO AWARD-2010', 'NATIONAL EXPORT TROPHY 2010-2011', 'MERCANTILE BANK HONOUR-2017 as INDUSTRIALIST' etc. based on his excellent business records and significant contribution to the Commerce, Industry & Economy of Bangladesh.

Mr. Salahuddin Alamgir, CIP is associated with the many associations & institutions and served them in different capacities. He is a Director of Federation of Bangladesh Chamber of Commerce & Industries (FBCCI). He acts as President of Bangladesh Dyed Yarn Exporters Association (BDYEA) since last 5 years. He is a Member of the Executive Committee of Bangladesh Chamber of Industries (BCI) and Bangladesh Mobile Phone Importers Association (BMPIA). He is a Member of the Executive Committee of the Board of Directors since inception of the Bank. He is Member of Bangladesh Garments Manufacturers & Exporters Association (BGMEA), Bangladesh Textile Mills Association (BTMA), Bangladesh Corrugated Carton & Accessories Manufacturers & Exporters Association (BCCAMEA), Gazipur Chamber of Commerce & Industries (GCCl).

He has engaged himself in many social and charity and also with many educational, religious and social institutions of his locality. He is Life Member of Kurmitola Golf Club Limited, Army Golf Club Limited, Gulshan Club Limited. Moreover, under the Charitable Fund & Organization titled 'Salahuddin Alamgir Foundation', Mr. Salahuddin Alamgir, CIP has been providing 'OLD AGED PEOPLE ALLOWANCE' to the old aged people of Shakhipur & Tangail since 2012.



Salahuddin Alamgir, CIP
Director



Mostafa Kamal
Director

Mr. Mostafa Kamal, representing Tanveer Oils Limited, was born in a respectable Muslim family in 1955 at Chouddagram, Comilla. He is the Chairman of the Risk Management Committee and also a Member of the Executive Committee of the Board of Directors of the Bank.

Mr. Kamal started career with trading in the year 1976 and became a successful importer within a very short span of time. He had taken endeavor in 1989 to setting up industries and subsequently became a successful and leading entrepreneur of the country establishing as many as 35 major industries of different categories including heavy industries like cement, chemical, shipbuilding, steel, power generation etc.

Mr. Kamal is entrusted with various prestigious positions in business arena. He has engaged himself in numerous social welfare activities to uplift the socio economic condition and uphold the cause of humanity in the society. He also established a number of educational institutions to disseminate education in his locality. He is embellished with lot of awards from home and abroad for outstanding leadership and positive role in contribution in country's economy and employment generation by establishing a good number of industries.



Tanjima Binthe Mostafa
Director

Mrs. Tanjima Binthe Mostafa, representing Everest Power Generation Company Limited, is a director of Meghna Group of Industries which is one of the biggest & leading conglomerates of Bangladesh. She is the daughter of Managing Director of the Group, Mr. Mostafa Kamal, one of the country's leading business personalities.

Mrs. Tanjima obtained her graduation from Babson College, Boston in 2009, majoring in Marketing and Economics. She is a young, energetic and potential director being engaged herself for the growth and development of the company. Meantime she has developed such skill and ability to manage and monitor the day-to-day business affairs of the Group, capable to run the business smoothly and efficiently shoulder-to-shoulder with her entrepreneur father.

She had received 'Best Younger Entrepreneur' of the year 2010, an award handed over by Lt. Col. (Retd.) Mohammad Faruk Khan, Hon'ble Minister, Ministry of Commerce, Government of the People's Republic of Bangladesh, as a part of her recognition in the field of business and industry.



Humayun Kabir
Director

Mr. Humayun Kabir (Bablu) is graduated from California State University, Los Angeles, CA, USA in 1996 in Production & Operation Management.

Mr. Kabir is a Director of Bengal Group of Industries, one of the leading business groups in the country and Managing Director of Bengal Media Corporation Limited (RTV). He is a member of the Executive Committee since inception of the Bank.

He is declared as Commercially Important Person (CIP) by the Government of Bangladesh (GOB) for his remarkable contribution in exports.



Shahana Yasmin
Director

Mrs. Shahana Yasmin was born in a respectable Muslim family in 1968 in Khulna. Her grand father Late Professor Sanaullah was principal of Hoogly Mohsin College, West Bengal. Mrs. Yasmin obtained M. Com. in Accounting. She is engaged in business since long. She is proprietress of Farzan Fishing and Haraj Market (2nd floor), Khulna.



Sultana Jahan, CIP
Director

Mrs. Sultana Jahan, CIP was born in a respectable Muslim Family at Chandpur. She is the Vice-Chairman of Labib Group, a renowned Business Conglomerate in the Sector of Apparel Manufacturing, Exporting, Importing, IT, Agro, Trading & Distribution of Mobile Handsets since long.

Besides the businesses activities, Mrs. Sultana Jahan, CIP is involved in various Social Works & Activities. She is extending her helping hand to the old aged people as well as other distressed humanities in various forms like scholarship to the students, clothing to the cold affected people, food to the flood affected people, monetary welfare to the underprivileged children/people and various religious & educational institutions.

Mrs. Sultana Jahan, CIP is a Member of Kurmitola Golf Club, Baridhara Society and Gulshan Society, Dhaka.



A. Mannan Khan
Director

Mr. A. Mannan Khan, Chairman of Mango Teleservices Limited, was born on 3rd January 1966 at Singair, Manikganj. He Graduated from Tianjin University of China in Computer Engineering with specialization in Telecommunication. He is a Member of the Audit Committee of the Board of Directors since inception of the Bank.

After returning from China, he started business as Chairman of Communication Solutions Limited (CSL) and contributed substantially to the nation undertaking many world class office automation solutions and innovative projects like Air to Ground Communication System. Later on, in 2008, he established Mango Teleservices Limited, the first private sector International Internet Gateway (IIG) of the country and connected the country with the rest of the world. He also ventured into the business of voice network and established Platinum Communications Limited as an International Gateway, and Purple Telecom Limited as an Interconnection Exchange.

Mr. Khan is the founder chairman of Baira College, Singair, Manikganj, which is established in 1994. He is also the managing director of Playpen which is an English medium school catering the urban people and offering education up to A level to about 1500 students in Dhaka city. He has attended many works/ seminars at home and abroad. In personal life Mr. A Mannan Khan is married and the proud father of a son and a daughter.



Ferdousi Islam
Director

Mrs. Ferdousi Islam, representing Azbal International Limited, was born in a respectable Muslim family in 1965 in Narsingdi. She obtained M.A. degree from University of Dhaka in 1990. She is the Chairman of Azbal International Limited. She is also the Chairman of China-Bangla Ceramic Industries Limited, Managing Director of Trustee Securities Limited and Director of Northern General Insurance Company Limited and United Shipping Lines Limited.

Mrs. Islam is also associated with many philanthropic activities and travelled many countries.



Manwar Hossain
Director

Mr. Manwar Hossain, son of country's renowned Business philanthropy, Mr. Anwar Hossain, is the chief flag bearer of Anwar Group of Industries, a legacy of 180 years of business, and now boasts as the most diversified business conglomerate in Bangladesh. He is a Member of the Executive Committee of the Board of Directors of the Bank.

Mr. Hossain began his career in the Group, a family business, in 1994 after completing his undergraduate and graduate studies from University of New Hampshire, USA in business studies. He presently leads his role as Group Managing Director.

Mr. Hossain is the Chairman of BD Finance & Investment Company Limited, BD Finance Securities Limited, BD Finance Capital Holdings Limited and Commerce Bank Securities and Investment Limited. He was former Vice Chairman of The City Bank Limited and also a former Director of Bangladesh Commerce Bank Limited.

Mr. Hossain is associated with different social and trade bodies also. He played a vital role as a Director of Dhaka Chamber of Commerce & Industry (DCCI). He is the present Chairman of Bangladesh Auto Re-Rolling & Steel Mills Association (BARSMA), First Vice Chairman of Bangladesh Cement Manufacturers Association (BCMA). He is also a member of Bangladesh Steel Mill Owner's Association, Bangladesh Re-Rolling Mills Association, Dhaka Club, Kurmitola Golf Club, Army Golf Club, American Alumni and FBCCI.



Rezin Ahmmad Talukder
Director

Mr. Rezin Ahmmad Talukder, one of the most potential and raising young industrialists of the country was groomed up by a respectable and renowned Muslim family from Bakerganj, Barisal. He is a highly self-motivated person and a visionary farsighted entrepreneur with a vast knowledge on global finance and business. He is the founder director of Pretty Group; which is a proper corporate conglomerate of 100% export oriented manufacturing industries. Since then, he has been very successfully officiating as its Managing Director. He is also a Member of Risk Management committee of the Board of Directors of Modhumoti Bank Limited.

Mr. Rezin Ahmmad Talukder received the award from the Honorable Prime Minister of the Government of the People's Republic of Bangladesh for obtaining "YOUNG ENTREPRENEUR AWARD" on Export oriented industries for the year 2015.



Yousuf Ali, FCMA
Director

Mr. Yousuf Ali, FCMA, representing Meghna Flour & Dal Mills Limited, was born in a respectable Muslim family in 1972 at Shariatpur. He completed post-graduation in Accountancy from Dhaka University in 1996 and he is the fellow member of Cost and Management accountants of Bangladesh.



Md. Mahbubur Rahman
Director

Mr. Md. Mahbubur Rahman, representing Mona Financial Consultancy and Securities Limited, is an MBA, major in Finance & ITP. He is a member of Dhaka Tax's Bar Association, was born in a respectable Muslim family in 1970 at Mandari, Lakshmipur.

He is a Member of the Audit Committee of the Board of Directors of the Bank.



Md. Didarul Alam, MP
Director

Mr. Md. Didarul Alam, MP is a prominent innovative and successful businessman in the country, born in a glorious and highly respectable Muslim family of North Kattali, Pahertali, Chittagong. He is a member of the Parliament of the country. He is also a member of the Risk Management Committee of the Board of Directors of the Bank.

Mr. Alam holds a Bachelor's Degree in Arts. He has started his glorifying business career in the field of ship breaking following a long history of family-run business. He has expanded businesses in many dimensions. He played a vital role in different companies, i.e., T.R Fishing Limited, TR Ship Breakers Limited, Golden Bricks Limited, Kumira Ship Breakers Limited, Mostafa Hakim Shipping Lines Limited, Golden Auto Workshop Limited, Golden Oxygen Limited, Taher & Company Limited, Golden Ispat Limited, Alhaj Mostafa Hakim Cement Industries Limited, Alhaj Mostafa Hakim Housing and Real Estate Limited, S.B Corporation, Taseen Steels Limited, Silk Line Travels, Kadam Rasul Steel Ship Breaking Ltd., A Razzak Dobush & Sons Ltd, Amena Fishing etc. at different capacities, such as Chairman, Managing Director & Director of the Board of Directors. He was also a Director of Bangladesh Finance and Investment Company Limited.

Mr. Alam is associated with different social and trade bodies. He played a vital role as a Director of Chittagong Chamber of Commerce and Industry (CCCI). He actively associates with several distinguished educational and socio-cultural organizations including Alhaj Mostafa Welfare Foundation. He is a life member of Bhathiary Golf & Country Club and Chittagong Club Limited. Mr Alam traveled widely across the globe.



Md. Shafiu Azam
Managing Director & CEO

Mr. Md. Shafiu Azam has taken over Leadership of the Management of Modhumoti Bank Limited on 8th August, 2016 as Managing Director and Chief Executive Officer (CEO). Mr. Azam was the Additional Managing Director of the Bank prior to getting the new assignment.

A young, energetic, self-motivated banker, Mr. Azam, started his career with AB Bank Limited in 1991 as a Probationary Officer after completing post-graduation in Marketing from University of Dhaka. As a part of his career progression, later he joined Shahjalal Islami Bank Limited in 2001 and by dint of his honesty, sincerity and dedication to the work; he became the Deputy Managing Director of the Bank within very short span of time.

A highly connected, positive minded, customer centric banker, Mr. Azam possesses more than 25 years banking experience where he discharged responsibilities in different capacities including Head of corporate at Head office & Branch Manager/ Deputy Manager of major corporate Branches like Motijheel, Dhanmondi, Karwan Bazar, Mohakhali & Gulshan. He has been accoladed several times for his contributions to previous Banks. He has visited many countries of the world on official purpose and enriched his experience by attending various seminars, workshops and trainings.

Mr. Azam is personally associated with many social activities.

The Sponsors



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Sharmin Fashions Limited**
Rep. by Mrs. Syeda Sharmin Hossain



Mr. Hasanur Bari**

* Transferred entire shareholding.

** Holds sponsor shares through transfer.

The Senior Management



MD & CEO Mr. Md. Shafiqur Rahman and DMD Mr. Kazi Ahsan Khalil

The Management Committee, MANCOM

Chairman

Mr. Md. Shafiqur Rahman, Managing Director & CEO

Members

Mr. Kazi Ahsan Khalil, Deputy Managing Director

Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management

Mr. Md. Shaheen Howlader, EVP and Head of SME & Retail Banking

Mr. Sufi Tofail Ahamed, EVP and Head of ICT

Mr. Javed Khan, SVP and Head of Corporate & Investment Banking

Ms. Fahmida Saeed Saki, SVP and Head of International Division

Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Services

Mr. Md. Shafiqur Rahman, SVP and Head of HRD

Mr. Md. Zainul Abedin, VP and Head of ICCD

Mr. Arif Hasan Khan, VP, Business Development & Marketing Division (Corporate)

Mr. Biswas Arifur Rahman, VP and Head of Treasury

Mr. Md. Gias Uddin, FVP, Finance and Accounts Division

Mr. S. M. Imran Alam, AVP, Human Resources Division

Mr. Ashutosh Talukder, AVP and Company Secretary (Current Charge)



The **Asset Liability Committee**, ALCO



Chairman

Mr. Md. Shafiu Azam, Managing Director & CEO

Members

Mr. Kazi Ahsan Khalil, Deputy Managing Director

Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management

Mr. Md. Shaheen Howlader, EVP and Head of SME & Retail Banking

Mr. Sufi Tofail Ahamed, EVP and Head of ICT

Mr. Javed Khan, SVP and Head of Corporate & Investment Banking

Ms. Fahmida Saeed Saki, SVP and Head of International Division

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Mr. Biswas Arifur Rahman, VP and Head of Treasury

Mr. Md. Gias Uddin, FVP, Finance and Accounts Division

Mr. S. M. Imran Alam, AVP, Human Resources Division

Mr. Md. Mojammel Hoque, AVP, Risk Management Division

CHAIRMAN'S MESSAGE & CEO'S ROUND-UP

“ In discharging the duties and responsibilities to run the Bank, we have given due emphasis on compliance of all regulatory requirements effectively to ensure adequate transparency of banking activities and also try to maintain highest ethical standards and professionalism for protecting the best interest of all the stakeholders. ”



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Chairman's Message

Bismillahir Rahmanir Rahim

**Honorable Shareholders,
My Respected colleagues at the Board of
Directors,**

Assalmu Alaikum.

It my great pleasure and honor to have the opportunity to report progress of our beloved organization, Modhumoti Bank Limited to you. You would be happy to know that we concluded another year of solid growth of our business in 2016 despite many challenges on our way. On the occasion of the 4th AGM, I would like to thank our Shareholders, Members of the Board of Directors and its Committees, customers, well-wishers for their continued support and also Members of the Management Team for leading us towards this progress. I would like to take the opportunity of highlighting some of our achievements and the road ahead for the Bank before you.

Bank's Performance in 2016

We found that the year was stable in terms of political activities and favorable atmosphere for

business prevailed in the country. This trend is reflected in the indicators such as growth in public investment, agriculture, service, export, import and remittance and decline in inflation rate, and all these portrayed positive impact in Bank's performance.

During 2016, we achieved few milestones in terms of balance sheet size and operational activities. In this year, the Management of the Bank focused on its core business area of lending fund to Corporate and SME business houses, resulting which we gained substantial increase in Net Interest Income, i.e., BDT 775.89 million from BDT 265.68 million in 2015. Though, the Bank achieved operating profit of BDT 886.76 million in 2016 which was BDT 1,029.27 million in 2015 and net profit after tax dropped to BDT 462.19 million from BDT 764.94 million.

No doubt that in 2016, EPS and NAV downed to BDT 1.02 from BDT 1.69 and BDT 12.04 from BDT 12.22 respectively. Still, I am happy to report that despite down in profit results, there are many positive sides of our performance.

The profit after Tax has been decreased mainly due to decrease in investment income in 2016, which was substantial through capital gain from government securities in 2015. Besides, the Bank required to incur more in 2016 for expansion of Branch & ATM Network, opening Agent Points, expanding IT infrastructure, salary of a significant number of employees recruited newly etc. Now, let me show you the positive trends, which would take us forward in the coming years.

Growing size of the Balance Sheet:

Total deposits of the Bank stood at BDT 23,303.74 million in 2016 which registered growth of 37.86 per cent. On the other hand, total Loans and Advances grew significantly to BDT 17,138.60 million with only 0.26 per cent NPL which is far below than industry average. In 2016, NRB remittance amounting to BDT 119.80 million was channeled through the Bank by using the distribution channel of Western Union Money Transfer, etc. Total Assets of the Bank stood at BDT 32,424.51 million from BDT 23,765.50 million growing 36.44 per cent over the previous year.

Increasing trade finance activities:

The Bank is operating an Off-shore Unit. The Bank facilitated import of BDT 9,469.67 million in 2016, export of BDT 5,032.87 million through its five AD branches and CTPU facility at Head Office, which explicitly shows the scope of improvement in the days to come with so far 13 nostro accounts and 132 local and foreign correspondents despite many challenges.

Spreading our footprint around the country:

The Bank opened 8 new branches in both urban and rural areas of the country in 2016, for which present network comprised of 26 branches. With the help of technology; the Bank was able to open agent points in a good number of unions, which are presently at 111 unions throughout the country. The Bank would also like to carry forward the vision of financial inclusion by delivering the

services in far flung rural areas of the country through Agent Banking services.

Upgradation of Credit Rating:

Credit Rating Agency of Bangladesh (CRAB) in its recent report rated the Bank to A₃ in 2016 from BBB₁ in 2015, which reflects improved resilience, innate strength and stability of the fundamentals of the Bank. However, the Bank has been striving for gaining footholds towards earning sustainable and solid earnings, which would result positively in the coming years.

Corporate Governance

The corporate governance involves a set of identifiable relationships among the stakeholders of the Bank. We strive to practice and follow standard principles in accordance with the guidelines from Bangladesh Bank for ensuring corporate governance and we are in constant efforts for adhering to the rules, regulations and guidelines of regulatory authorities. For the sake of providing strategic support to the Board, different committees namely Executive Committee, Audit committee and Risk Management Committee are active within their respective terms of reference.

Corporate Social Responsibility

Since inception of the Bank, we are committed to the cause of humanity and fulfilling social responsibilities alongside commercial banking operation, which has continued in 2016 with utmost dedication and responsibility by spending a total amount of BDT 34.45 million to carry on various CSR initiatives, which was BDT 24.37 million in the preceding year. The areas of our contribution under banner of corporate social responsibility are well diversified across different segments as well as geographical areas. The Bank plans to widen its corporate social responsibility activities as it is sensitive to the needs of the community.

In the coming days, the Bank will be tested on a number of issues such as prudent fund management, a well-diversified portfolio management, keeping low NPL ratio of less than 1%, growing deposit base, provision of ancillary services, opening more branches, use of modern technology, recruiting, grooming and retaining quality human resources and reviewing our action from time to time.

Human Resources

Skilled human resource is the key to run financial institutions like bank. For this, sustainable planning is required for proper development of this resource. The Bank has given efforts to properly develop and build up capacity of its human resources by conducting various kinds of training programs around the year. For maintaining a well-motivated team for our success, we reward them with performance bonus, promotions and increments. I am highly confident that the competent Management Team will take the Bank to new heights and deliver expected results to the shareholders at the end of the year.

Outlook & Challenge

We are very much optimistic that macro-economic fundamentals will continue stable positive with challenges to face in our journey ahead. We believe that private sector credit will pick up along with the rebounding of infrastructural and mega projects will necessarily be instrumental to infuse dynamism as well as add new dimension in the overall economic activities spurring the economic growth.

Modhumoti Bank Limited was established to be an important player in the financial arena of Bangladesh. During the inception of the Bank, we pledged to fulfill its vision and goals. In the coming days, Management of the Bank will be tested on a number of issues such as prudent fund management, a well-diversified loan portfolio management, keeping low NPL ratio of less than 1 per cent, growing deposit base, provision of ancillary services, opening more branches/offices in advantageous places of the country, use of modern technology, recruiting, grooming and retaining quality human resources and reviewing our action from time to time. With the investment friendly environment supported by stable political movements; our economy is growing every moment and thus creates new and innovative business opportunities for the Bank.

Innovative ideas should be given careful thought and whenever required the Bank must be prepared to accept and adopt it for its advantage. Reason for my optimism may be attributed to the fact that we have already introduced most of the banking products and services based on modern ICT platform that are in market for our clients. We have diversified and growing deposit and loans and advances portfolio. Trade finance, remittance and total assets are also continuously on the rise and the trend will continue in the coming years.

Note of Appreciations

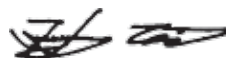
I am immensely indebted to my colleagues for their continued supports and prudent counsels. I would like to thank Members of the Executive Committee, Audit Committee and Risk Management Committee for their commendable role in our quest for success. I express deep gratitude to all our customers, well-wishers, shareholders, regulators for their supports and invaluable guidance in our journey.

I thank M/s. A. Qasem & Co., Chartered Accountants for conducting external audit with professionalism and advising us on various matters concerning International Accounting Standards and Bangladesh Accounting Standards.

We recognize the employees led by the Management Team as the innate strength of our Bank. We will strive together for achieving our stated goals and vision.

May Allah help us and shower His unending blessings upon us.

With warm personal regards,



Humayun Kabir
Chairman



Managing Director & CEO's Roundup

Bismillahir Rahmanir Rahim

Respected Shareholders, Honourable Members of The Board of Directors and all Members of Modhumoti Bank family

Assalamu Alaikum.

On the eve of Fourth Annual General Meeting of the Bank, it is great privilege and honour for me to place the on-going and up-coming activities and performance parameters of the Bank before you for the year ended December 31, 2016. In short, our 2016 results demonstrate the progress we have made on our journey towards being a more customer focused and pro-business bank.

With the passage of time, Modhumoti Bank Limited (MMBL) has completed another financial year of operation in 2016 after debuting its journey back on 19th September 2013. During this tenure, our strategy remains unchanged – our priorities of sustainable customer growth, efficiency and capital optimization has been delivered by a strong customer focused culture, a robust approach to change management and

investment, and development of our omni-channel capabilities, all within a framework of prudent risk management and governance.

MMBL is committed to providing its customers with a banking experience this is useful, simple and rewarding. We will continue to evaluate our potential inorganic opportunities to enhance our business provided they are in line with our strategic objectives and will create value for our honourable shareholders. We know that people want to manage money on their terms, not ours. As such, we are continually developing ourselves to cope with that.

Business Review

As a Developing Economy, Bangladesh has undergone the year 2016 by experiencing and observing some interesting economic activities. However, the economy of the country more or less show its resilience overall. For the Bank, it was rather a challenge and a matter of prudence to react efficiently and effectively to these challenges and make the outcome of the

changes in its favour in a highly competitive market where, the key element of growth – the demand for credit remained low as private sector investors remained continuing lukewarm about investment. I would like to share with you briefly the developments of global and national economic scenario as the business of the bank is directly linked to them.

Global economic growth was lower than expected in 2016 as the developed countries especially Japan and euro zone countries are still struggling to gain growth momentum and developing countries growth has been slowed. Economic growth in low income countries remains robust. Global trade growth has also been slowed in both developed and developing countries since the 'financial crisis' and has not reached the trends of 1990s and 2000s. Global economic growth registered at 3.4 per cent in 2016, a bit higher than the previous year (3.1%) due to continued lower oil price and growth in United States and other major economies such as Japan and Euro Zone countries.

According to the IMF, Bangladesh's economy is the second fastest growing major economy of 2016, with a rate of 7.1 per cent. The market based economy of Bangladesh is the 46th largest in the world in nominal terms, and 33rd largest by purchasing power parity; it is classified among the Next Eleven emerging market economies and a Frontier market. The financial sector of Bangladesh is the second largest in the subcontinent. Economic activities were mainly driven by growth in public investment, agriculture, service whereas growth of industry declined. Inflation has been on the declining trend during 2016. Export, import and remittance trend continued showing positive growth in 2016 and value of Taka remained almost stable though observed a bit weaker compared to green bucks. Foreign exchange reserve of the country continued to increase and set new record level. Balance of payment (BOP) was in the surplus despite deficit in the current account. Domestic credit growth was 11 percent

The Bank's business continued to grow in slow but steady manner with a firm business motto. I am happy to report that despite complex environment and limited branch presence in the country, our Bank achieved operating profit of BDT 886.76 million in 2016.

year on year at end of December 2016 which is slightly higher than the immediate past year. Deposit and lending interest rates of Banks and Financial Institutions have been coming down in line with decline in CPI inflation. Even though NPL was kept low by rescheduling and restructuring of total outstanding loans in 2015, the amount of NPL started to increase in 2016. A 'default culture' demotivates the good borrowers. It is encouraging to note that Bangladesh Bank has taken initiatives to provide incentives to good borrowers and help them by providing 10 percent rebate on their interest payments against their bank loans. These mixed trends show that the country is well poised to achieve desired growth if certain bottlenecks be removed, for example, extensive support for large investments in infrastructure and making available of smooth supply of utilities, inadequate rail and road links, skilled manpower and lower rate of interest on bank borrowing, longer tenure for financing by the Banks etc., which shall open new avenues for the banks to expand its footprint in the economy of the country.

In 2016, the Bank's business continued to grow in slow but steady manner with a firm business motto. I am happy to report that despite complex environment and limited branch presence in the country, our Bank achieved operating profit of BDT 886.76 million in 2016 which was BDT 1,029.27 million in 2015 and net profit after tax registered to BDT 462.19 million decreased from BDT 764.94 million in 2015 and increased from BDT 306.29 million in 2014. A simple reason

behind decreasing Operating and Net Earnings of the Bank is that in the previous years, profit from outside of core banking activities played a strong role, which was a bit corrected in the year 2016, where, the Bank focused on core banking activities towards earning a sustainable and solid-based earnings for the Bank.

The Bank opened 8 new branches in the areas such as Pirganj Branch, Rangpur; Shakhernagar Branch, Munshiganj; Khulna Branch, Khulna; Sheikh Fazilatunnesa

Mujib Eye Hospital Branch, Gopalganj; Sheikh Kamal Sarani Branch, Dhanmondi, Dhaka; Shambhuganj Branch, Mymensingh; Mawna Branch, Gazipur and Banglamotor Branch, Dhaka with online banking network from the very first moment of operation of these branches and complying with all the rules existing. It may be mentioned that at this moment, we have 26 branches throughout the country. Besides, few new branches would be opened soon. Though we are comparatively a new player in the financial market of the country, we are a strong believer in financial inclusion and are committed to deliver best customized financial services to the business community of the country, our commitment for expansion of branch network in different regions, urban and rural, shall continue. In addition to expansion of branch network, we have already opened many agent points in rural areas with modern technology to facilitate banking services to less privileged people.

Total deposits of the Bank stood at BDT 23,303.74 million in 2016 from BDT 16,903.42 million in 2015, which registered growth of 37.86 per cent. On the other hand, total Loans and Advances grew significantly to BDT 17,138.60 million compared to BDT 9,983.04 million in 2015 performing 71.68 per cent growth. In 2016, NRB remittance amounting to BDT 119.85 million was channelled through the Bank by using the distribution channel of Western Union Money Transfer, etc. Total Assets of the Bank stood at BDT 32,424.51 million from BDT 23,765.50 million which continued to increase by registering growth of 36.44 per cent. Total Shareholders' Equity was almost the same as BDT 5,440.06 million in 2016 and BDT 5,525.45 million in 2015, due to distribution of profit in the year 2015.

The Bank is operating as the lone Off-shore License holder among the new 4th generation private banks in the country. The Bank facilitated import of BDT 9,469.67 million in 2016, export of BDT 5,032.87 million through its 5 AD branches and CTPU facility at Head Office, which explicitly shows the scope of improvement in the

days to come. Now we have 13 nostro accounts and 132 local and foreign correspondents in our basket and these numbers are increasing with the passage of time despite many challenges.

Like before, in 2016 also, the Bank continued deploying its fund in investments in treasury bills and bonds and money market instruments in parallel to enhancing portfolio in loans and advances, to explore each and every possible business aspect. As a result of efficient management of the fund, Bank earned revenue of BDT 535.04 million from treasury operation. Outstanding investment in government security, which is comparatively safer, was BDT 554.73 million at the end of the year.

Despite downturn figures in some minor indicators, the Bank with the help of prudent guideline of the Board of Directors achieved its success in some major and important banking parameters. The Bank has successfully been able to diversify its loan portfolio including all types of enterprises in various sectors of the economy. The Bank's experienced business team at Head Office and branches have been working together relentlessly to develop a healthy and well-balanced portfolio and to keep it away from risks of classification/non-performing loan. The Bank has been trying to diversify its deposit mix by increasing no cost-low cost deposits and reducing dependency on fixed term deposits. The Bank has already entered into agreements to open collection accounts of various Government utility services, some of which are for the first time among the 4th generation banks. At the end of 2016, the Bank had 25,649 deposit accounts, which were 13,186 in 2015.

Keeping in mind of the changing business environment as well as the requirement of the businessperson, we have been offering various tailored loan and deposit products through our branch network. In 2016, we continued operations through Corporate Banking, SME, Retail & Card and Agent Banking under which many products have already been

Total deposits of the Bank stood at BDT 23,303.74 million in 2016 from BDT 16,903.42 million in 2015. On the other hand, total Loans and Advances grew significantly to BDT 17,138.60 million compared to BDT 9,983.04 million in 2015.

launched like deposit product for school, college and university students, remittance services, debit cards, ATM services, SMS and internet banking and so on. Besides, we have priority banking in our product basket, which is designed to meet the standards of 5-star luxury, giving the ultimate banking experience; essentially a world-class combination of the latest financial products and services, wealth management solutions as well as other special advisory services. With a view to serve more customers in the serve net of the Bank, VISA cards, mobile banking and agent banking are spreading their net to serve more people. Modhumoti Bank is so far the only bank in the country to have introduced privilege banking services for the Freedom Fighters of the country as a token of recognition of their contribution to the country. To enhance our brand image, we have continued our participation in different expo and trade fairs in the country.

As a socially responsible Bank, we have been maintaining sensitivity to make positive impact on the society and the environment while doing business profitably. The Bank introduced green banking in 2014, just few months later from inception, by undertaking initiative such as green finance, green banking policy and guidelines for staff, to operate as a responsible corporate entity and continued exerting its best effort to implement in all operational levels of the Bank. In the year 2016, the Bank continued participation in a number of events under corporate social responsibility (CSR) through which spent BDT 34.45 million in total. Besides, Modhumoti Bank has opened BDT 10 Farmers accounts through our rural branches, and also extended credit facilities to farmers at a discounted interest rate from which the Bank gets encouraged responses based on which we will extend footprint further.

In this modern age and being one of the 4th generation private commercial banks in the country, the Bank believes in utilization of Information and Communication Technology (ICT) for

conducting its operation efficiently and effectively and continuous improvement of technological support to ensure highest degree of customer satisfaction along with necessary precaution to avoid forgery. From the very first day of its operation, the Bank started using centralized real time core banking solution and state-of-the-art Data Centre. With the expansion of branches' network, ICT Department has been providing all kinds of technical setup and facilities in diversified delivery channels to deliver class service to the customers of that locality.

We believe that employees of the Bank are key valuable resource and the driver of the Bank's success. As such, we continued focusing on creating a congenial work place and are trying to attract talented people with leadership quality, cultural diversity and adoption capability along with team spirit. In 2016, number of employees of the Bank stood at 486 including sub-staffs to keep the service of the bank smooth.

Nevertheless to mention here that, in discharging the duties and responsibilities to run the Bank, we have given due emphasis on compliance of all regulatory requirements effectively to ensure adequate transparency of banking activities and also try to maintain highest ethical standards and professionalism for protecting the best interest of all the stakeholders.

Future Outlook

With four years of banking operation, we are still at the growing stage of the Business cycle and as such, we strongly strict to the hope that the year 2017 will give us more opportunity to consolidate our position in the industry based on the success of previous years. We know that this year will also be another challenging year for us due to our increasing integration with global economy as well as growing complex nature of local economy apart from increasing competition from the peer banks. In spite of all these, we shall have to maintain the growth momentum and be more innovative in our approach to business. As competition in the

In discharging the duties and responsibilities to run the Bank, we have given due emphasis on compliance of all regulatory requirements effectively to ensure adequate transparency of banking activities and also try to maintain highest ethical standards and professionalism.

industry is getting more intense due to limited client base and limited resources, we will have to explore business opportunities in new areas of the country to increase our client base keeping in mind the existing Industry Policy, Thrust Sectors, etc. The political and economic situation of the country is almost stabilized and the Government is facilitating a stable environment where new opportunities for investment, export and import are expected to grow, new entrepreneurs and innovative entrepreneurship ideas are floating by young talented segments of the country and we keep ourselves ready to reap the maximum advantages of such business environment. We shall have to keep in mind that Bangladesh is in the process of full implementation of Basel III. We are preparing ourselves to be a fully complied one to that goal.

To grab the potential business opportunities mainly due to improvement in infrastructure development, IT base professional skills and to overcome the challenges in 2016, the Bank has adopted the following Strategic priorities in 2017:

- To provide customer centric, tailored, innovative, modern technology based secured banking products and maintaining operational efficiency, high standard of customer service and sustainable business growth by exerting best possible effort with new presence in some places of the country, by opening more branches in rural and urban areas to spread the service net with main focus fixed on expanding Agent Banking operation, where Bank can deploy lesser fixed expenses but serves a wider range of people to the remote corner;
- To explore, maintain and maximize alternative delivery channels to provide mass banking services by enhancing customer confidence on the Bank;
- To focus more on the core banking activities by enhancing credit portfolio of the Bank without compromising the credit risk norms of the Bank

We are focusing on the future with confidence. Over the next period, I am confident that we will show continued progress against our targets and delivery of our commitments for our customers, our people and our shareholders.

through increasing footprint in untapped sectors, niche sectors of the business economy, enhance corporate image and build a brand with national pride by utilizing the position of the Branches keeping in mind that each area has its own beauty of doing business profitably;

- To increase SME loan portfolio and maintain an overall balanced portfolio to minimize and diversify business risk. Alongside, monitoring and supervision activities shall be made stronger to avoid untoward situation as far as possible;
- To step into investment market prudently without hampering the core objective of the Bank;
- To maintain an ideal deposit mix by taking several initiatives including some on-going activities such as targeting various utility service providers as well as attracting core deposits from general people and soliciting corporate deposits, e.g. salary accounts, etc.
- To maintain customer loyalty through personalized customer service by developing standard of our own employees as well as hiring best possible resources from the market
- To attract and retain dynamic and talented human capital in line with the mission and vision of the Bank; to develop and train them in line with the business objective of the Bank;
- To strengthen monitoring and supervision activities to some key-point activities of the Bank to keep the portfolio clean as far as possible. We shall also introduce modern technology in various phases of loans and advances;
- To review and to introduce some strategic business and non-business specific policies for the Bank for its better functioning;

We firmly believe that our size and scale, strong funding base and balance of assets across

retail and business lending give us a solid foundation. Our flexibility will also enable us to selectively target growth opportunities in specific market segments as they arise and we remain focused on delivering improved returns for shareholders while adapting to the new economic environment.

We are focusing on the future with confidence. Over the next period, I am confident that we will show continued progress against our targets and delivery of our commitments for our customers, our people and our shareholders. Our customers are right at the heart of our strategy and we have been laying the foundations for a truly seamless service.

We would like to continue our vow to participate directly in the socio-economic development of this country by being a stable financial institution with quality products and timely delivery of the services as an integral part of the community, and improve the life of people around. We are open to share and want to be the partner with our counterparts towards making the society and the country as a whole better. We shall make ensure growth with our customers together by providing the highest level of services that our customers deserve – with a smile and a friendly attitude. We shall always adhere to our core values: ethics, responsibility, innovation, teamwork, transparency all focused on customer centricity.

Appreciations

I would like to express my gratitude to the Honourable Governor and other Officials of Bangladesh Bank, and also other regulators like Registrar of Joint Stock Companies and Firms for their continuous assistance, valuable guidelines and co-operation since the very inception of the Bank and I sincerely hope that this will continue in the days to come.

I am also thankful to our clients for keeping their trust and belief on us in choosing their business partners for whom we remain.

I express my gratitude to our very capable and qualified Board of Directors and all of their Committees for their visionary role and guidance amidst of their busy schedule. I always find them very supportive and responsive to the speedy implementation of various policies and programs of the Bank.

At this stage, it is worth-mention to acknowledge the contributions of my fellow colleagues and staffs here at the Bank towards achieving the success of the Bank up to this level which shall continue to grow.

With best regards,



Md. Shaful Azam

Managing Director & CEO

SNAPSHOT OF **BUSINESS** AFFAIRS

‘ Keeping in mind of the changing business environment as well as the requirement of the businessperson, we have been offering various tailored loan and deposit products through our branch network. ’

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Products and Services

Corporate & Structured Finance

- Term Loan/Time Loan
- Lease Finance
- Trade Finance
- Trust Receipt
- Working Capital
- Bill Discounting
- Agency Function
- Letter of Guarantee
- Corporate Advisory Service
- Equity Financing & Arrangement
- Syndication Arrangement & Participation

Small & Medium Enterprise (SME)

- Modhumoti Goti
- Modhumoti Progoti
- Modhumoti Agrogoti
- Modhumoti Moushumi
- Modhumoti Labonnyo

Agriculture Loan

- Modhumoti Shamolima (Crop Loan)
- Modhumoti Shamolchhaya (Farm Loan)

Modhumoti Shamolmaya
(Any Agri-purpose Loan)

Treasury products

Money Market

- Call Money/ Notice Money
- Assured Liquidity Support
- REPO
- Reverse REPO
- Commercial Paper
- SWAP
- Term deposit

Foreign Exchange

- Spot
- Forward
- FC overnight Placements
- FC term deposits

Fixed Income Securities

- Coupon Securities/Treasury Bonds.
- Discount Securities/Treasury Bills
- Bangladesh Bank Bills



Products and Services

Retail Credit Products

- Modhumoti Personal Loan
- Modhumoti দিশারী (Teachers' Loan)
- Modhumoti Vehicle Loan
- Modhumoti Vehicle Loan (Special)
(Parliament Members only)

Home Loan

- Modhumoti Thikana
- Modhumoti Ashroy

Automated Cards

- Debit/Credit Card with VISA
- ATM Debit Card through 'Q-Cash' & NPSB networks

Deposit Accounts

- Savings Account
- High Performance Savings Account
- Special Corporate Deposit Account
- No Frill Savings Account
- Savings Account for Freedom Fighters

Salary Savings Account

(Under corporate agreement/for RMG Sector)

Modhumoti পাঠশালা

(Savings Account for students aging less than 18 years)

Modhumoti তারুণ্য

(For students aging between 18 & 25 years)

Special Notice Deposit

Current Account

Fixed Deposit for different terms

Foreign Currency Account

NFCD

RFCD

Scheme Deposits

Monthly Savings Scheme

Monthly Savings Scheme for Freedom Fighters

Monthly Income Scheme

Double Benefit Scheme

Triple Benefit Scheme

Modhumoti প্রত্যশা

Modhumoti প্রত্যশা for Freedom Fighters

MODHUMOTI PERSONAL LOAN
Get finance for your every need

MODHUMOTI VEHICLE LOAN
DO YOU DREAM TO HAVE YOUR OWN CAR

MODHUMOTI HOME LOAN
LET'S BUILD YOUR DREAM HOME

MODHUMOTI Talent Source
Nothing Succeeds Like Success

মধুমতি ডিজিটাল ব্যাংকিং
ঘরের পাশে মারাদেশে

MODHUMOTI প্রবাস ক্যাশ
“বিদেশে উপার্জন
স্বদেশে প্রিয়জন”

Products and Services

Remittance Service

- Modhumoti Talent Source (Student File)
- Modhumoti Probash Cash (প্রবাস ক্যাশ)
(NRB remitting arrangements)

Service Products

- Priority Banking services
- Locker Service
- 24 hour ATM access
- Online Banking
- SMS Banking
- Internet Banking
- SWIFT

Utility Bill Collection Services

- BRTA Fees
- CPTU (e-Gp)
- DESCO/DPDC /PDB/REB/WZPDCL
- Dhaka North City Corporation Fees & Taxes
- Jalalabad Gas Company
- TITAS Gas
- WASA
- Bakhrabad Gas Company

Off-Shore Banking Services

Agent Banking Services

**ওয়াসা এবং ডেসকো'র
বিল জমা দিন সহজে
কোনো বামেলা ছাড়াই।**
মধুমতি ব্যাংকের যেকোন শাখায়

E-GP PAYMENT
সরকারি টেন্ডারের
টাকা জমা দিন বামেলা ছাড়াই বাটপটি
মধুমতি ব্যাংকের যেকোন শাখায়

BRTA BILL COLLECTION
বিতারাত্রির মিস জমা এখন
সহজ, সঠিক, বামেলাহীন।



Modhumoti OBU: Lone among the 4th Generation Banks

Modhumoti Bank Limited has started its Offshore Banking operation at the end of September, 2015, as the lone among the fourth generation commercial banks of the country. The Bank sets precise strategies to attract foreign direct investment, foreign remittances and motivate entrepreneurs for setting up industries both manufacturing and service sector and this contribute significantly in the economic growth especially in achieving the Government's set Export earnings of USD 50 billion by 2021. The Bank has a committed team at Head Office to run this operation. Besides, a dedicated booth at Chittagong Export Processing Zone (CEPZ) has been opened.

An offshore bank is a bank located in a jurisdiction which is different to the residence of its depositors. The term originates from the Channel Islands being 'offshore' from the United Kingdom. Typically, an individual or company will maintain an offshore account in a low-tax jurisdiction (or tax haven) for the financial and legal advantages it provides, including:

- greater privacy
- little or no taxation (i.e. tax havens)
- easy access to deposits (at least in terms of regulation)
- protection against local, political, or financial instability.

Offshore Banking has now become an important segment of the international financial system, as offshore banks provide a continuum of services in connection with financial management such as deposit taking, money transmissions, and creation of provision of foreign exchange, trade finance, credit facilities, investment and fund management, corporate administration, and

trustee services. Off-shore banking has increased rapidly all over the world since mid-1960s because of the growth and liquidity of world financial markets.

A Bank's OBU in Bangladesh is free to make loans/advances to persons/institutions not resident in Bangladesh and to make loans/advances to Type-A (wholly foreign owned) units in the EPZs in Bangladesh. Industrial units outside the EPZs and Type-B and Type-C industrial units within the EPZs in Bangladesh may avail term loans in foreign currencies from OBU subject to compliance with the guidelines issued by Bangladesh Investment Development Authority. OBU can also discount bills accepted by the ADs in Bangladesh against import L/Cs opened on deferred/usance basis applying due diligence. Moreover, Off-shore banking units are free to accept deposit from or to borrow from persons/institutions not resident in Bangladesh including Bangladeshi nationals working abroad.

Modhumoti Bank initiated the unit with a view to catering the banking requirement of non-resident/ foreign customers of Export Processing Zones (EPZs), Special Economic Zones (SEZs) etc. and maximizing foreign exchange earnings by increasing Export through EPZs, by offering the following offshore banking facilities as a separate business unit:

- ✓ Foreign Currency Deposits (Non Resident entities and NRBs);
- ✓ Negotiation/Purchase of Export Bills;
- ✓ Credit Facilities including Trade Financing in Foreign Currency;
- ✓ Discounting of Export Bills etc.

Credit Rating Report



Credit Rating Agency of Bangladesh (CRAB) has upgraded the long term rating at 'A₃' (Pronounced Single A three) and retained the short term rating 'ST-2' and outlook as 'Stable' of Modhumoti Bank Limited based on audited financials upto 31 December 2016 and other relevant information.

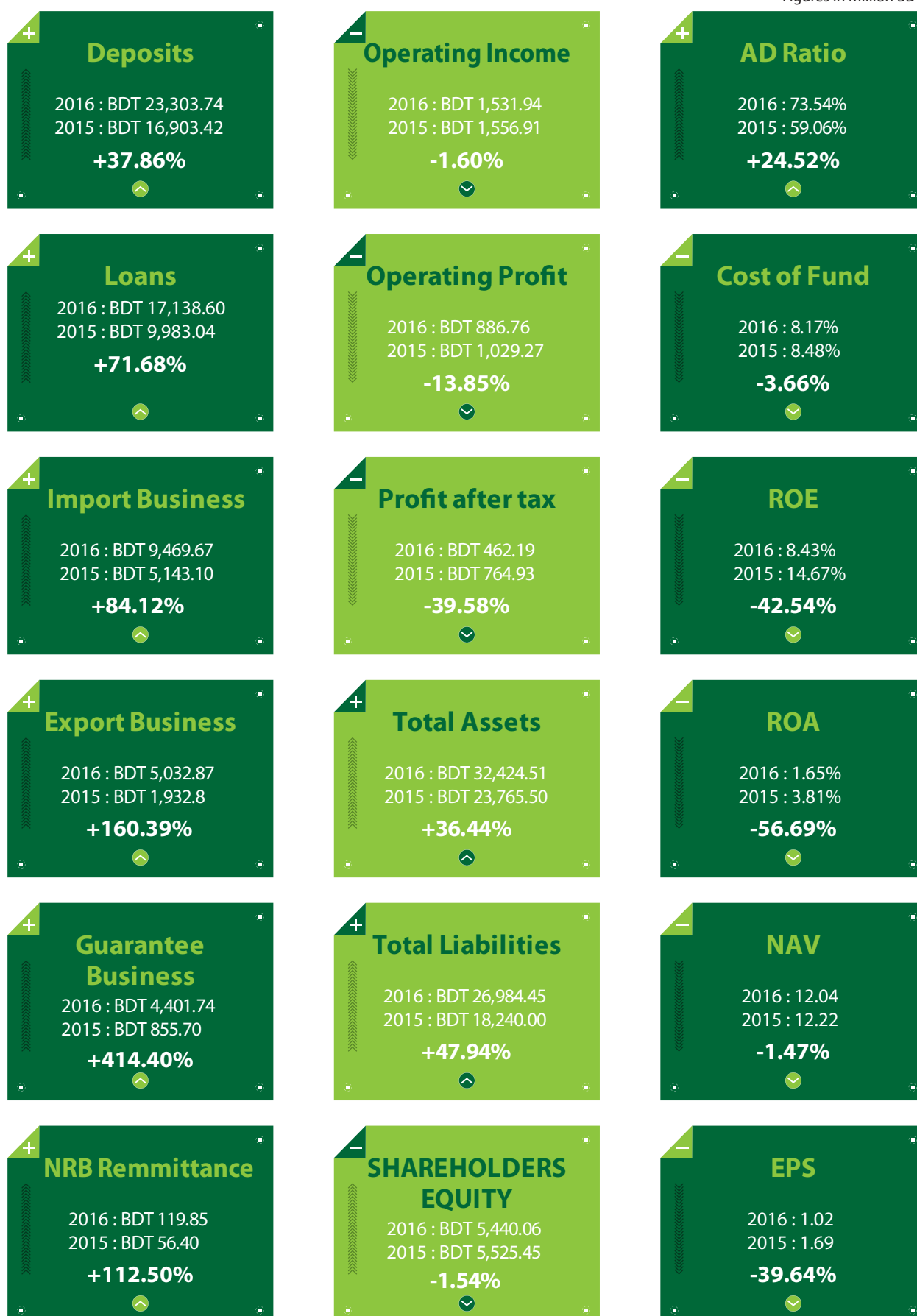
Particulars	Surveillance Rating	
	2016	2015
Long Term	A ₃	BBB ₁
Short Term	ST-2	ST-2
Outlook	Stable	Stable
Date of Rating	8 June 2017	26 May 2016
Validity	30 June 2018	30 June 2017

Commercial Banks rated 'A' have strong capacity to meet their financial commitments but are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than Commercial Banks in higher-rated categories. A is judged to be high quality and are subject to low credit risk.

ST-2 refers to High Grade, i.e; commercial banks rated in this category is considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

Highlights 2016

Figures in Million BDT



Shareholders' Information

Key Financial Data & Key Ratios

Figures in Million BDT

Particulars	2016	2015	2014	2013
Balance Sheet Focus				
Authorized Capital	20,000	20,000	20,000	20,000
Paid-up Capital	4,520	4,520	4,520	4,520
Total Shareholders equity	5,440	5,525	4,900	4,578
Deposits	23,304	16,903	9,838	1,680
Loans and Advances	17,139	9,983	4,131	35
Investments	4,047	2,640	6,955	129
Fixed Asset	217	202	149	88
Total Assets	32,425	23,766	16,373	7,884
Total Liabilities	26,984	18,240	11,473	3,306
Off- Balance Sheet Exposures	7,251	2,728	1,632	156

Income Statement Focus				
Interest income	2,365	1,417	881	256
Interest expenses	1,589	1,151	698	49
Net interest income	776	266	183	208
Investment income	555	1,163	535	-
Commission, exchange and brokerage	161	109	80	2
Other operating income	40	19	9	-
Total operating income	1,532	1,557	806	210
Total operating Expense	645	528	309	97
Profit before provision and tax	887	1,029	498	113
Provision for loans and assets	117	58	56	2
Provision for tax including deferred tax	308	206	136	54
Profit after tax	462	765	306	57

Non-Funded Business Information				
Import	9,470	5,143	1,800	6
Export	5,033	1,933	550	-
Guarantee Business	4,402	856	820	150
NRB Remittance	120	56	10	-
Capital Measures				
Total Risk Weighted Assets (RWA)	29,168	15,727	9,687	3,045
Core Capital (Tier-I)	5,432	5,422	4,883	4,577
Supplementary Capital (Tier-II)	232	123	66	2
Total Eligible Capital	5,664	5,545	4,949	4,579
Tier-I capital ratio	18.62%	34.48%	50.41%	150.29%
Tier-II capital ratio	0.79%	0.78%	0.68%	0.07%
Capital Adequacy Ratio	19.42%	35.26%	51.09%	150.36%

Credit Quality				
Un-classified Loans	17,094	9,983	4,131	35
Non-performing loans (NPLs)	45.1	-	-	-
NPLs to total loans and advances	0.26%	-	-	-
Provision for Classified Loans	6.22	-	-	-

Shareholders' Information

Key Financial Data & Key Ratios

Figures in Million BDT

Particulars	2016	2015	2014	2013
Share Information				
Number of shareholders (Actual)	41	41	41	41
Number of Shares Outstanding (million)	452	452	452	452
Earnings per share (Taka)	1.02	1.69	0.68	0.13
Dividend:	10%	10%	5%	-
Cash	10%	10%	5%	-
Bonus	-	-	-	-
Net asset value per share (Taka)	12.04	12.22	10.84	10.13
Operating Performance Ratio				
Advance Deposit Ratios	73.54%	59.06%	41.99%	2.07%
Cost of Fund	8.17%	8.48%	12.26%	12.25%
Yield on Average Advance	11.23%	13.47%	14.14%	12.91%
Return on Assets(ROA)	1.65%	3.81%	2.53%	0.72%
Return on Average Equity(ROE)	8.43%	14.67%	6.46%	1.24%
Cost Income Ratio	42%	34%	38%	46%
Operating Profit Per Employees	2.38	3.47	2.43	2.13
Operating Profit Per Branch	38.55	68.62	49.77	56.55
Other Information				
Number of Branches	23	15	10	2
Number of ATM	22	16	6	-
Number of Employees	372	297	205	53
Number of Nostro Accounts	12	12	10	-
Number of Correspondents	132	114	94	28
Credit Rating:				
Long Term	A ₃	BBB ₁	BBB ₂	-
Short Term	ST-2	ST-2	ST-2	-

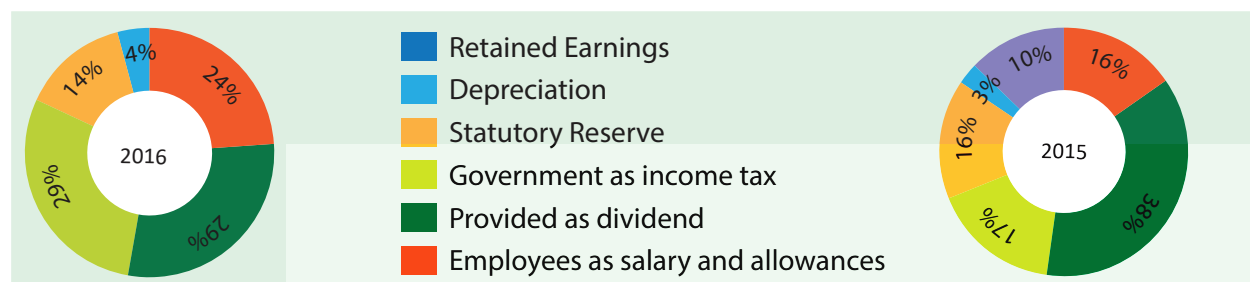
VALUE ADDED STATEMENT

Value Added is the wealth accretion made by MMBL through providing banking and other financial services in 2016 for its employees, government and shareholders in the form of salaries & allowances, duties & taxes and net profit after tax respectively and also indicates value of use of fixed assets through depreciation. Value added to the Bank stood at BDT 1,068.16 million as of December 31, 2016 as against BDT 1,199.30 million in 2015.

Figures in million BDT

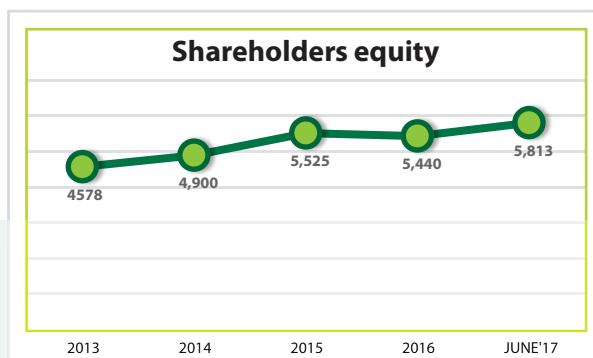
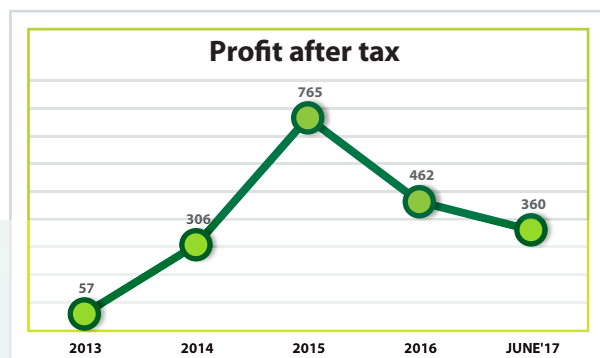
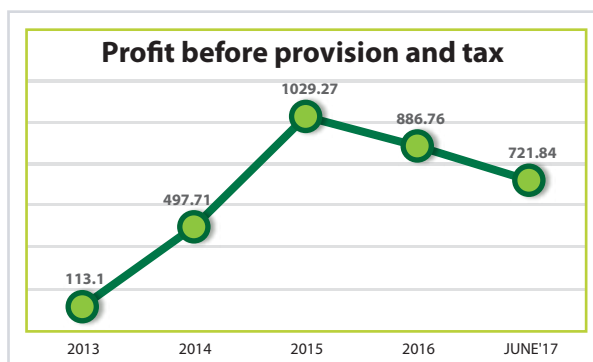
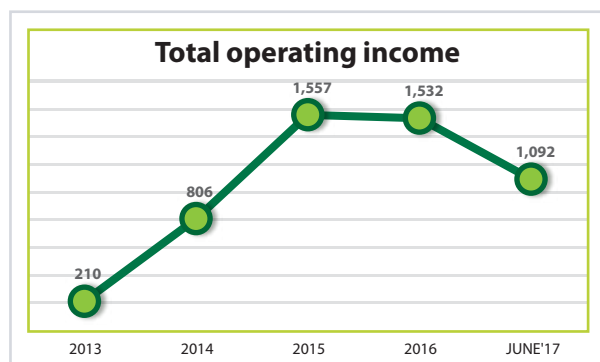
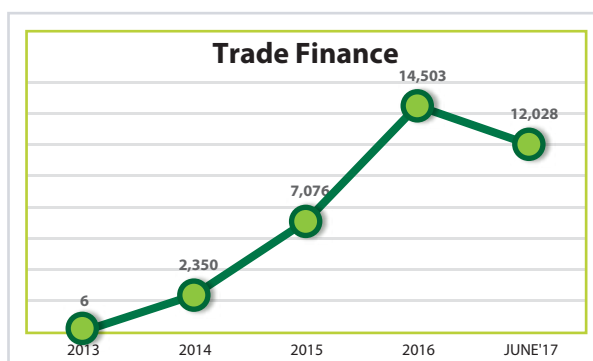
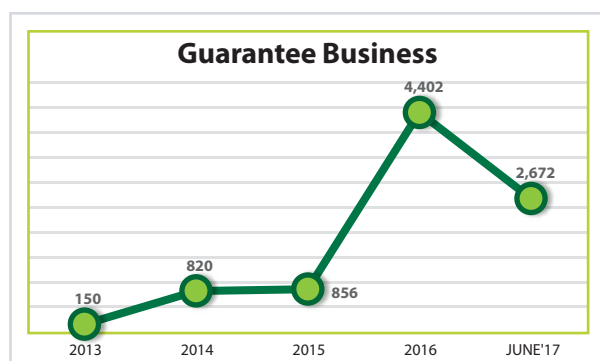
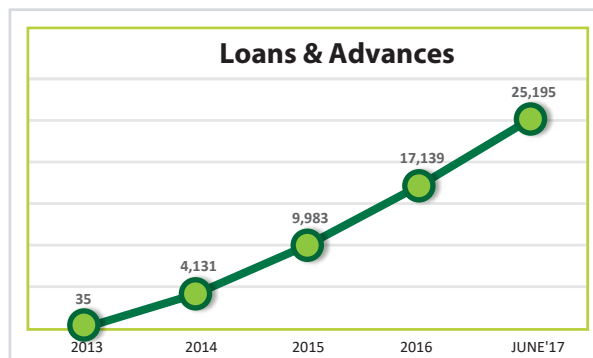
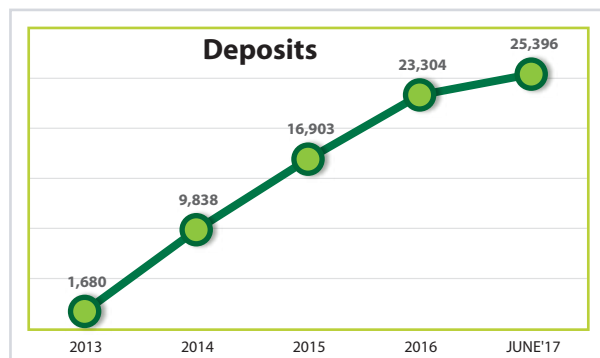
Particulars	2016 Amount	%	2015 Amount	%
Interest income	2,365.22		1,416.79	
Investment income	554.58		1,163.26	
Commission, exchange and brokerage	161.03		108.73	
Other operating income	40.45		19.24	
	3,121.28		2,708.02	
Less: Cost of services & suppliers				
Interest paid on deposits and borrowings etc.	1,589.34		1,151.11	
Rent, taxes, insurance, electricity etc.	115.82		92.59	
Legal expenses	0.28		0.36	
Postage, stamp, telecommunication etc.	17.92		11.78	
Stationery, printing, advertisements etc.	32.93		43.38	
Directors' fees and expense	1.63		1.74	
Repairs to bank's assets	8.27		9.33	
Other expenses	170.31		139.99	
	1,936.50		1,450.28	
Value added by banking services	1,184.78		1,257.74	
Non-banking income	-		-	
Less: Provision for loans & advances				
Specific provision on loan loss	6.22		-	
Transfer to general provision	65.11		47.69	
Provision for Off-Balance Sheet Exposures	45.29		10.75	
	116.62		58.44	
Total value added	1,068.16		1,199.30	
Distribution of value addition				
Employees as salary and allowances	255.94	24%	193.88	16%
Provided as dividend	308.16	29%	452.00	38%
Government as income tax	307.94	29%	205.90	17%
Expansion & Growth:				
Statutory Reserve	154.03	14%	194.17	16%
Depreciation	42.09	4%	34.58	3%
Retained Earnings	-	0%	118.77	10%
	1,068.16	100%	1,199.30	100%

Please note that the Bank declared 10% cash dividend for the year 2016, for which a total of BDT 452.00 million is required for payment. Out of BDT 452.00 million, BDT 308.16 million would be provided from the Profit Attributable to Shareholders for the year 2016 and the rest BDT 143.84 million from Retained Earnings of previous years.



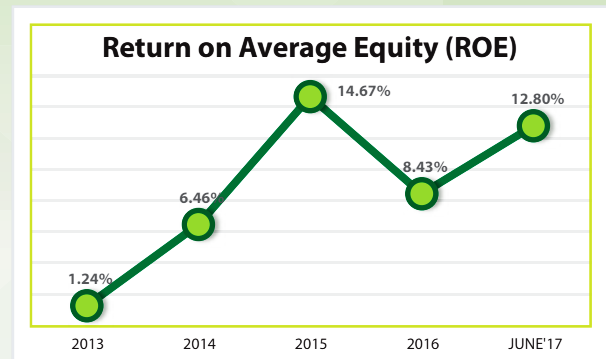
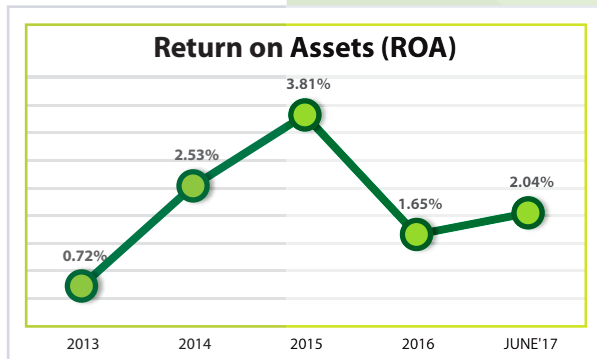
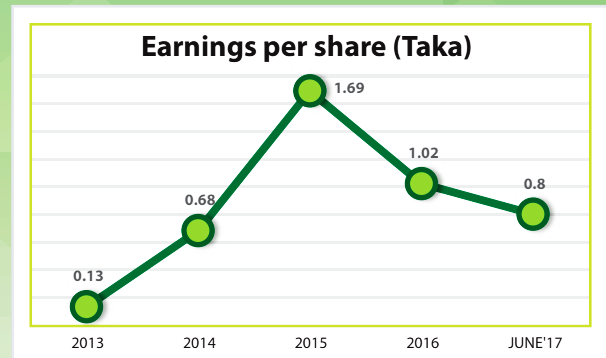
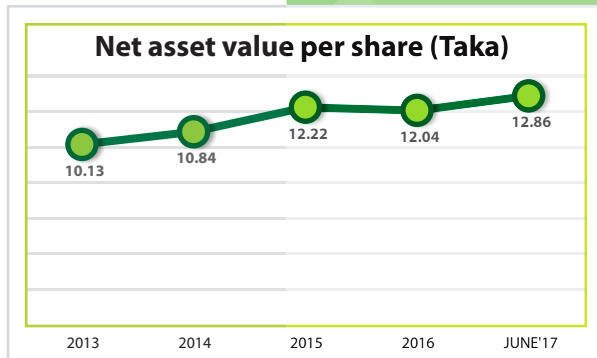
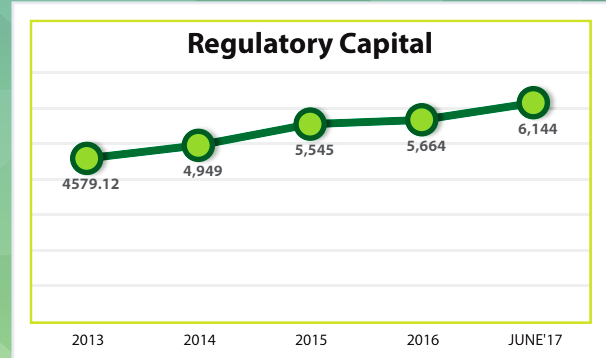
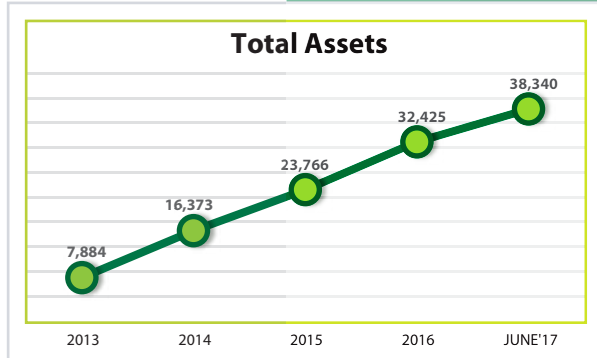
Graphical Presentation: Business Trends

Amount in Million BDT



Graphical Presentation: Business Trends

Amount in Million BDT



DIRECTORS' REPORT

‘ With four years of banking operation, we are still at the growing stage of the business cycle and as such, we strongly strict to the hope that the year 2017 will give us more opportunity to consolidate our position in the industry based on the success of previous years. ’



ANNUAL REPORT
2016

Directors' Report

It is an immense pleasure for the Board of Directors of Modhumoti Bank Limited in welcoming all of you to the 4th Annual General Meeting of the Bank. In this context, Directors' Report along with the audited Financial Statements and Auditors' Report thereon for the year ended on December 31, 2016 are presented before you.

The report is prepared, compared, evaluated and analyzed considering the prevailing business environment, opportunities and in the challenging context of economic environment and banking industry, with a view to provide widest possible coverage in terms of compliance with the related regulatory and financial standards and to give a fair view of the business activities in a transparent manner. The Statements, reporting, disclosures etc. have been made in accordance with Bangladesh Accounting Standard (BAS), Bangladesh Financial Reporting Standards (BFRS) and meeting other legal & regulatory requirements.

Before going into detail performances of the Bank, a brief overview of world economic trends especially those having strong relation with our economy and also a glimpse of performance over our economy is addressed in this Report followed by discussion on performance of overall banking industry.

World Economy

An increasingly interconnecting world makes countries vulnerable to events in others. Global growth is picking up somewhat after a number of weak years. A global GDP growth rate of 3.5 per cent (the latest IMF forecast), is lower than the 4.5 per cent average that preceeded the decade before the great recession, but it is better than the average over the past five years. The world economy gained speed in the fourth quarter of 2016 and the momentum is expected to persist. Global growth is projected to increase from an estimated 3.1 per cent in 2016 to 3.5 per cent in 2017. In the year 2016 the world economy witnessed few big affairs which have materially affected world economy outlined as below:

- **Brexit:** Britain voted to leave the EU in a referendum in June. Now Britain will have to redefine itself after 23 years of EU membership. This will impact the world economy specially in money market and capital market;
- **USA Presidential Election:** Winning of Republican candidate Donald Trump in the USA President election is indicating change of world economy (e.g.10 per cent import duty may be imposed and few trade agreements may be cancelled which may impact negatively in the world economy);
- **OPEC Production cut in:** For the first time since December 2008-the height of the financial crisis-the Organization of Petroleum Exporting Countries (OPEC) cut its production in November. The cut, soon followed by non-OPEC countries such as Russia, helped push oil prices sharply higher;
- **Sanction-free Iran:** The nuclear deal between Iran and six world powers removed the sanctions put on the Islamic Republic of Iran earlier. Removal of these sanctions would have wide ramifications to global economy. Iran can now increase its revenue from oil exports by about \$10 billion in next year;
- **Cyber hacking:** Finally cyber hacking may turn into a matter of concern for every country in the upcoming years.

The report is prepared, compared, evaluated and analyzed considering the prevailing business environment, opportunities and in the challenging context of economic environment and banking industry.

Global Economic Growth

Economic activity gained some momentum in the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth (after five quarters of drag). Growth also remained solid in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favor of leaving the European Union (Brexit).

World growth is expected to rise from 3.1 per cent in 2016 to 3.5 per cent in 2017. Across major advanced economies, growth in the United States slowed markedly to 1.6 per cent in 2016 from 2.6 per cent in 2015. Euro Area growth slowed down from 2 per cent in 2015 to 1.7 per cent in 2016, as both domestic demand and exports lost momentum. In Japan, the growth reduced to 1 per cent in 2016 which was 1.2 per cent in 2015. In emerging and developing Asia, the growth in China decreased to 6.7 per cent from 6.9 per cent in the preceding year; the growth in India slumped to 6.8 per cent in 2016 from 7.9 per cent in 2015. South Asia is now the fastest-growing emerging market and developing economic (EMDE) region. In India (a country that represents four-fifths of South Asia's GDP) is estimated to reach 7.2 per cent in financial year 2017. Bangladesh's growth is expected to ease to a still solid 6.9 per cent in FY2017 (ending on 30 June 2017), from the official estimate of 7.2 per cent.

Global Inflation

The upward trend in global inflation remained intact in December, rising from 3.3 per cent in November to 3.7 per cent. December's inflation marked the highest rate in more than three years. The increase stemmed mainly from higher commodity prices, which caused inflation in many major economies. While low commodity prices kept inflation contained in advanced economies, economic imbalances fueled price pressures in emerging markets. This year, the Focus Economics panel projects that global inflation will rise to 4.4 per cent in 2017. The rise is mainly due to higher energy prices in the wake of a recovery in crude oil prices.

Global Unemployment

Global unemployment experienced significant slowdown throughout the year 2016 and still the situation is going to be worse in future year as International Labor Organization report has projected. In particular, rising jobless numbers in China, Brazil, Russia and elsewhere will offset improvements in the US and Europe. The U.S. unemployment rate was 4.9 per cent in 2016 from 5.3 per cent in 2015. Unemployment in China will nudge upwards from 4.58 per cent in 2015 to 4.60 per cent in 2016, according to the forecasts. The unemployment rate in Japan already among the lowest in the world, is forecasted to fall further over the next two years, from 3.3 per cent on average last year to 3.1 per cent in 2017. The euro zone unemployment rate is forecasted to fall from 11.6 per cent in 2014 to 10.9 per cent in 2015, 10.7 per cent in 2016 and 10.4 per cent in 2017. Responding urgently and vigorously to the scale of the global jobs challenge is key to sustainable development.

Global unemployment experienced significant slowdown throughout the year 2016. Economic activity gained some momentum in the second half, especially in advanced economies.

Global Foreign Direct Investment (FDI)

In 2016, global FDI flows decreased by 7 per cent to USD 1,613 billion in comparison to 2015, in a context of weak global economic growth and a lackluster increase in the volume of world trade. FDI inflows to G20 countries have increased by 21 per cent. Inflows to OECD G20 countries increased by 48 per cent, but inflows to non-OECD G20 countries fell 18 per cent, largely due to a decline in FDI flows to China. Equity investments at the global level were boosted by a 13 per cent increase in the value of cross-border mergers and acquisitions (M&As). FDI outflows from G20 economies increased by 8 per cent, from USD 831 billion to USD 898 billion. In 2016, within the G20 economies, FDI outflows increased by 10 per cent in G20 OECD economies and increased more modestly, by 2 per cent, in G20 non-OECD economies, mainly driven by increases from China. The United States remained by far the largest source of FDI worldwide, followed by China, the Netherlands (excluding investments from Special Purpose Entities) and Japan. For the first time, China became a net outward direct investor.

World Economic Outlook 2017-18

Economic activity in both advanced economies and emerging market & developing economies (EMDEs) is projected to accelerate in 2017–18, with global growth projected to be 3.5 per cent and 3.6 per cent. Advanced economies are now projected to grow by 2 per cent in 2017 and 2018. U.S. GDP growth has been projected to 2.3 per cent in 2017. The increase in Gross Domestic Product will flatten to 2.5 per cent in 2018. The unemployment rate will drop to 4.5 per cent in 2017 and 2018. That's better than the 4.7 per cent rate in 2016, and the Fed's 6.7 per cent target.

Looking ahead, economic fundamentals are supportive of a potential rebound in FDI flows in 2017. Global economic growth is projected to accelerate in the coming year, reaching 3.5 per cent compared to the post-crisis low of 3.1 per cent in 2016. Growth in developed countries is expected to improve, including in the United States through fiscal stimulus. Emerging and developing economies are also forecasted to rebound significantly in 2017, led by a sharp rise in growth in natural resources exporting countries as commodities prices are expected to increase, especially for crude oil. Moreover, greater economic activity will help boost world trade volumes, which are forecasted to expand by 3.8 per cent in 2017 compared to just 2.3 per cent in 2016. In this context, investment activity may be also quicken. UNCTAD (United Nations Conference on Trade and Development) projects that global FDI flows will increase by around 10 per cent over the year.

Bangladesh Economy

Bangladesh's economy has grown roughly 6 per cent per year since 1996 despite political instability, poor infrastructure, corruption, insufficient power supplies, slow implementation of economic reforms, and effects of 2008-09 global financial crisis and recession. Bangladesh Bureau of Statistics (BBS) showed that the growth of gross domestic product (GDP) increased by 0.6 percentage points to 7.1 per cent in FY2016, from the 6.5 per cent in FY2015. As distinct from the agriculture sector (2.8 per cent), both industrial (11.1 per cent) and service (6.3 per cent) sectors registered higher growth rates in FY2016 compared to that of FY2015. Export earnings increased at a higher rate than imports, while import to GDP ratio declined. Higher export of readymade garments contributed to this growth. Now, Bangladesh is referred as 'Development surprise' in the 21st century.

BBS showed that the growth of gross domestic product (GDP) increased by 0.6 percentage points to 7.1 per cent in FY2016. Bangladesh is now referred as 'Development surprise' in the 21st century.



Recently the Bank contributed to the 'Prime Minister's Education Assistance Trust' & 'Shuchona Foundation' as a part of CSR.

After independence of Bangladesh, the World Bank in 1972 approximated the gross domestic product (GDP) of Bangladesh at USD 6.29 billion; where as in 2016, the GDP stood at USD 221.40 billion, growing almost 35 times in four decades. Achieving a steady growth rate becomes possible due to satisfactory growth in all the sectors. All indicators of economy are noted upward sloping with comparatively stable political atmosphere. Bangladesh is on track to sustaining the recent 6 per cent plus growth in the near and medium-term, driven by exports and strong domestic demand. Despite little bit stagnancy in private investment and declining trend in remittances, growth came from increases in government consumption and investment expenditures, while supply side boosted from increased growth in services sector. On the other hand, rate of inflation decreased to 5.9 per cent in FY2016 from 6.4 per cent in FY2015. Low petroleum prices in the global market helped inflation rate to stay low since Bangladesh spends a crucial amount on petroleum products.

According to Bangladesh Economic Survey 2016, with export of \$34 billion, FY2015-16 was not one of the best years for export growth though it ended on a positive note of 9.7 per cent growth for the year despite several challenges in the global market including terror attacks in Europe and Brexit. During this period, the growth rate of two major products i.e. readymade garments and knitwear were 12.71 per cent & 7.29 per cent respectively. Among the other products, petroleum by-product (328.51%), pharmaceuticals (15.33%) and leather products (62.09%) were mentionable. The total import payment stood at \$39.7 billion registering growth of 5.5 per cent compared to 11 per cent in the previous year. Remittance has experienced a fall in 2015-16 (\$14.7 billion) recording a decline of 2.5 per cent. During the Fiscal year 2015-16 about 562,000 Bangladeshi workers left for foreign employment which was 51.25 per cent higher than that of the same period of previous year.

After independence of Bangladesh, the World Bank approximated the GDP of Bangladesh at USD 6.29 billion; where as in 2015, the GDP stood at USD 195.1 billion.

The banking sector had adequate liquidity in 2016. The ADR of banks increased marginally to 71.9 per cent, still remained much below the upper benchmark set by Bangladesh Bank.

The import of crude oil and petroleum products accounted for 6% of imports shares right after textiles (14%), capital machinery (8%), iron and steel (8%). In the fiscal year 2015-16 the trade deficit stood at USD 4.64 billion which was at the same time of the previous year USD 4.67 billion. During this period, the deficit in service & revenue stood at USD 1.91 billion & USD 1.89 billion respectively. The surplus in the current account stood at USD 2.93 billion whereas it was USD 2.43 billion at the same time of the previous year.

In FY2015-16, the domestic savings and national savings increased compared to the rate of GDP growth. According to the provisional statement, domestic savings and national savings has been estimated to be 23.89 per cent & 30.31 per cent of GDP respectively, which was 22.16 per cent & 29.02 per cent respectively in the previous fiscal year. It is observed that though the index of capital market has slightly decreased, the capital market experienced relatively stable condition in the recent years.

The economy has experienced significant success in many areas including trade, finance, business, commerce, planning in recent years. GDP growth rate has reached to 7.1 per cent while the per capita income has risen to \$1466. The country's foreign exchange reserve has reached almost \$31.265 billion and foreign remittance stood at \$16 billion. Foreign direct investment witnessed upward trend, which attests favourable investment climate. The government has been implementing many prioritized large scale infrastructure, communications and power projects, like Padma Multipurpose Bridge, Rooppur Nuclear Power Plant Project, Rampal Coal-fired Thermal Power Plant, Dhaka Mass Rapid Transit Development Project (Metro Rail Project), etc. The government has achieved continuing success in power sector, for which power generation capacity has reached to 15000 MW and has also targeted generation of 24,000 MW electricity by the year 2021. Seventh Five year plan (2016-20) has been approved with a view to accelerating the economic growth of the country and to alleviating poverty.

Banking industry in Bangladesh

The banking sector of Bangladesh is comprised with 6 state-owned commercial banks (SCBs), 2 specialized development banks (SDBs), 40 domestic private commercial banks (PCBs), 9 foreign commercial banks (FCBs) and also 4 non-scheduled banks. The sector witnessed an intense competition among banks in terms of rates in 2016, but it was a boon for the clients as they got improved services and better facilities at costs lower than before. The lending rate reduced to single digit in 2016 (9.93 per cent) and the interest spread reduced to 4.71 per cent which is lower than the regulatory limit of 5 per cent.

The banking sector appeared to be resilient, registering a moderate growth in 2016. The sector experienced a positive growth in most of its income-earning assets in 2016. The banking sector balance sheet size grew by 12.7 per cent in which loans and advances registered a higher growth (15.3 per cent) in 2016 than that of 2015 (14.8 per cent). Concentration of assets within a few banks reduced marginally; sectoral concentration of loans and advances remained at a moderate level. Deposits, the highest contributor in the liability structure, posted a 10.7 per cent growth albeit 180 basis points (bps) lower than that of 2015 level.

Asset quality of the banking sector slightly deteriorated with respect to the preceding year. Despite a decline in gross NPL ratio of private commercial banks (PCBs), the largest and most important segment of the industry, the gross NPL

ratio of the banking sector increased from 8.8 per cent in 2015 to 9.2 per cent in 2016 largely due to higher NPL ratios of the SCBs.

Capital to risk-weighted assets ratio (CRAR) of the banking sector remained unchanged in 2016 which was 10.8 per cent against the minimum requirement of 10 per cent or 10.625 per cent including Capital Conservation Buffer. Due to provision shortfall, 3 SCBs could not maintain the minimum requirement. In line with the Basel III capital framework, Bangladesh Bank initiated Capital Conservation Buffer (CCB) requirement for banks in a phased manner from 2016.

The banking sector had adequate liquidity in 2016. The advance-to-deposit ratio (ADR) of banks increased marginally to 71.9 per cent, still remained much below the upper benchmark set by Bangladesh Bank, with no abrupt volatility observed throughout the year. Call money borrowing rate maintained the lower end and stood at 3.6 per cent at end-December 2016. In 2016, banks were able to maintain Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) much above the minimum regulatory requirement of 100 per cent indicating the prevalence of adequate liquidity in the banking system. This phenomenon is also supported by the successful maintenance of minimum Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) by all banks during this period. However, surplus liquidity in the banking sector has become a major concern as it signifies lower lending for growth-enhancing investments.

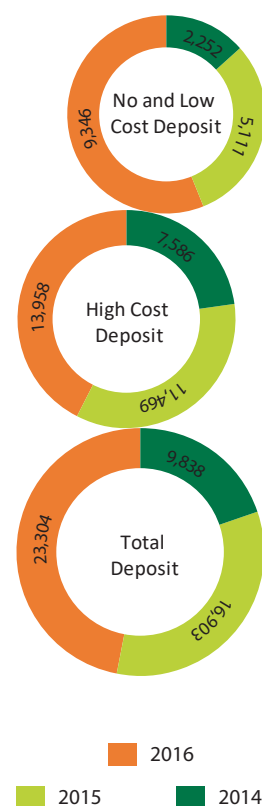
The 10 new banks established since 2013 accounted for only 3.6 per cent of the banking industry in 2016 in terms of asset size. Like the banking industry, loans and advances constituted the major portion (62 per cent) of their total assets. Their gross NPL ratio remained at a very low level (0.96 per cent) compared to the overall industry (9.2 per cent). Moreover, these banks maintained higher provisions than the required amount in 2016. The CRAR of the new banks stood at 16.9 per cent as of December 31, 2016. The pro-fitability ratios, ROA and ROE were recorded at 1.3 and 11.7 per cent respectively, higher than the industry's profitability ratio during 2016.

Glimpse of Performance of Modhumoti Bank

Deposits

Customers' deposits are the key source of funding for commercial banks. Attracting new customers, since being a new entrant as a fourth generation bank, is really challenging. However, the Bank continues mobilizing deposits by taking several steps like, emphasis on low cost and no cost deposit, utility bill collections agreement with several organizations, etc. Our activities have been well supported by gradual expansion of branch network and ATM booths, introduction of different lucrative deposit products, competitive interest rates and good customer services. Business promotion continued through liability campaign carried out by retail liability team for no-cost and low-cost deposit. The Bank also offered a number of attractive deposit schemes to cater to the needs of small and medium savers for promoting quantum deposit as well as focusing on qualitative changes in future to the deposit structure. The Bank introduced a number of attractive and tailored deposit products with competitive interest rates to individuals, corporation, NGO, NBF, government bodies, etc. to diversify and reduce cost of deposit base.

Despite reduction trend in interest rate for bank deposit compared to interest rate on Govt. securities, the Bank has mobilized a good amount, able to enhance the deposit portfolio quite successfully to BDT 23,303.74 million in



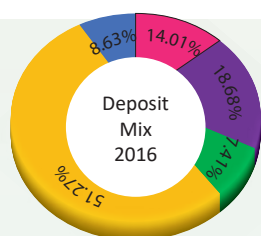
2016, which is an increase of 37.86 per cent from BDT 16,903.42 million as on December 2015. The Management continues its quest for maintaining a balanced deposit mix. Fixed term deposits are the main component of deposits contributing 51.27 per cent of total deposits. Proportion of Short Notice Deposits and Scheme Deposits increased significantly in 2016. The Bank shall continue efforts in deposit mobilization keeping in mind the business targets and market scenario in the year 2017. We firmly hope that this ratio will significantly improve in current year and also upcoming years.

Deposit Mix				
Type	Figures in million BDT			
	2016		2015	
	Amount	%	Amount	%
Current & other Demand Deposits	3,266.35	14.01	1,050.33	6.21
Savings Deposits	4,352.58	18.68	351.87	2.09
Short Notice Deposits	1,726.61	7.41	3,709.29	21.95
Fixed Deposits	11,947.12	51.27	10,543.54	62.37
Deposit Under Schemes	2,011.08	8.63	1,248.39	7.38
Total	23,303.74	100	16,903.42	100

Loans and Advances

Modhumoti Bank Limited has been established to serve the enterprises ranging from micro, small and medium enterprises and industries to large corporate house keeping the brandline in mind, 'Your Access to Success!' The Bank has developed various customized products for corporate, SMEs, agro-based, green-based enterprises. The Bank has also developed a number of retail banking loan products for meeting financial needs of individuals to maximize its service net. In 2016, despite current economic condition and fierce competition in the market and also being a fourth generation bank having limited network, the Bank has tried its level best to diversify and expand its portfolio to include businesses of almost all types and sizes in various industries through its branches located in both urban and rural areas of the country. The Bank has also extended credit facilities to large corporate establishments in diverse business lines of the country either singly or in syndicate. The Bank has also partnered in Public-Private Partnership project for financing large infrastructure development projects in the country to achieve nation's Vision 2021. The Bank truly believes in partnering with new entrepreneurs in different business segments of various industries having potential growth in manufacturing, service and trade through suitable loan products alongside serving the business need of the large corporate houses of the country.

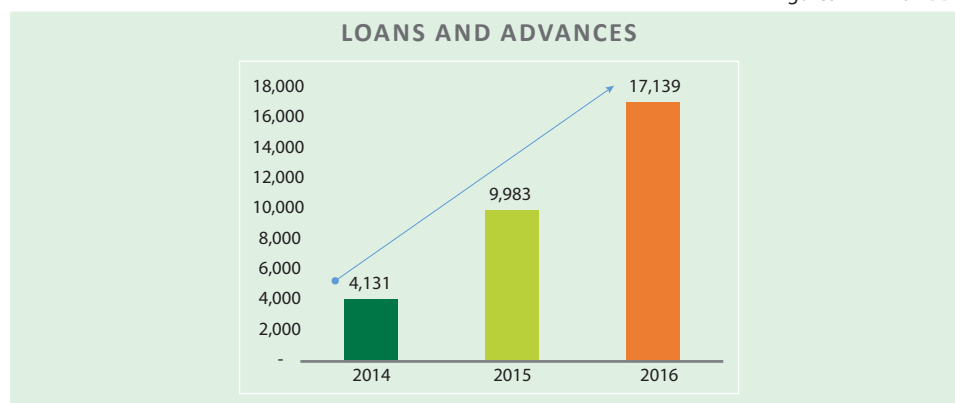
Figures in million BDT



- Current & other Demand Deposits
- Savings Deposits
- Short Notice Deposits
- Fixed Deposits
- Deposit Under Schemes

Geographical location-wise allocations of loans and advances				
Region	2016		2015	
	Amount	% of total loans	Amount	% of total loans
Barisal	21.04	0.12	-	-
Chittagong	1,784.51	10.41	472.76	4.74
Dhaka	14,483.32	84.51	9,365.11	93.81
Khulna	633.06	3.69	19.86	0.20
Rajshahi	85.64	0.50	-	-
Rangpur	22.78	0.13	-	-
Sylhet	108.25	0.63	125.31	1.25
Total	17,138.60	100.00	9,983.04	100.00

Figures in million BDT

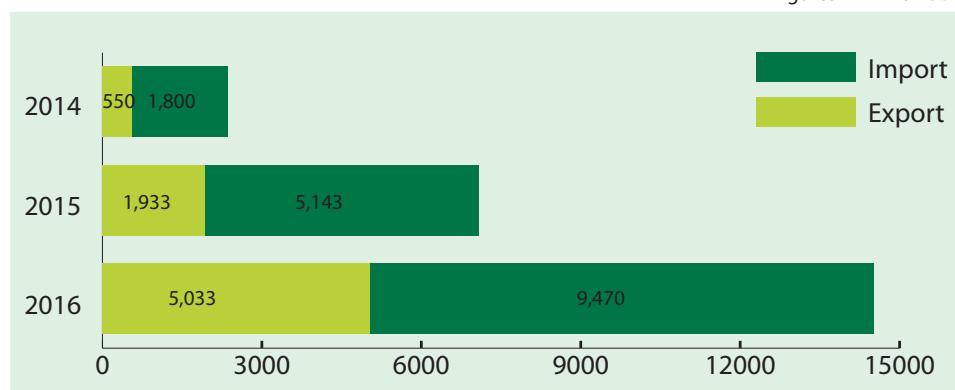


As a result of these efforts, total loans and advances of the Bank stood at BDT 17,138.60 million as on December 2016 covering almost all the regions of the country, with registering fabulous growth from BDT 9,983.04 million as on December 2015; which will be more vibrant in this year.

The Bank expanded business in slow but steady manner during the year by taking minimum risk to avoid any unwanted situation, for which we had been able to maintain a quality loan portfolio at the end of December 2016, since classified loans stood only at 0.26 per cent; which was far below to the industry average of default loan portfolio. Among the major sectors where the bank extended credit facilities are RMG, textile, beverage, transport, roads and highways, house building-commercial, hotel & restaurant services etc. As of December 2016, loans and advances to SMEs stood at BDT 4,683.10 million which was 27.32 per cent of the portfolio.

Further, it may be mentioned that the Bank extended non-funded credit facilities in the form of trade finance and others to various clients for BDT 7,251.21 million which has increased by 165.77 per cent from BDT 2,728.40 million as of December 2015.

Figures in million BDT



Foreign exchange business

Foreign trade finance is another vital area of a bank's operation, in which all the 4th generation banks are facing challenges due to perception and policy of foreign correspondents. The Bank, however was able to establish foreign correspondence relationship with 132 institutions and was able to open 13 Nostro Accounts so far in all major currencies. In 2016, the Bank delivered its foreign exchange business in export, import and remittance service through its five AD branches, of which four in Dhaka in Motijheel, Gulshan, Mitford and

The Bank expanded business in slow but steady manner by taking minimum risk to avoid any unwanted situation, for which we had been able to maintain a quality loan portfolio.

The Bank currently maintains 13 Nostro accounts in major international currencies. As of 31st December, 2016 the number of foreign correspondent s stood at 132 in 32 countries of the world.

Uttara and one in Agrabad in Chittagong. The Bank has established a Central Trade Processing Unit (CTPU) at Head Office to facilitate non-AD branches to come forward for offering foreign trade services. Here, it may be mentioned that Modhumoti Bank is the only 4th generation bank having an Off-shore Banking Unit. Since inception, the Bank deployed competent professionals to attract the local business houses for handling their varied needs effectively. The Bank's business in international trade finance and remittance rose steadily along with the number of clients and their business volume by undertaking pragmatic strategies.

SWIFT Operations

Modhumoti Bank has become a member of SWIFT in 2013 to ensure smooth, reliable and secured financial transactions for its retail and corporate customers. Over the years, the SWIFT team has introduced many innovative features in its existing SWIFT system. In the 3rd quarter of 2016, SWIFT Alliance Message Management 7.1.23 has been introduced so that branches can be linked up with SWIFT system around the world.

Nostro Accounts

The Bank currently maintains 13 Nostro accounts in major international currencies: US Dollar, Pound Sterling, Japanese Yen & Euro under Asian Clearing Union with reputed International Banks which ensure effective Foreign Currency Management and timely payment of foreign commitments.

Foreign Correspondents

Modhumoti Bank has been continuously developing strong correspondent relationship with internationally reputed banks to facilitate its foreign trade business. We have handsome credit limit with foreign banks. We have also been able to enhance the rebate/fee income from our foreign correspondents. As of 31st December, 2016 the number of foreign correspondents stood at 132 in 32 countries of the world.

Branch Network

Now-a-days operating a bank-branch is quite expensive, requires huge business turnover even for reaching to break-even. Business is concentrated mainly in city areas in Bangladesh and little scope is there in rural, though the scenario has been changing day-by-day. All the banks of the country require opening of rural and urban branches at the ratio of 1:1 according to instruction by Bangladesh Bank. Modhumoti Bank stepped slowly in branch expansion, as such total branches stood at 23 at the end of 2016, which is presently 26, obviously lower than many other competitive banks. But in 2016, the Bank was able to establish agent points in a good number of unions, which are presently at 100 unions of the country, and are connected with the nearest monitoring branch through modern technology. The Bank believes that by implementing a well-defined policy on financial inclusion through exploring alternative delivery channels, it can serve unbanked population of the country effectively and efficiently. The Bank would also like to carry forward the vision of financial inclusion by delivering the services in far flung rural areas of the country through Agent Banking services.

The Management aims to spread the agent network throughout the country, and will open branches simultaneously for effective monitoring and co-ordinating agent points. Thus, the Bank will cover the unbanked area and



The Bank opened Banglamotor Branch, Dhaka in 2016.

will bring underprivileged people within the umbrella of the Bank. We open branches considering not only present business, but also future prospects and keeping 'Financial Inclusion' concept in mind. All the Branches of the Bank has been established with Online ATM facility in addition to enjoying facility through sharing Q-Cash branded largest Shared ATM/POS network and also NPSB network. In the meantime, the Bank has established 26 ATMs, i.e., 24 On-site and 2 Off-site ATMs.

In 2016, the Bank opened 8 new branches in the areas such as Pirgonj, Rangpur; Shakhernagar, Munshigonj; Khulna; Sheikh Fazilatunnesa Mujib Eye Hospital, Gopalganj; Sheikh Kamal Sarani, Dhanmondi, Dhaka; Shambugonj, Mymensingh; Mawna, Gazipur and Banglamotor, Dhaka for which branch network covers all the administrative divisions, i.e., now we have at least one branch in every division. In 2017, we have already opened 3 branches in Bheramara, Kushtia; Ashuganj, Brahmanbaria and Konkapoit, Chouddagram, Comilla. All the Branches are equipped with ATMs. The Management is taking preparation for opening more branches in near future. It may be mentioned that the Bank has a Booth in Chittagong EPZ to facilitate Off-shore Banking activities. Besides, the Bank has opened collection booths to expedite fees collection activities. Modhumoti Bank is the only private bank having exclusive booth facility to expedite fees and taxes collection from city dwellers under Dhaka North City Corporation. Branch Network expansion over the years is illustrated below:

Division	Urban Branch				Rural Branch				Total up to 2016	Remarks
	2016	2015	2014	2013	2016	2015	2014	2013		
Barisal	-	1	-	-	-	-	-	-	1	
Chittagong	-	-	1	-	-	-	-	-	1	2 new branches in 2017.
Dhaka	2	1	3	1	3	2	3	-	15	
Khulna	1	-	-	-	-	-	1	-	2	1 new branch in 2017.
Mymensingh	-	-	-	-	1	-	-	-	1	
Rajshahi	-	1	-	-	-	-	-	-	1	
Rangpur	-	-	-	-	1	-	-	-	1	
Sylhet	-	-	-	1	-	-	-	-	1	
Total	3	3	4	2	5	2	4		23	

All the Branches are equipped with ATMs. The Management aims to spread the agent network throughout the country, and will open branches simultaneously.



The Bank inaugurated Khulna Branch in 2016.

Products and Services

The Bank introduced a number of products and services, both assets and liability in nature, since inception to attract and serve wide range of customers from individuals to corporate and SMEs and even public sector. The Bank through its existing and prospective products and services aims to reach all client segments across the country. All the products and services of the Bank have been operated under state-of-the-art technological support and facilities. We have strong conviction of applying information technology in our operation for ensuring prompt and accurate service to our customers. We have already implemented SMS alert service and limited internet banking service, which would be wider in near future.

In Bangladesh, in the past, banks usually offered just services, no specific product was there for any market segment; but now-a-days, all the banks have been offering products having many features in addition to traditional services. The Modhumoti Bank is aware of the competition of serving better, as such, we are in continuous endeavour to develop and design products and services for our existing and potential clients. The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at a reasonable cost.

Alike other banks, we also have developed specific products and services for corporate clients to meet their demand including short term and long term finance as well as non-finance support including Corporate Advisory Service. We also have developed High Performance Savings Account for institutional depositors having privilege interest rate. Besides, we have active participation in money market, presently within financial arena, but already started offering corporate clients foreign exchange as well as forward deal.

In recent years, banking industry not only offers for corporates, but also emphasizes SME financing and financial inclusion. We believe SME and micro and cottage enterprise are the two most potential sectors for expansion of our business, and we have specific products in our basket for SME customers to meet their need of capital investment and working capital requirement, which we have named as Modhumoti Goti, Modhumoti Progoti, Modhumoti Agrogoti,

In the past banks usually offer just services, no specific product was there for any market segment; but now-a-days, all the banks have been offering products having many features in addition to traditional services.



The Bank opened Mawna Branch, Gazipur early in 2017.

and even for seasonal demand naming as Modhumoti Moushumi. We have developed products for women's entrepreneurs also, naming as Modhumoti Labonnyo in 2014. There is a special desk in all the branches of the Bank for serving SME customers. The Bank has also developed specific agriculture loan products too, namely Modhumoti Shamolima, Modhumoti Shamolchhaya and Modhumoti Shamolmaya.

Though we are a new bank having four years in operation, already we are able to offer for retail customers for meeting their personal requirements including home loan. Very recently, we have developed a personal loan product for teachers, as recognition of their contribution to the society.

Since inception, the Bank has been offering privilege banking services to the freedom fighters of the country, who had fought for the independence of the country in 1971. They have been offered privilege in enjoying services and products, i.e., some additional benefits in pricing, and ofcourse honor in providing service. The Bank also operates priority banking service to high net-worth customers through selective Branches, presently at Gulshan Branch, Dhaka and Agrabad Branch, Chittagong.

We have already offered automated cards to the customers, Debit/ Credit Card through VISA network in addition to proprietary cards. Our cardholders are able to enjoy networks through 'Q-Cash' & NPSB networks. The Bank has already introduced Educational Relationship Service (ERS) under its product named Modhumoti Talent Source under which any AD Branches of the Bank can open Student file for Bangladeshi student going abroad for higher studies. The Bank is offering NRB remittance services through arrangement with world famous exchange houses under a product named Modhumoti Probash Cash.

Our Scheme Deposit products have been designed with lucrative features in addition to traditional deposit accounts both in Taka and foreign currencies. The Bank has signed a number of MoU with different utility service providers, mainly state owned, such as DESCO, DPDC, WZPDCL, DWASA, BRTA, PDB, REB etc. for collection of bills from their clients.

All the products and services of the Bank have been operated under state-of-the-art technological support and facilities. We have strong conviction of applying information technology in our operation.

Capital Strength

Capital Management Framework is important for a bank, as it serves to ensure required capital in line with risk profile, regulatory requirement, economic capital standard and target ratios as approved by the Board. The objectives of Capital Management are mainly for:

- Maintaining sufficient capital resources to support the Bank's risk agerness;
- Maintaining sufficient capital resources to meet minimum regulatory capital requirements set by Bangladesh Bank in accordance with Basel III requirements;
- Ensuring capital in excess of minimum requirement in order to achieve the target capital adequacy ratios set by the Management and approved by the Board, achieving debt rating objectives and withstanding the impact of prospective stress events;
- Covering unpredicted loss within the Bank's target confidence levels and supports the Bank's credit rating.

Capital adequacy

Basel standards are set with global perspective and it is expected that a bank itself identify own deficiencies and will take appropriate measures for improvement. The Bank is now in the process of implementing Basel III as prescribed by Bangladesh Bank. The roadmap of implementation of Basel III has already been taken consideration by the Management. The Bank has taken efforts to ensure that it will be a Basel III compliant bank within the deadline of 2019. The following actions have been taken to implement Basel frameworks in the Bank:

- Setting internal target for capital adequacy ratios;
- Participating in the quantitative impact assessments and Basel III parallel run tests;
- Incorporating the Basel III interpretations into the Bank's capital forecasts;
- Enhancement/improvement of regulatory reporting system.

Tier-1 capital of the Bank as of December 31, 2016 was BDT 5,432.34 million which is 95.91 per cent of total regulatory capital and rest 4.09 per cent from Tier-2 capital. Tier-1 capital comprised 79.80 per cent from paid up capital, 8.10 per cent from statutory reserve and rest 8.01 per cent from retained earnings of the Bank. Tier-2 capital is BDT 231.52 million which is 4.09 per cent of total regulatory capital and the major contributors are general provision on loans and advances including Off-Balance sheet items.

Particulars		Figures in million BDT	
		2016	2015
Tier-1 Capital:	Paid-up capital	4,520.00	4,520.00
	Statutory Reserve	458.84	304.81
	Retained Earnings	453.49	597.33
	Sub-Total	5,432.34	5,422.14
Tier -2 Capital	General Provision	226.40	115.84
	Revaluation Reserves	8.54	8.54
	Regulatory Adjustments	(3.41)	(1.71)
	Sub-Total	231.52	122.67
Total Regulatory Capital		5,663.86	5,544.82

The roadmap of implementation of Basel III has already been taken consideration by the Management. The Bank has taken efforts in 2016 to ensure that it will be a Basel III compliant bank within the deadline of 2019.

The Capital Risk Adequacy Ratio (CRAR) stood at 19.42 per cent as on December 31, 2016, which was 35.26 per cent as on December 31, 2015 as against minimum requirement of 10 per cent. As a regulatory requirement, the Bank has to maintain minimum capital of BDT 4,000.00 million or MCR 10 per cent on Risk Weighted Asset i.e. BDT 29,168.10 million whichever is higher i.e. BDT 4000.00 million has to be maintained. Presently, we have an excess capital of BDT 1,663.86 million.

Information Technology

Information Technology in banks has significant contribution to improve operational efficiency, transparency, speed and accuracy in banking transactions. Technological developments of a bank tremendously increase its customer service as well as trust worthiness of the stakeholders towards a bank. Now, ICT is also playing vital role in fostering customer-bank relationship, increasing level of customer satisfaction, developing and maintaining competitive advantage and promoting attractive banking products through its various established payment channel. The customers are benefited by getting a number of options for doing banking through different delivery channels according to their convenience. The business people are also getting benefit of faster realization of receivables from their clients and making payments to their suppliers instantly and securely.

Since inception, Modhumoti Bank deployed resources continuously to achieve higher customer satisfaction with help of the technological advantages. Our ICT Division is not only well equipped with technology, but also with a dedicated professional ICT workforce. Moreover, to achieve competitive advantage, the Bank is the pioneer in providing multi-dimensional banking products and services with latest international standard and technologies. As the business processes and initiatives are now driven through ICT, therefore, the Bank will continue investing in ICT to ensure sound and secure ICT operation.

ICT Infrastructure

The Bank has reviewed its ICT infrastructure and taken proactive steps to procure state of the art IT Security solutions (Hardware and Software) for their implementation. ICT Security Policy has been revised to minimize technological and operational risks and comply with ICT Security Guideline-2015 of Bangladesh Bank. The Business Continuity Plan (BCP) and Disaster Recovery Plan have also been revised as banking sector requires a secure and reliable communication infrastructure to ensure operational efficiency. We also used world renowned ICT Devices in our network infrastructure. Connectivity to and from bank networks and external networks are carefully planned for securing operations. Bank's ICT staffs are ensuring security policies when designing new infrastructure or upgrading existing networks taking into consideration for managing users, dividing networks into segments and restricting access to information based on different businesses and security policies.

Several training on ICT Security awareness has been arranged throughout the year at the Training Institute of the Bank as part of awareness build up among the employees of the Bank.

BankUltimus Core Banking Solution

From the date of inception, Bank has always been moving with the latest technology and has adopted different advantages of the technology which has enriched its ICT infrastructure to mitigate risk that may arise from malfunction

Since inception Modhumoti Bank deployed resources continuously to achieve higher customer satisfaction with help of the technological advantages. Our ICT Division is not only well equipped with technology, but also with a dedicated professional ICT workforce.



All the branches of the Bank are equipped with Onsite ATM facilities.

of system, failure of network, lack of knowledge of the users, virus attack, hacking etc. Bank is using state-of-art Core Banking Solution (CBS) 'BankUltimus V-2' to support its customers' regular banking and Foreign Trade transactions. Core Banking Software (CBS) has further been upgraded to its latest release to enhance existing features and functionalities and secure online banking transaction.

Alternative Delivery Channel (ADC)

Alternate Delivery Channels (ADC) are considered as a solution that will add-on new channels and methods for delivering banking services directly to the customers beyond normal banking hours through ATMs, Internet Banking and SMS Banking without relying on bank branches.

ATM Network

The Bank has established 22 own ATM booths across the country up to December 2016 and issued a substantial number of debit cards to its customers. However, the Bank has taken major steps for rapid expansion of ATM channel at suitable locations to serve potential clients across the country. The Bank has also integrated its ATM Network with National Payment Switch of Bangladesh (NPSB) which is an initiative of Bangladesh Bank to bring all commercial banks under the same platform for interoperability of ATMs/Debit Cards in case of issuing and acquiring and thus giving access of ATM network of more than 6000.

ACH, EFT and RTGS

ACH (Automated Clearing House) is dealing with clearing cheques receipt and multifarious payment settlement services for all branches and its reconciliation. Bank is now making preparedness for BACH-II implementation project as per guideline of Bangladesh Bank.

EFT (Electronic Fund Transfer) is the fastest growing service which enables to transfer of funds for our clients electronically without payment instrument.

However, EFT is a good prospect for bank facilitating online fund transfer and bulk payments such as dividend warrant, salary payments. Bank is making preparedness for Multiple EFT implementation project as per guideline of Bangladesh Bank.

Real Time Gross Settlement (RTGS) system is the financial services of commercial Banks to ensure smoother and instant inter-bank clearing payments. The Bank also connected to the BD-RTGS on the same day for its live operation i.e. on 29th October 2015 for instant settlement of high-value, local currency transactions as well as government securities.

Modhumoti Digital Banking

Bangladesh Bank is putting more emphasis on financial inclusion through bringing more and more unbanked population in the financial system of the country. Amongst the fourth generation banks, the Bank is pioneer in introducing Agent Banking Services, which we have named as 'Modhumoti Digital Banking' with the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population. It has already been observed that Modhumoti Digital Banking is becoming a popular financial tool for the people of rural areas and will play a significant contribution to the development of rural economy in near future.

Electronic Bill Payment System

The Bank has introduced electronic system to collect various types of utility bills like DNCC, BRTA, WASA, DPDC, DESCO, PDB, REB, Titas Gas, etc. Since some systems are automatically connected to the relevant organization's billing system, manual input for usage unit and bill amount need not be inputted. As a result a user can pay the utility bills, tax and fees with less time and error free manner.

e-GP Procurement System

e-Government Procurement system ensures transparency and accountability in the public procurement process for better resource utilization by creating competition and equal opportunity for all qualified vendors, small or big. It will ensure efficiency at most of the government organizations in the country. It also increases purchasing power by demand aggregation, and empowers the small and medium bidders. The Bank has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the meantime, customers have received e-GP tendering services from our bank with their utmost satisfaction.

State of Art Data Centre and Disaster Recovery Site (DRS)

The Bank implemented state-of-the-art Data Centre and Disaster Recovery Site keeping in mind future scalability, efficiency, fault tolerance and high availability. The environmental security features of the data centre and DRS have been provided with high priority. Our present DR site has been shifted from Gulshan to Uttara to have more geo-graphical distance from Primary Site (PR) and is operational 24x7 basis as per recent guideline of Bangladesh Bank.

According to Business Continuity Plan (BCP) of the Bank, redundancy has been kept at Disaster Recovery Site for all the devices installed at the Data Center. Link level redundancy as well as device level redundancy has been maintained for all branches to ensure maximum up time and better services to the customers.

The Bank is one of pioneers in introducing Agent Banking Services, which we have named as 'Modhumoti Digital Banking' with the objective of ensuring greater financial inclusion and increasing the outreach of the services.



As the ICT risk management is an ongoing process, the Bank is constantly assessing risk by analyzing threats and vulnerabilities within its risk management framework and taking appropriate actions to mitigate and maintain an acceptable level of risk.

ICT Risk Management

The adoption of technology in the banking industry is growing faster and inviting more internal and external vulnerabilities and risks. Therefore, it is necessary for the Bank to ensure that the risks are properly identified and mitigated through a prudent ICT risk management strategy.

The Bank took considerable measures from time to time to mitigate identified vulnerabilities and risks. The Bank is gradually implementing various ICT related security solutions to ensure further security of the threat factors (like: Network, Mail, ATM Operation etc.). As the ICT risk management is an ongoing process, the Bank is constantly assessing risk by analyzing threats and vulnerabilities within its risk management framework and taking appropriate actions to mitigate and maintain an acceptable level of risk.

The Bank took a number of steps to protect its core business operation and other delivery channels from ICT related risk. These are mainly:

- * Formation of ICT Risk Management Committee as per Guideline of Bangladesh Bank;
- * Reviewing of ICT Risk Management Policy;
- * Up-gradation of Core Banking Software (CBS);
- * Deployment of chip based credit card (Visa and Master);
- * Periodic ICT Audit and inspection (internal and external) in different Divisions and Branches;

Human Resources

Human resource development and its management is the key to the success of any organization. The Board and the Management of the Bank recognize the importance of human resources and its management and for this they have adopted numerous policies and practical interventions to enhance human resource capacity. Human Resources Team of MMBL has primary responsibility for managing, assisting and dealing with compensation and benefit of employees, employee relations, learning and development program, MIS related to human resources management etc. HR works closely with Human Assets to support and respond to their needs.

To develop and equip the employees with essential skills, the Management of the Bank places great emphasis on the development of its people and hence the Bank undertakes appropriate training and workshops to update their knowledge in their respective functional areas. We have implemented Training Needs Analysis (TNA) as part of its training program. The aspects of Training Needs analysis include determining what is required to complete the work activity, the existing skill levels of the staff completing the work and the training gap.

We have an enriched Employment Policy with proper job descriptions and responsibilities. A detailed succession planning is considered every year to ensure good working environment and enhancement of knowledge of the employees. A yearly performance appraisal is carried out to reward and encourage diligent employees and assess their training requirements.

The Bank is not only offering a challenging and rewarding career but also encourages employees to learn and develop further, so that an employee can enjoy working with pride. The Bank has already set up a training institute for imparting in-house training courses from 2014. Besides, employees are sent to BIBM and other institutions for necessary training.

Training Status for MMBL Employees during 2014-2016

Particulars	2016	2015	2014
In-House Training/Workshop	8	10	4
Outside Training /Workshop	37	41	25
Total	45	51	29

As on 31 December 2016, a total of 372 regular employees and 114 casual employees were working at this Bank. The Bank recruited Probationary Officers during the year following an extensive selection procedure, at where written exam was taken by BIBM. Among the total employees, 48 were holding Executive positions in different capacities.

Human Resource Status during 2014-2016

Particulars	2016	2015	2014
Regular Employees	372	297	205
Casual Employees	114	91	70
Total Employees	486	388	275

Recruitment Status during 2014-2016

Particulars	2016		2015		2014	
	Executives	Officers	Executives	Officers	Executives	Officers
Experienced Bankers	8	37	13	56	24	67
Fresh Entrants	-	52	-	52	-	70
Total	97		121		191	

Considering as a 4th generation bank, Modhumoti Bank is playing a vital role in case of women empowerment. The recruitment process of our bank follows only merits and it is discrimination free.

Gender Bases Employment Status during 2014-2016

Particulars	2016	2015	2014
Total Male Employees	416	325	223
Total Female Employees	70	63	52

Formulating and implementing all the HR policies in a short span of time is indeed a challenge. But the Bank has already formulated most of the required policies, including Performance Bonus Policy, which is an innovative idea, since such Bonus has been payable under two category, Incentive Bonus for all employees of the Bank, and Performance Bonus for permanent officers to keep them always competitive and performance oriented, compared to other private commercial banks. The Board allows a substantial amount for this purpose every year. Besides, the employees have been enjoying Baishakhi Allowances since it has been introduced for the Government employees. The Bank has already established Contributory Provident Fund and keeping provision for Gratuity since inception and formulating more policies in relation to employee benefits are under process, which is expected to be formulated and adopted shortly.

The Bank is not only offering a challenging and rewarding career but also encourages employees to learn and develop further, so that an employee can enjoy working with pride.



The Bank organized Business Conference with Branch Managers from time to time to review business position.

Business Review

Corporate Banking

Modhumoti Bank Limited being one of the leading fourth generation private commercial banks of Bangladesh is serving large volume of customers through its branches under guidance of Corporate Banking Wing at Head Office. The Division has been named 'Business Development and Marketing Division-Corporate Wing.' As the name suggests, the Division is engaged in serving corporate customers originated by the Branches of the Bank as well as booking and managing the customers by itself with efficient services and customized solutions. The different activities of Corporate Banking are run by experienced personnel in their specified areas, under leadership of Head of Business.

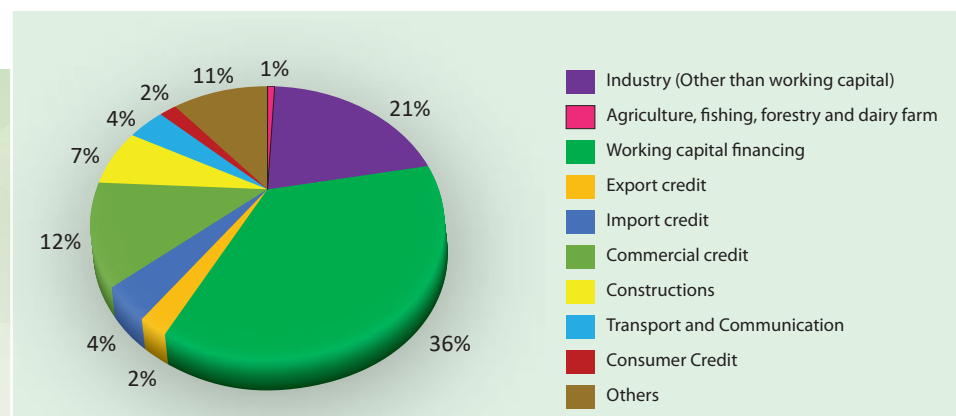
- a. **General Credit:** These include traditional banking products like Letter of Credit, Letter of Trust Receipt, Cash Credit (Hypo), Overdraft, Overdraft (Work Order), Short Term Loan etc. to name a few.
- b. **Project Finance:** Project Finance deals with corporate houses to facilitate their project's capital expenditure customized with expected cash flows. The financing is available both in local currency and foreign currency, as required. So far, we have extended project finance to some notable business houses of the country in following sectors:
 - a. Environment friendly Auto Brick Sector,
 - b. Textile and RMG sector,
 - c. Auto Rice Mill,
 - d. Steel Sector,
 - e. Health Care Sector,
 - f. Infrastructure Sector,
 - g. Power Sector,
 - h. Chemical Sector,
 - i. Food Sector
- c. **Syndication & Structured Finance:** Syndication and Structured Finance deals are usually arranging funds and participating in local

Our loans and advance portfolio stood at BDT 17,138.60 million as on 31 December 2016. Since inception, Modhumoti Bank Limited tries to spread its footprint in all business sector.

currency as well as in foreign currency. Last year, Modhumoti Bank Limited has participated in various syndication deals, such as to KSRM Steel Plant Limited, Confidence Cement Limited, MI Cement Factory Limited etc. Moreover, Modhumoti Bank Limited invested in five commercial papers of corporate houses namely Super Petrochemicals (Pvt.) Limited, National Polymer Industries Limited, MI Cement Factory Limited, KSRM Steel Plant Limited and GPH Ispat Limited. Modhumoti Bank Limited also invested in Preference Shares of two power plants of Summit Group. The Bank is now eyeing to arrange Syndication Finance as Lead Arranger and Agent.

- d. **Export Finance:** Export Finance team caters the unique need of the exporters, specially the garments sector, which has positioned the country amongst the top global exporters. Footwear, Furniture and Pharmaceutical companies are also in pipeline, so that diversification of export businesses can be made.

With the help of 23 Branches across the country, our loans and advances portfolio stood at BDT 17,138.60 million as on 31 December 2016. Since inception, Modhumoti Bank Limited tries to spread its footprint in all business sector of the country not only to serve a large variety of customers, but also to reduce and eliminate the risk and thus ensuring increasing and stable profitability for the Bank.



Trends of Corporate Banking in 2016

- Few manufacturing projects were undertaken due to lack of infrastructure and utilities like Gas, Electricity etc.;
- Interest rate was on downward trend throughout the year;
- Borrowers were more interested in availing foreign currency denominated loan instead of BDT loan due to relatively lower rate of interest on foreign currency loan;
- Corporate borrowers are now-a-days interested in alternate source of money than conventional bank borrowing. Bond, Preference shares are becoming popular for long term source of fund;
- Bangladesh Bank is also coming forward by giving re-finance to banks in long term, such as Long Term Financing Facility (LTFF), Green Transformation Fund (GTF) and JICA assisted Two Step Loan named Urban Building Safety Project etc.
- o Long Term Financing Facility (LTFF): This facility will be available for both on-lending and re-financing as well as will extend financing for purchase of capital machineries and equipment for up-gradation

Interest rate was on downward trend throughout the year. Borrowers were more interested in availing foreign currency denominated loan instead of BDT loan due to relatively lower rate of interest on foreign currency loan.



The Bank signed agreements under UBSP & LTF with Bangladesh Bank.

(including improvement in health and safety compliance), expansion or for newly set up manufacturing industries, relocation of factories to designated industrial zones (other than EPZs/specialized zones) and purchase of ocean-going vessels and specialized transport vehicles supporting transportation of goods manufactured in the country. The maturity of the loans will be from 3 to 10 years. Pricing will be as per Operating Manual of LTF fund.

- o Urban Building Safety Project (UBSP): The customers of this fund are RMG factories located in Dhaka, Narayangonj and Gazipur District and Chittagong city areas. Size of the sub-loan shall be within BDT 350 million. The fund will be utilized for fire safety, retrofitting, re-building and re-location of garments buildings. Tenor of the loan will be maximum 15 years with maximum 03 years grace period. Rate of interest will be maximum 6 per cent per annum.
- o Green Transformation Fund (GTF): The GTF is intended to facilitate access to financing in foreign exchange by manufacturer exporters in export oriented textiles & textile products and leather manufacturing sectors to import capital machineries and accessories for implementing green/environment friendly initiatives. Tenor of the loan will be 5 to 10 years with 1 year grace period. Rate of interest will be Six Months USD LIBOR + 2.25% + 1~2.5 per cent.



The Managing Director is seen in a corporate business meeting.



The Bank participated in many fairs and exhibitions.



The Bank financed in pharmaceutical industry.



The Bank financed in spinning industry.

Trade Services

One of the core activities of a bank is to facilitate International Trade through export and import financing. Trade Finance offers a wide range of services that can be tailored to meet the different needs of buyers and sellers, i.e., importers and exporters. The Bank has 06 (six) Authorized Dealer licence, out of which 5 used for branch-end; and all the branches are well equipped with dedicated professionals to meet different requirements of import and export based clients. In the meantime, the Bank has established a Central Trade Processing Unit (CTPU) at Head Office, which processes and manages foreign trade businesses of non-AD branches. The mission of Central Trade Processing Unit (CTPU) is to bring all the non-AD branches under one umbrella, where CTPU works as service center and helps non-AD branches to serve their clients and generate profit from non-funded facilities.

The Bank has been achieving significant growth over the years in both export and import financing despite global financial turmoil and worldwide economic slowdown. During the year, foreign trade business of the Bank has recorded a noteworthy growth. Since it is a new bank, foreign trade financing activities of the bank has been gaining steadily.

Import

The Bank has been involved in financing import businesses for procuring capital machineries, industrial raw materials, food grains (dal, garlic, onion, spices), motor vehicles, spare parts, garment accessories, sports items, perfumery items, chemicals, pharmaceuticals items, raw materials for drugs & other consumer products etc. Import business has been increased by 86.08 per cent by valuing USD 121.34 million (BDT 9,469.67 million) in 2016 from USD 65.21 million (BDT 5,143.10 million) in 2015.

Export

Alike many other banks, our export business is mostly generated from readymade garments sector. The Bank has been endeavouring to diversify its export financing in other fields like leather, Jute and Jute goods, agricultural products, fabrics and accessories etc. The export business has increased to USD 64.35 million (BDT 5,032.87 million) in 2016 by registering 164.60 per cent growth from USD 24.32 million (BDT 1,932.80 million) in 2015.

Import business has been increased by 86.08 per cent by valuing USD 121.34 million (BDT 9,469.67 million) in 2016, where as export business has increased to USD 64.35 million (BDT 5,032.87 million).

Commercial Remittance

Foreign remittance is a buzz word for all rising countries in recent age as it is not just a part of the income of nations; it is a power on which developments run smoothly. In Bangladesh, remittance is one of the most essential economic variables as it helps in balance of payments, increasing foreign exchange reserves, enhancing national savings and increasing velocity of money. It affects almost all the macro-economic indicators of a country positively. Remittance has created a new dimension in the economic development of Bangladesh and helps the government of Bangladesh to reduce dependency on Foreign Aid. In 2016, Modhumoti Bank has achieved Commercial Remittance business received through SWIFT for USD 9.90 million (BDT 775.24 million) registering a growth of 192 per cent over the year, while it was USD 5.14 million (BDT 510.04 million) in 2015.

SME Banking

There is a broad consensus that a vibrant SME sector is one of the principal driving forces in the development of an economy like Bangladesh. SMEs stimulate private ownership and entrepreneurial skills and can adapt quickly to changing market situation, generate employment, help diversify economic activities, and make a significant contribution to exports and trade. Development of Small and Medium Enterprises (SMEs) is envisaged as a key element in this development strategy. For achieving double digit growth in manufacturing, matching development of SMEs is considered critical. Enhanced micro, small and medium enterprise activities in the rural and backward regions constitute a key component of the strategy for rural development and reduction of poverty and regional disparity. Therefore, policies and initiatives to develop SMEs and to increase their competitiveness are a priority for Bangladesh. Liberalization of the economy along with rapid globalization has posed severe challenges to SMEs, not only in international market but also in the domestic economy. Since SMEs are based on relatively small investment, their survival depends on readily available market with easy access. In this context, access to finance, market development and expansion as well as removal of other bottlenecks are a challenging task, which requires co-ordinated efforts both by the financial institutions as well as the government.

Keeping this in view, MBBL has already formulated a comprehensive policy on SME financing and made gradual progress in this sector. The Bank is offering tailor made congenial loan products and services to accommodate SMEs to full-fill their financial needs so that it can grow and contribute more to the GDP. At present MBBL have Modhumoti Goti for starting up small entrepreneurs, Modhumoti Progoti for capital financing, Modhumoti Agrogoti for working capital financing, Modhumoti Moushumi for financing seasonal businesses and Modhumoti Labannyo for women entrepreneurs. Bank's SME exposure is thus well diversified among potential SME customers to different sectors viz. cottage, handy crafts, power loom, auto parts, garments accessories, rice mills, light engineering, commodity financing, textile mill, permitted brick field, scrap iron, poultry farming, fish processing/dry fish, animal feed, agro-based and agro-processing industry, furniture, leather goods sector, jute goods, computer software and ICT goods, green financing-renewable energy etc.

Despite fierce competition in the market and being a fourth generation bank, SME portfolio of Modhumoti Bank has been growing significantly over the years. During the year 2016, the Bank sanctioned BDT 5,224.70 million

where outstanding was BDT 4,682.80 million as on 31.12.16 that constitute 24.16 per cent of overall loan portfolio of the Bank compared to last year's outstanding of BDT 3,263.20 million which yield 43.50 per cent growth. These have been financed among 384 borrowers in all sectors, which are depicted below:

Figures in million BDT

Category-wise SME Loans and Advances		
Sector	% of Total Loans	Amount
Service	40.27	1,885.84
Trading	39.20	1,835.91
Industrial	20.53	961.34
Total	100.00	4,683.09

On the other hand, the Bank has left no stone unturned to reduce the percentage of NPL and to maintain a sound SME portfolio. As on 31.12.16, NPL in SME was BDT 43.40 million which represents less than 1 per cent, i.e., 0.93 per cent of total SME portfolio. Moreover, MBBL has also focused on putting the Women Entrepreneur loan portfolio under Bangladesh Bank Refinancing facility where the Bank received BDT 4.50 million refinance from Bangladesh Bank during the year 2016.

Capacity Building activities with a view to increasing the focus on the SME business, MBBL has put utmost effort for the development of this sector by participating in various workshops, forums and fairs to build awareness among the customers as well as for capacity building of the SME officials through continuous in and out house training. The Bank also put emphasis on Women Entrepreneur financing through various capacity building initiatives. We participated in 'Women Entrepreneur Conference & Product Exhibition-2016' organized by Bangladesh Bank held on 09.03.16. In addition, a month-long campaign on Modhumoti Labonnyo and Modhumoti Moushumi were accomplished during the month of March and May 2016 respectively to promote SME customers to have easy access to bank finance especially women entrepreneurs. In line with the trend of contemporary business and regulatory requirement, all the branches of the Bank are now focusing on SME. Therefore, all branches have separate target for selling SME products in order to strengthen the base of the Bank.

Agricultural Loan

Though contribution to GDP has gradually come down from agriculture sector, which is due to increasing of non-agri participation, but indeed majority of our population is dependent on it. As desired by the governmental policy, financing in agriculture sector is now not limited to state-owned banks only, all the commercial banks have to finance here. Therefore, it has become mandatory to work for the development of the sector and Modhumoti Bank Limited has already taken a few steps for the betterment of the sector by launching a few products of agricultural loan namely Modhumoti Shamolima, Modhumoti Shamolchhaya and Modhumoti Shamolmaya and the Bank had been awarded with appreciation letter from Bangladesh Bank for achieving annual target for disbursement of agriculture loan for the Fiscal Year 2014-2015, which mostly was disbursed under MFI linkage program. But now the Bank prefers to finance through its own network, and as such we financed in this sector in limited scale in 2016 and we hope that our vibrant participation through own agents under Modhumoti Digital Banking would be visible in near future.

Capacity Building activities with a view to increasing the focus on the SME business, MBBL has put utmost effort for the development of this sector by participating in various workshops, forums and fairs.

Retail Banking

Retail sector are developing at a fast pace in the light of sheer scale of saving and lending prospects. Now-a-days a bank without retail banking facilities is hard to imagine. Retail credit is one of the promising sectors of the banking industry with high potentials of growth, as there is a decreasing trend in demand as well as interest rate in corporate sector, in the other hand increasing tendency of enjoying lifestyle by middle class and higher-middle class segment of the society.

Banks, completely in contrast to the scenario of few years back, are leaning heavily towards this particular sector due to various factors like diversification of risk, increasing need of individuals due to change in lifestyle and living standards, slow growth in investment and business owing to global economic recession etc. Retail banking in Bangladesh today is getting re-defined and re-engineered focus with the use of IT and in future banks will obviously offer more sophisticated retail services and products to the customers. Through continuous product innovation, resulting into major change would be observed from 'conventional banking to convenience banking' and 'mass banking to class banking.'

Modhumoti Bank Limited has introduced different personal lifestyle products i.e. Personal Loan, Home Loan, Auto Loan considering the fixed income individuals. Very recently, we have developed a personal loan product for teachers, as recognition of their contribution to the society. We have Modhumoti Vehicle Loan (Special) for Members of Parliament, which was introduced in 2014 and so far the only customised product for them in the banking industry. It may be mentioned that the Bank has already executed agreement with many reputed auto importers and re-sellers so that they would act as our marketer, and in the other hand, customers would be charged lower interest rate against purchase from them. Two distinctive Home Loan products namely Modhumoti Ashroy for semi-structured buildings and Modhumoti Thikana for construction of RCC structure buildings and purchasing apartments are also there to enrich the secured retail loan portfolio.

Figures in million BDT

Retail Portfolio 2016	
Particulars	Amount
H.B.L (Thikana)	73.46
H.B.L (Ashroy)	7.68
Personal Vehicle Loan	18.33
Vehicle Loan (Special)	59.68
Personal Loan Scheme	11.10
Total	170.25

Retail banking does not only limited to credit related activities only, but also involves with framing and operation of many deposit products in addition to traditional deposit services. Among those, Modhumoti Salary Account (Salary Account of individuals on the basis of corporate agreement with their employers with state-of-the-art features), Modhumoti Prottasha (Monthly Deposit Account), Modhumoti Pathshala (School Banking Product), Freedom Fighters' Account (Privileged SB Account for Valiant Freedom Fighters) etc. are prominent ones. Modhumoti Bank Limited has various types of Scheme deposit products, such as Monthly Savings Scheme (MSS), Monthly Income Scheme (MIS) etc. These products have already been acknowledged by small value savers. The Bank held many programs in 2016 to popularize school banking

MMBL has introduced different personal lifestyle products i.e. Personal Loan, Home Loan, Auto Loan considering the fixed income individuals. Very recently, we have developed a personal loan product for teachers.

products of the Bank, which has been featured with additional interest than of regular savings account, with a view of developing saving attitude to our juniors.

The Bank has registered a total deposit of BDT 23,303.74 million as on 31 December, 2016; of which 19 per cent was in Savings Deposit, 9 per cent was in Scheme Deposit, 51 per cent under FDR. Around 6 per cent of the total deposit opens under Farmers' Savings account, Freedom Fighters Saving Account, School Banking Savings Account, etc. Recently we have developed High Performance Savings Account for institutional depositors having privileged interest rate.

Bills Pay Services

Modhumoti Bank Limited has already signed agreements with different utility authorities. Collections from the utility services are really awe inspiring, which are stated below:

Figures in million BDT

Name of Utility Service	Collection in 2016	Balance as on 31.12.2016
DPDC	130.40	26.65
DWASA	45.22	5.36
CPTU	0.49	0.51
PDB	169.70	38.70
DESCO	139.14	11.96
DNCC	914.72	442.78
JALALABAD GAS	1,123.46	46.24
REB	261.50	44.67
TITAS	391.75	26.61
WZPDCL	42.24	7.46
BRTA	324.84	10.97
RWASA	0.21	0.11
KWASA	0.04	0.04
Total	3,543.71	662.06

Cards and Alternate Delivery Channel

Modern banks are attempting to portray themselves as virtual banks, where customers are served through electronic channels other than traditional branch banking facility. In line with the same, Modhumoti Bank had been established as an on-line green bank with all types of modern IT facilities since inception and took initiatives to introduce alternative services through proprietary debit card and ATM services for convenience of the customers of the Bank.

Subsequently, to extend maximum scope of card service having worldwide accessibility, the Bank introduced world's latest EMV Chip based VISA Dual Currency credit cards on January 11, 2016 which are being designed very flexible to meet all day-to-day requirements to digitalize the payment system. Based on different income groups & customer requirement, the Bank furnished different products under three types, such as VISA Classic, VISA Gold and VISA Platinum with lower Annual Fee and competitive Interest rate in the current card industry of the country. After Launching VISA cards, Bank opts for introducing value added features and launched Card Cheque service on November 02, 2016 to facilitate maximum use of card limits with lower processing fee. The Bank is very keen and working to introduce more value added services to attract customers in the competitive market. To facilitate customers with the accessibility to execute ATM/POS transactions at all networks like VISA, NPSB, Q-Cash etc., MMBL has already started issuing EMV Chip based VISA debit cards apart from the proprietary cards and the number of

To extend maximum scope of card service having worldwide accessibility, the Bank introduced world's latest EMV Chip based VISA Dual Currency credit cards.

total debit cards rose to above 10,000 presently. The Bank is also expanding its own ATM network in 2016, installed 6 ATMs over the year, raising total to 26 ATMs at present including 02 off-site ATMs throughout the country.

As a part of customer retention program, the Bank signed many agreements for offering amiable discount facilities at different fashion houses, restaurants, hotel and resorts, air lines, jewelry shops, diagnostics centers, hospitals etc. for the cardholders of the Bank including agreement with InterContinental, Dhaka (formerly Ruposi Bangla Hotel) to facilitate Platinum and Gold customers having complementary access and avail refreshments at Balaka Executive Lounge at Hazrat Shahjalal International Airport, Dhaka. The Bank has also got approval from Civil Aviation Authority of Bangladesh (CAAB) to establish an exclusive lounge at the international terminal of Shah Amanat International Airport, Chittagong, which is going to be opened shortly. The Bank is continuously working on expanding partner-network for more convenience of the customers.

NRB Remittances

NRB Remittance is the second most important source of foreign exchange earnings in Bangladesh after readymade garments (RMG). Being a major source of earning net foreign currency and appreciating its importance to national economy, Modhumoti Bank has given utmost priority to pave the way for remitting solid earned foreign exchange by the Bangladeshi workers in a safe and speedy manner using banking channel since inception of the Bank. NRB Division of the Bank is dedicatedly involved in securing foreign remittances ensuring quality services to the Bangladeshi Expatriates living and residing abroad as well as their beneficiaries in Bangladesh. The Bank entered into agreements with Mercantile Bank, Southeast Bank, Jamuna Bank & NCC Bank as Sub-Agent. The Bank's NRB remittance network includes agent points also, as such a beneficiary may withdraw remittance even from his nearest Union Digital Centre (UDC). In 2016, the Bank has performed 3201 transactions of NRB remittances received through Western Union, Xpress Money, RIA, IME (International Money Express) Cash Express, Trans Fast and Placid Express). A year-wise performance is stated hereunder:

Figures in million BDT

Year	No. of Transactions	Amount
2014	211	10.30
2015	1417	56.40
2016	3201	119.80

The Bank has introduced offering privilege banking services to freedom fighters of the country in recognition of their contribution and service to the Nation.

Privilege Banking

From the spirit of Liberation War of the nation, the moment when the whole nation be unite, the Bank has introduced offering privilege banking services to freedom fighters of the country in recognition of their contribution and service to the Nation. Freedom fighter account is a unique concept introduced by Modhumoti Bank Limited, which is very first of its kind. Since inception, the Bank offered a privilege rate of interest to them, i.e., additional 0.25 per cent per annum interest for deposits and discount of 0.25 per cent per annum for loans and advances from regular rate of interest of every products for an individual, that is how a Bank relates showing respect to a freedom fighter. Besides, a freedom fighter is offered privilege in counter service in any branch of the Bank.

Priority Banking

Priority Banking of Modhumoti Bank is an insignia that is synonymous with class, excellent and exclusivity, designed to provide premium level of banking, financial advice and investment supportive for high-worthy clients, where every financial need of a client will be taken into account by a dedicated relationship manager who will deliver a bespoke banking experience, focused around the highest level of customer service and efficiency. Priority Banking clients enjoy dedicated personal attention at exceptional service level. Presently the service has been co-ordinated from our Gulshan Branch, Dhaka and Agrabad Branch, Chittagong.

Priority Banking promises a new level of banking that goes beyond the way. At our Priority Banking Centre, we have reserved car parking for customer's convenience so that customers can be relaxed and enjoy complimentary refreshment while performing banking transactions, taking banking advice and updates from relationship manager, conduct short business meetings, check-in state-of-the-art locker facility and stay informed of all the exclusive offers we have designed only for them.

Treasury Operations

Treasury activities involve with managing funds, through placing of deposits and borrow, for creating diversification in fund management by using different tools to ensure that the bank is well funded at all time at the lowest possible cost to meet the daily cash requirements and the statutory cash and liquidity reserve ratios. Treasury Division is responsible for balancing and managing of daily cash flow and liquidity of funds within the bank, under close co-ordination with branches and various divisions at Head Office. The department also handles the Bank's investment in securities, foreign exchange, asset-liability management and cash instruments.

The local currency market of the country was over liquid in 2016 alike previous years due to sluggishness in private sector credit growth and easy access to foreign loan. In addition, government borrowing from banking sector to meet the budget deficit was quite low than the previous year which led to lower interest rate on government securities. In the year 2016, the interbank foreign currency market was relatively stable, except some volatility in the last quarter of the year.

The Bank's Treasury desk is continuously devoting their all-out effort to mark a strong foot print in the financial arena of interbank market. The Bank played a pivotal role in contributing to meet organizational objectives and profit maximization in the year 2016. In Bank's revenue, treasury activities contributed significant portion of total revenue generation of the bank, which was BDT 554.57 million.

Off-Shore Banking Operations

Offshore banking acts as a unique solution for banks across the globe to carry out international banking business involving foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. Being first amongst the 9 fourth generation commercial banks of the country, Modhumoti Bank has started its offshore banking operation officially at the end of third quarter of 2015 by opening a dedicated Booth at Chittagong Export Processing Zone (CEPZ); as such we may consider 2016 as its first full operation year. Off-shore Banking Unit (OBU) has

Priority Banking promises a new level of banking that goes beyond the way. Presently the service has been co-ordinated from our Gulshan Branch, Dhaka and Agrabad Branch, Chittagong.



OBU organized Customers' Night in 2016.



The Bank emphasized on Agent Banking in 2016.

Being first amongst the 9 fourth generation commercial banks of the country, Modhumoti Bank has started its offshore banking operation officially at the end of third quarter of 2015 by opening a dedicated Booth at CEPZ.

provided UPAS LCs discounting business solution to our local industrial clients for amounting USD 1,94,454.45 in 2015, which has been increased to USD 174,15,160.17 in the year 2016.

The Bank's OBU are free to make loans/advances to persons/institutions not resident in Bangladesh and to make loans/advances to Type-A (wholly foreign owned) units in the EPZs in Bangladesh. Industrial units outside the EPZs and Type-B and Type-C industrial units within the EPZs in Bangladesh may avail term loans in foreign currencies from OBU subject to compliance with the guidelines issued by Bangladesh Investment Development Authority. OBU can also discounts bills accepted by the ADs in Bangladesh against import L/Cs opened on deferred/usance basis applying due diligence. Moreover, Off-shore banking units are free to accept deposit from or to borrow from persons/institutions not resident in Bangladesh including Bangladeshi nationals working abroad.

The Bank initiated the unit with a view to catering the banking requirement of non-resident/ foreign customers of Export Processing Zones (EPZs), Special Economic Zones (SEZs) etc. and maximizing foreign exchange earnings by increasing Export through EPZs, by offering the following offshore banking facilities as a separate business unit:

- √ Foreign Currency Deposits (Non Resident entities and NRBs);
- √ Negotiation/Purchase of Export Bills;
- √ Credit Facilities including Trade Financing in Foreign Currency;
- √ Discounting of Export Bills etc.

Agent Banking Operations

Financial Inclusion is one of the keys to reduce the economic susceptibility of families, promote economic progression, lighten poverty and improve quality of people's living standards. It is the ability of an individual, household or group to access a full range of responsibly delivered, affordably priced and reasonably convenient formal financial services. It opens the door especially for the unbanked population to access to different types of financial services suitable for them and thus improve their living standards.

Financial Inclusion for access to financial services has become a major concern for developing countries. Reaching potential clients in rural areas by establishing a full-fledged branch is much expensive and generally does not cover the cost for operation of a branch now-a-days. Besides, additional time and money requires to be incurred by the peoples of remote areas to reach to a bank-branch is one of the major barriers also to access a formal channel.

Despite a fourth generation bank, Modhumoti Bank Limited became one of the first fore runner in introducing Agent Banking operation in 2016 by opening agent points at Boheratoil and Kakrajan UDC under Shakhipur Upazila, Tangail; which the Bank branded as 'Modhumoti Digital Banking' with a view to extend wide range of financial services to the geographically dispersed people through nominating entrepreneurs of a Union Digital Centre (UDC) to be the Bank's Agent to provide financial services on behalf of the Bank under a MoU signed with Access to Information (a2i) of Prime Minister's Office and having permission from Bangladesh Bank in 2015. At the End of December 2016, Modhumoti Bank able to open 70 Digital Points all over the country covering 70 unions of 14 upazillas under 10 districts of 05 divisions, at where 2,320 accounts were opened with amount of BDT 4.70 million, through which a total of 3971 transactions were held in 2016 for a total amount of BDT 25.19 million. At the early of 2017, the Bank opened its 100th Digital Point, which is gradually increasing day by day, in the context of number of establishment, covering accounts as well as transactions.

Financial Review

Modhumoti Bank Limited, a fourth generation private commercial bank, emerged in September 2013 amid liberalization of global economies. Currently, its Authorized Capital is BDT 20,000.00 million and its capital and reserve reached to BDT 5,663.86 million as on December 31, 2016. Its vision is to lead the banking industry by excelling in customer delivery, use of updated technology and to offer full range of highest quality products and services with a scope of customization.

Assets Portfolio

Total assets of the Bank have increased by 36.44 per cent to BDT 32,424.51 million in the year 2016 from BDT 23,765.50 million of December 2015. The increase in assets was mainly driven by the growth of credit of the Bank. The economy witnessed a satisfactory growth scenario in credit and deposits mobilization. The composition of assets is as follows

Figures in million BDT

Sl. No.	Particulars	2016	2015	2014
a	Cash and Balance with Bangladesh Bank	2,029.41	1,353.92	702.23
b	Balance with Other Bank	8,661.84	8,727.00	3,865.60
c	Investments	4,046.88	2,640.41	6,954.98
d	Loans and Advances	17,138.60	9,983.04	4,130.90
e	Fixed Assets	216.62	201.68	148.63
f	Other Assets	331.16	259.45	570.76
	Total :	32,424.51	23,765.50	16,373.10

Cash and Balance with Bangladesh Bank & its agent

The position of Cash and Balance with Bangladesh Bank was BDT 2,029.41 million in 2016 of which BDT 165.46 million in the form of cash and rest BDT 1,863.95 million held with Bangladesh Bank & its agent banks as against BDT

Modhumoti Bank Limited became one of the first fore runner in introducing Agent Banking operation in 2016.

1,353.92 million in 2015 of which 108.30 million in the form of cash and rest BDT 1,245.62 million held with Bangladesh Bank & its agent.

Balance with other banks and financial institutions

The position of balance with other banks and financial institutions was BDT 8,661.84 million in 2016 of which BDT 8,204.92 million in Bangladesh and BDT 456.92 million in outside Bangladesh maintained with nostro accounts, as against BDT 8,727.00 million in 2015 of which BDT 8,490.75 million in Bangladesh and BDT 236.25 million in outside Bangladesh maintained with nostro accounts.

Investment

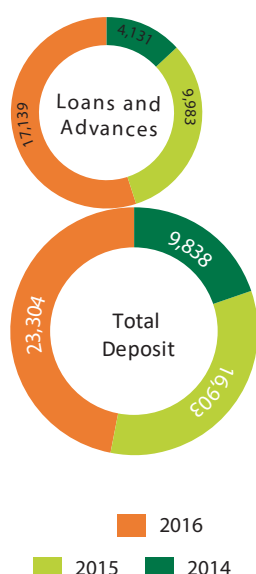
The investment portfolio of the Bank in 2016 was BDT 4,046.88 million as against BDT 2,640.41 million in the previous year. The portfolio increased by 53 per cent during the year 2016 due to purchase of Government Treasury Bills, Bangladesh Government Treasury Bonds, Prize Bonds and preference shares through private placement. The Bank has always given emphasis on investment of funds in high yielding areas simultaneously maintaining Statutory Liquidity Requirements (SLR) as fixed by Bangladesh Bank from time to time.

Loans and Advances

The Bank since its inception has been trying to select good borrowers/ projects with committed quality customer services and to offer competitive advantages. In the year 2016, the loans and advances stood at BDT 17,138.60 million registering growth by 71.68 per cent as against BDT 9,983.04 million in the previous year. The yield on advances of the Bank decreased to 12.18 per cent from the level of 13.47 per cent of previous year due to reducing trend of interest rate in the industry. Concentration of loans and advances was well managed and only 0.26 per cent of total loans was of non-performing in 2016, which was previously zero per cent constantly from 2013 to 2015, noticeably remarkable in the context of Bangladesh. The endless effort of the Bank steered its growth and if continues in future, will help to maintain its dominating position in the industry.

Figures in million BDT

Year	Amount
2016	17,138.60
2015	9,983.04
2014	4,130.90



Deposits

Deposits create opportunity for a bank to extend credit facility. Deposit mobilization is one of the core activities of a commercial bank, as without of it, generating revenue is not possible in banking business. A proper deposit structure of a bank plays a significant role in increasing its interest income. Besides, bank can contribute to the functioning of the broader financial system through providing fund to the deficit units. MMBL maintained its liquidity position within the approved risk appetite and tolerance limits. Appropriate liquidity buffers were held in line with regulatory requirements, taking into account the risk profile and market conditions.

The amount of deposits of the Bank as on December 31, 2016 stood at BDT 23,303.74 million as compared to BDT 16,903.42 million in 2015. Competitive interest rate, attractive deposit products, deposit mobilization efforts and

confidence reposed by the customers to the bank helps to improve deposits mix and reduce high cost deposit. Meanwhile, the Bank introduced a number of attractive deposit schemes to cater to the requirements of small and medium savers. The deposit mix of the Bank as on December 31, 2016 was as follows:

Figures in million BDT

Year	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Current and Other Demand deposit	3,266.34	14	1,050.33	6	375.44	4
Savings Deposit	4,352.58	19	351.87	2	177,264	2
Special Notice Deposit	1,726.62	7	3,709.29	22	1,699.33	17
Fixed/ Term Deposit	13,958.20	60	11,791.93	70	7,585.72	77
Total	23,303.74	100	16,903.42	100	9,838.13	100

Interest Income

Interest Income grew by 66.94 per cent and stood at BDT 2,365.22 million during 2016 compared to that of the previous year 2015. Interest income consists of interest earned from loans and advances was BDT 1,581.75 million and interest received on placement of FDR/SND and call placement with other banks and financial institutions was BDT 783.48 million. The principal contributor of earnings is generated mainly from interest on loans and advances significantly.

Interest Expenses

During 2016, total interest expenses were BDT 1,589.34 million as against BDT 1,151.11 million in 2015. Among interest expenses, the Bank mostly paid to depositors, which was BDT 1,500.42 million in 2016 against BDT 1,007.32 million in 2015 and interest paid on borrowings was BDT 88.92 million in 2016 against BDT 143.79 million in 2015.

Net Interest Income

Net Interest Income (NII) was BDT 775.89 million during 2016, with a growth of BDT 510.21 million or 192.04 per cent as compared to that of 2015 which has an enormous impact on achieving significant business progress. The growth was mainly due to increase in operational efficiency that has been achieved both from the commendable interest income and reduced interest expenses.

Investment Income

In 2016, Bank's income from investment was BDT 554.57 million as compared to BDT 1,163.26 million in the previous year. Investment income consists of interest/discount earned on treasury bills/bonds, commercial papers and gain on trading of government security. The investment income decreased in 2016, due to reduction in capital gain from govt. securities, which was substantial in 2015.

Commission, Exchange & Brokerage Income

The Bank continued to emphasize on increasing fee based income such as Letter of Credit (L/C), Letter of Guarantees, Accepted Bills and other Non-Funded businesses. Income originated from commission, exchange and brokerage stood at BDT 161.03 million in 2016 from BDT 108.73 million in the previous year. This was due to enhanced trade related fee based activities of the Bank.



Other Income

In the year under review, other operating earnings increased to BDT 40.45 million in 2016 from BDT 19.24 million in 2015. This amount was derived against different charges from service provided to the valued customers within the corresponding guidelines of Bangladesh Bank.

Operating Expenses

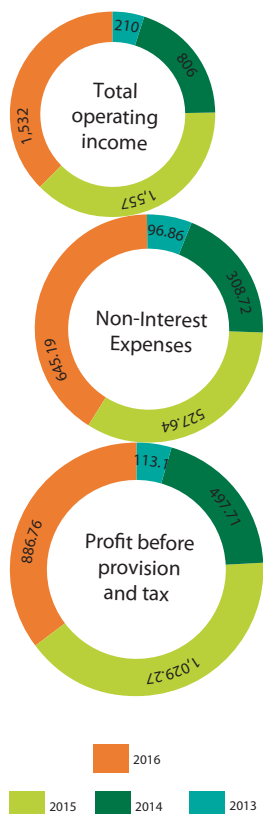
The Bank's total operating expenditures had increased by 22.28 per cent in 2016 over that in the year 2015. The Bank had undertaken different initiatives, such as recruitment of a significant number of experienced and professional employees and also a good number of Probationary Officers to develop future leaders. Besides, Bank had opened eight new Branches along with ATM booths, expanded IT infrastructure and opened Agent points etc. during the year 2016. The increased cost contributed to expedite business operations. To match with the growth of business and expansion of branch; significant expenses were incurred for developing brand image and increased promotional and advertisement activities.

Vehicles Cost

The total number of the vehicles of the Bank in the year 2016 was 7 (seven). The vehicles are generally used for carrying cash from feeding branch to other branches and for providing transport facilities to the executives for completion of official duties. The total expenditure for vehicles in the year 2016 was BDT 2.19 million as against BDT 2.35 million in 2015.

Operating Profit

The Bank exhibited its prudence in limiting cost of deposits by emphasizing on procuring more low and no cost deposit while keeping yield on advances at a reasonable level. The operating profit of the Bank for the 2016 was at BDT 886.76 million from BDT 1,029.27 million in the previous year.



Figures in million BDT

Sl. No.	Particulars	2016	2015	2014
i.	Interest Income	2,365.22	1,416.79	880.58
ii.	Interest Expenses	1,589.34	1,151.11	697.71
lii (i-ii)	Net Interest Income	775.89	265.68	182.87
iv.	Investment Income	554.57	1,163.26	535.05
v.	Commission and Other Fee base Income	201.48	127.97	88.50
vi.	Operating Income (iii+iv+v)	1,531.94	1,556.91	806.42
vii	Non-Interest Expenses	645.19	527.64	308.72
viii(vi-vii)	Operating Profit	886.76	1,029.27	497.70
ix(vii/vi)	Cost Income Ratio	42.12%	33.89%	38.28%

Provision for Loans and Others

The Bank has maintained provision for BDT 116.62 million in the year 2016 against loans and advances than that of BDT 58.44 million in the year 2015. The provision for loans and advances consists of unclassified loans and advances including Off-Balance Sheet items for BDT 110.40 million and classified loans and advances for BDT 6.22 million according to Bangladesh Bank guidelines. This is to be noted that general provision is regarded as Tier-II capital of the bank and provides safeguard against future default as well as supports business growth by strengthening the capital base.

Provision for income tax

The provision for income tax (both current and deferred) of the Bank for the year 2016 was BDT 307.94 million against BDT 205.90 million in the previous year.

Profit after Tax

The Bank posted a Net Profit after tax at BDT 462.19 million in the year 2016, which was BDT 764.94 million in the previous year. The profit after Tax has been decreased mainly due to decrease in investment income in 2016, which was substantial through capital gain from govt. securities in 2015. Besides, the Bank requires to incur more in 2016 for expansion of Branch & ATM Network, opening Agent Points, expanding IT infrastructure, salary of a significant number of employees recruited newly etc., but all would impact positively in next years.

Analysis on Profit during 2013-2016

During the year, Return on Equity (RoE) of the Bank was 8.43 per cent in 2016 while it was 14.67 per cent in the previous year. Other hand, Return on Assets (RoA) of the Bank was 1.65 per cent in 2016 while it was 3.81 per cent in the previous year.

Figures in million BDT

Year	Operating Profit	Profit after Tax	RoE (%)	RoA (%)
2016	886.76	462.19	8.43	1.65
2015	1,029.27	764.93	14.67	3.81
2014	497.71	306.30	6.46	2.53
2013	113.10	56.91	1.24	0.72

The Bank's contribution to the National Exchequer was BDT 290.60 million during the year 2016. Contributions to the National Exchequer for the last 4 years are given below:

Year	BDT in million
2016	290.60
2015	239.06
2014	283.38
2013	20.21

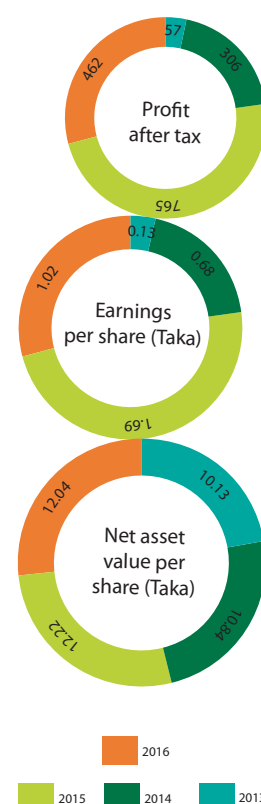
Statutory Reserve

The Bank transferred to statutory reserve for BDT 154.03 million as 20 per cent of the profit before tax and dividend during the year as per Section 24 of the Bank Company Act, 1991. The total amount of statutory reserve stood at BDT 458.84 million as on 31st December, 2016.

Earnings per Share (EPS) and Net Assets Value (NAV) Per Share

During the year, Earning per share (EPS) of the Bank was BDT 1.02, while it was BDT 1.69 in the previous year; whereas NAV per share stood at BDT 12.04 at the end of 2016. The EPS & NAV per share for the last three years are shown below:

Year	Earnings Per Share (EPS)	Net Assets Value (NAV)
2016	1.02	12.04
2015	1.69	12.22
2014	0.68	10.84



Declaration of Dividend

The Bank gives utmost importance on the principle of sharing good achievements with respected shareholders of the Bank. Accordingly, the Board of Directors in its 28th meeting held on 27th July 2017 recommended 10 per cent dividend in cash form for distribution amongst the shareholders for the year 2016, i.e., BDT 1.00 against a share of BDT 10.00; which was also 10 per cent in the form of cash for the year 2015.

Corporate Social Responsibility

The Bank manages its business in a responsible way and contributes to the society and environment in which it should be operated. The Bank has spent amounting BDT 34.45 million to carry on various CSR activities during 2016, which was BDT 24.37 million in 2015.

Adoption of IAS AND IFRS:

Institute of Chartered Accountants of Bangladesh (ICAB) adopted the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Securities & Exchange Commission (SEC) and Bangladesh Bank also mandated the implementation of IAS & IFRS. These standards and reporting system have also been complied by our Bank in preparation of the Financial Statements.

Credit Rating Report

Credit Rating Agency of Bangladesh (CRAB) was appointed as Credit Rating Agency of the Bank for the year 2013 initially. The Agency has continuously rated the Bank and recently submitted their report based on audited financials up to the period ended as on 31 December 2016 and other relevant information. According to last rating, status of the Bank is A3 for long term, which was BBB1 in last year and continuing ST-2 for short term and outlook stable. Three years rating is stated hereunder:

Particulars	Credit Rating		
	Year-2016	Year-2015	Year-2014
Long Term	A3	BBB1	BBB2
Short Term	ST-2	ST-2	ST-2
Outlook	Stable	Stable	Developing
Date of Rating	8 June 2017	26 May 2016	15 May 2015
Validity	30 June 2018	30 June 2017	30 June 2016

According to last rating, status of the Bank is A3 for long term, which was BBB1 in last year and continuing ST-2 for short term and outlook stable.

Risk Management and Compliances

Risk management is at the core of the operating structure of a bank, since effective risk management is one of the fundamental activities to do business. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. Risks are controlled at the level of individual exposures and at portfolio level, as well as in aggregate across all businesses and risk types. While we remain committed to increasing shareholder value by developing and growing our business within our Board-determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

The risks to which a bank is particularly exposed in its operations are: liquidity risk, credit risk, market risks (interest rate risk, foreign exchange risk and risk from change in market price of securities), exposure risks, investment risks, risks relating to the country of origin of the entity to which a bank is exposed, operational risk, legal risk, reputational risk and strategic risk.

The Management remained closely involved in risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effectively managing the risk portfolios. Responsibility and accountability for risk management resides at all levels within the bank, from the board down through the organization to each business manager and risk specialist.

Objectives of Risk Management

The objectives of risk management in the Bank are enumerated below:

- √ To identify the material risks;
- √ To formulate the Risk Appetite and ensure that business profile and plans are consistent with it;
- √ To optimize risk/return decisions by taking them as closely as possible to the business;
- √ To ensure that business growth plans are properly supported by effective risk infrastructure;
- √ To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions;
- √ To help the senior management to improve the control and co-ordination of risk taking across the business.

Risk Management Framework

The Bank has a vigorous Risk Management Framework as defined under a Comprehensive Risk Management Policy that prepared according to guidelines issued by Bangladesh Bank from time to time and Basel III framework, which assigns accountability and responsibility for the Management and control of risk. The Board of Directors of the Bank has overall responsibility for overseeing risks. There is a Risk Management Committee of the Board of Directors in the Bank comprising three members. Whilst the Board approves and reviews risk management policies and strategies of the Bank, the Management establishes procedures to implement the policies and strategies. The MANCOM, All Risk Committee (Management Level), Credit Evaluation Committee (CEC), Asset Liability Management Committee (ALCO), Supervisory Review Process (SRP) Team and Basel Unit (Supervisory Committee) comprising Executives and Senior Management, are high level Management Committees responsible for the overall management of the risk profile of the Bank.

In view of core risk guidelines, the Bank has established various departments/units to address specific risk, e.g. credit risk management, credit administration, internal control & compliance, anti- money laundering, ICT, treasury division etc. Further to manage the overall risks of the Bank in line of Basel accords, the Bank has formed a dedicated Risk Management Division (RMD), which assists All Risk Committee for appropriate decisions making through providing analytical data on important risk related issues arises from 6 (six) core risks as per guidelines of Bangladesh Bank and risks defined under Pillar 1 Minimum Capital Requirement and Pillar 2 Supervisory Review Process as per Basel III. Besides, RMD also performs the duty of Treasury Mid-Office function as

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per the Treasury Operations Policy of the Bank. The Bank met all the regulatory requirements relating to risk management activities of the Bank in 2016.

Supervisory Committees Relating to Risk Management

The supervisory committees relating to risk management of the Bank at management level are as follows having definite responsibilities of each committee:

- **All Risk Committee of Management**
Comprising senior management of the Bank as approved by the Board according to DOS Circular Letter No.13, dated September 09, 2015 of Bangladesh Bank headed by Chief Risk Officer as Chairman;
- **Supervisory Review Process Team**
An exclusive body naming SRP Team in the 'Managerial Layer' which is constituted by the concerned departmental heads and headed by Managing Director according to the Revised Process Document for SRP-SREP Dialogue on Internal Capital Adequacy Assessment Process ICAAP (Implementation of 2nd Pillar of Basel II & Basel III);
- **Basel Unit (Supervisory Committee) and**
Comprising senior management of the Bank as approved by the Board according to Bangladesh Bank's guidelines

Capital Management as per Basel Accords

RMD looks after the capital management of the Bank as per Basel accords (Basel II and Basel III). Capital management usually refers to implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy of requirement:

- Capital management helps to ensure that the Bank has sufficient capital to cover the risks associated with its activities;
- As part of the Internal Capital Adequacy Assessment Process (ICAAP), management identifies the risks that the bank is exposed to, and determines the means by which they will be mitigated;
- Capital is used to cover some of these risks, and the remainder of these risks is mitigated by means of collateral or other credit enhancements, contingency planning, additional reserves and valuation allowances, and other mechanisms.

Implementation of Basel III

The Bank is in the process of implementing Basel III as prescribed by Bangladesh Bank. The roadmap of the implementation of Basel III is noted as followings:

Particulars	2015	2016	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1) Capital Ratio	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%	2.50%
Minimum CET-1 plus Capital Conservation Buffer	4.50%	5.125%	5.75%	6.375%	7.00%	7.00%
Minimum T-1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%	6.00%
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%	12.50%

Phase-in of deductions from CET1

Particulars	2015	2016	2017	2018	2019	2020
Excess investment over 10% of a bank's equity in the equity of banking, financial and insurance entities	20%	40%	60%	80%	100%	100%

Phase-in of deductions from Tier 2 Revaluation Reserve (RR)

Particulars	2015	2016	2017	2018	2019	2020
RR for Fixed Assets	40%	60%	80%	100%	100%	100%
RR for Securities	40%	60%	80%	100%	100%	100%
RR for Equity Securities	50%	100%	100%	100%	100%	100%
Leverage Ratio	3%	3%	3%	Migration to Pillar 1		
Liquidity Coverage Ratio	≥100%	≥100%	≥100%	≥100%	≥100%	≥100%
Net Stable Funding Ratio	>100%	>100%	>100%	>100%	>100%	>100%

Credit Risk Management

When a bank borrower or counterparty fails to meet its obligations in accordance with agreed terms, credit risks occur, which is very crucial for a bank-company among all risks. Since a bank company deals mainly with extending credit, failing obligation by a borrower turns that particular asset to a non-performing one that hits directly to a bank's profit and capital. The goal of a bank's credit risk management is to maximize the bank's risk-adjusted rate of return by maintaining credit risk exposure within the acceptable parameters.

The Bank has already prepared CRM Policy in line with Central Bank's guideline, on the basis of which CRM activities have been conducted internally, which is approved by the Board of Directors. Credit risk is monitored in reference to risk grading and managed by limiting the aggregate exposure to any individual counter party, group of companies or industry as per lending cap of the Bank and single borrower exposure limit defined by Bangladesh Bank. The effectiveness of CRM activities of the Bank may be oversighted by the following table stating classification status of loans and advances at the end of the year:

Figures in million BDT

Status/Year	2016		2015	
	Amount	%	Amount	%
Unclassified:				
Standard including staff loan	17,064.16	99.57	9,964.30	99.81
Special Mention Account (SMA)	29.32	0.17	18.73	0.19
Sub-Total	17,093.48	99.74	9,983.03	100.00
Classified:				
Sub-standard	5.70	0.03	-	-
Doubtful	8.47	0.05	-	-
Bad/loss	30.95	0.18	-	-
Sub-Total	45.12	0.26	-	-
Grand Total	17,138.60	100.00	9,983.03	100.00

Anti-Money Laundering and combating Terrorism Financing

Since inception, Modhumoti Bank Limited is aware to become compliant on anti-money laundering and combating terrorism financing issues as per guidelines of Bangladesh Bank. The Bank has nominated Chief Anti Money Laundering Compliance Officer (CAMLCO) and his deputy and also formed Anti-Money Laundering Division and Central Compliance Unit (CCU) at Head

The Bank has already prepared a Manual in line with Central Bank's guidelines, on basis of which CRM activities have been conducted internally, which is approved by the Board of Directors.

After taking initiative in 2016, the Bank has executed an agreement with Election Commission, Bangladesh in early 2017 for having access in NID Database of EC.

Office thoughtfully with skilled manpower, through which AML issues have been thoroughly worked out and necessary instructions were issued from time to time. Besides, Branch Anti-Money Laundering Compliance Officers (BAMLCOs) have also been nominated and Branch Compliance Unit (BCU) have also been formed in branches with experienced bankers for mitigating risks. A manual entitled 'Money Laundering and Terrorist Financing Risk Management Guidelines' has already been approved by the Board of Directors in light of directives by Bangladesh Bank.

The Bank conducted different training sessions/workshops for the officials of the Bank round the year. During the year 2016, the Bank organized Awareness Program for senior level officials and also arranged publicity for creating AML/CFT awareness among our customers through delivering leaflet and sticking posters in branch premises. The Bank has focused on 'Trade Based Money Laundering,' since it is the most common way of money laundering.

After taking initiative in 2016, the Bank has executed an agreement with Election Commission, Bangladesh in early 2017 for having access in NID Database of EC, through which a branch would be able to verify information and prevent opening account with fake information. We have operated the same successfully at Motijheel Branch as a pilot case and expecting to accomplish networking with all the branches and concerned divisions from September 2017.

Internal Control & Compliance

Establishing an effective internal control system, ensuring good governance and transparency at all level of financial activities and taking appropriate measures for accountability towards stakeholders have become significant to ensure smooth performance of banking industry throughout the world, since Bank involves with many complex transactions which create risks. Internal Control is a process developed in combination of policies & procedures in order to provide safe & sound operations within the organization which provides reasonable assurance achieving its goals and objectives.

All scheduled banks were advised by Bangladesh Bank to establish a Risk Management System on the basis of guidelines on Managing Core Risks in Banking vide BRPD Circular letter No. 17 dated 07.10.2003. Besides, Bangladesh Bank issued an updated ICC Guideline vide BRPD Circular No. 03 dated 08.03.2016 and advised all the scheduled banks to formulate their own guideline / Policy. In line with the above instruction, ICC Policy (Revised-2017) of MMBL has been prepared accordingly.

To establish an effective internal control system, Modhumoti Bank enforced three control functions in its activities. These are:

1. Risk Management / Monitoring
2. Compliance
3. Internal audit

This triumvirate of key functions is underpinned by, and in turn implements and reinforces, the system of internal controls. A key component of effective internal control is the operation of a solid accounting and information system. In combination with the above three units, the Bank conducts internal audits as per approved plan, adhered to compliance of existing laws & regulations and monitored the activities of the institution by system and by reviewing off-sight data to achieve mission and vision.

Bangladesh Bank has suggested conducting risk-based inspections in 2016 and accordingly 09 RBIs and 01 Surprise Inspection have been conducted, findings of which have been reported to Audit Committee of the Board of Directors and to the Management accordingly and also risk rating of the branches for the year 2016 has been assigned. It has been observed that 2 branches were rated as 'Medium' risk and the rest branches as 'Low' risk. Besides, Bangladesh Bank as well as external auditors have conducted inspections from time to time. The Bank is stepping slowly but steadily for establishing a unique and up-to-the-mark Internal Control and Audit System in the Bank with adequate facilities.

Sustainable Finance Approach

We are committed to promoting positive social and economic development in the areas where we operate. Sustainability to us is not just about using less energy, or raising money for good causes, it is embedded in our brand promise, to be different from others, and it affects every single thing we do: the way we make decisions, the contribution we make to local economies and the impact that we have when we bank with the people and companies driving investment, trade and creation wealth across the country.

Green Banking Initiatives

The word green banking has been conceptualized to implement the broader concept like sustainable development. Sustainable development is development that meets the needs of the present without compromising about the ability of future generations to meet their own needs. Green banking refers to operating banking business in such a manner where adequate attention is allocated in social, ecological and environmental factors of environment properly by minimizing conservation of nature and natural resources.

Although banks directly do not impact the environment that much through their own 'internal' operations, but the firms who are users of banks' products, the 'external' impact on the environment through these entities is substantial. Hence, by considering social, environmental and ecological factors, banks can induce responsible investment and prudent lending. Green banking initiatives are necessary to keep the environment green and to minimize greenhouse effects, dependency on traditional energy, natural gas as well as reduce the water/environment pollutions in Bangladesh.

The environment and climate change effect on human existence as well as the planet are now a global concern because the changes have direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. The key areas of environmental degradation cover air pollution, water pollution and scarcity, encroachment of rivers, improper disposal of industrial chemical and house-hold waste, deforestation, and loss of open space and loss of biodiversity.

Being a responsible corporate citizen and in line with the instructions of Bangladesh Bank, Modhumoti Bank Limited has been taking continuous initiatives to implement green banking concept with an aim to inculcate practices towards optimum usage of natural resources and make every effort for environmental friendly activities. The Bank, with the slogan of 'Lives Green since birth'- has already adopted appropriate ways of utilizing renewable energy, automation and other measures to minimize carbon footprint from banking activities.

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Education sector has given emphasize in CSR activities. The Bank prioritized girls' education.

The Bank has already formulated many employee-friendly policies, rules and regulations like car loan facilities or employee house building loan at a lower interest rate etc. the Bank has already formulated many employee friendly policies.

The Bank had started its Green Banking initiatives at the early stage of formation and already signed a number of participation agreements with Bangladesh Bank; one of the most important of which is Brick Kiln Efficiency improvement project. The Bank has already sanctioned a number of green finance projects and rated applicable projects under Environmental Due Diligence (EDD) approach. The Management continuously played a cautious role in consumption of water, energy or paper for operation. Here it may be mentioned that the Bank has already formulated a three-phase Green Strategic Plan and we have progressed a long way towards achieving Green Goal. We have already established 27 ATMs so far, successfully introduced Debit and Credit Card facilities, internet and SMS banking towards establishing a modern bank ensuring green activities. Presently introduction of an automated loan approval process and e-doc facility is under way, which will reduce paper consumption, less time resulting less resources utilization. We have a vigorous plan to setting 'paperless' office management in future and enlarge our participation in sustainable finance to making the environment greener.

CSR Initiatives

The term 'Corporate Social Responsibility' clearly relates the role of corporate sectors towards their participation in development of the society at where they belong and conduct businesses to maximize their value. It is a unique opportunity for corporate citizens to contribute towards the socio-economic development of a country, but this concept is not limited to philanthropy activities any more like extending donations, rather re-shaping philosophy of doing business of an organization with a responsible approach to ensure benefits for all the stakeholders. Modhumoti Bank realized quite early its multiple responsibilities towards the society; this has in turn fuelled the bank's determination to contribute through an effective leading role in serving the society, which has reflected in our activities since inception.

One of our major stakeholders are our customers and serving them with utmost dedication and ensuring safety of their savings is our primary responsibility; therefore the Bank since inception follows a cautious approach and financial policy prioritizing customer safety. This strategy motivates us offering customers doing transactions in a safer environment. The Bank is aware of strengthening internal control and risk management culture inside the organization.

The Bank keeps an eye open on development of our employees, ensuring their proper career and prosperous future with us. As such, the Bank has already



The Bank donated families of the deceased policemen who were killed in the recent terrorist attacks at Gulshan & Sholakia.

formulated many employee-friendly policies, rules and regulations like car loan facilities or employee house building loan at a lower interest rate etc. The Bank contributed even accomplishing treatment when any one of them is seriously ill; also extended a helping hand for their family members, which we will continue in upcoming days also. The Bank stepped for establishing corporate governance inside the Bank through doing business complying rules and regulations of the country and also abiding social and industrial norms, so we may establish a compliant bank in all terms over the period.

The Bank believes in financial inclusion to extend banking services to the unbanked population, who are still 60 per cent of the society, with a vision to be a part of their development initiatives, which is reflected through opening Taka 10 accounts for farmers, having account relationship with RMG workers, privileging freedom fighters or school going children. Our services through establishing agent banking network is not just for enhancing alternative delivery network, it is a mission to be a part of changing livelihoods of the rural people. Our ambition is to be a leading bank in the country. This means: being financially stable, continuously improving our governance and seizing the opportunities presented by our markets to provide and promote sustainable economic growth. Our approach continues to focus on two key priorities: contributing to sustainable economic growth and being a responsible company.

As a part of regulatory requirement; it is being reported that the Bank has contributed a total of BDT 34.45 million in 2016 under many CSR activities in continuation of initiatives taken in previous years, which was BDT 24.37 million in the year 2015. The amount spent includes contribution to Prime Minister's Relief Fund, extending co-operation to Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust, the families of the deceased policemen who were killed in the recent terrorist attacks at Gulshan, Dhaka and Sholakia, Kishoreganj and for promoting education of the country prioritizing girls' education.

The Bank stepped for establishing corporate governance inside the Bank through doing business complying rules and regulations of the country and also abiding social and industrial norms.



The Bank prioritized establishing transparency, accountability and professionalism.

Corporate Governance

Corporate Governance indicates an application of set of processes, mechanism, customs, policies, laws to attain certain sets of objectives, corporate mission and vision with regard to protect the interest of stakeholders, such as, shareholders, employees, customers and different regulatory agencies and broadly the community. Corporate Governance provides structures and principles stating the rights and responsibilities among different participants in a company, i.e., Management, Board and Shareholders within an organization, and also includes the rules and procedures for making decisions in company affairs for ensuring transparency, accountability and professionalism which augment credibility and acceptability to all other stakeholders.

The Board of Directors is the central entity in a functioning corporate governance system and plays pivotal role for formulating the vision, mission, objectives and strategic goals. The Board's entrusted with responsibilities for preparing and implementing policy guidelines, and possess dynamism, guidance, stewardship, which all drive a company towards sustainable growth. Since banks deal in public money, creating public confidence has utmost importance in this industry, than any other industries. The Board of Directors of a bank-company has greater responsibility of prioritizing accomplishment of transparency, accountability and professionalism through formulation of appropriate policies and execution thereof by deploying proper resources including engagement of prudent Management. Bangladesh Bank has issued circular defining separate roles of the Board and Management as a guideline. Besides, Bangladesh Securities and Exchange Commission also has a guideline for all the listed companies.

Modhumoti Bank Limited has been formed with prudent personalities who had strived together in 2013 for achieving vision of leading the new generation of local commercial banks by excelling in customer delivery through insight empowered employees, smart use of technology and a full range of highest quality products and services. The Board of Directors of the Bank has been embellished with the presence of highly experienced and enlightened members who possesses insatiable passion for practicing effective corporate governance to uphold the image of the Bank up to such extent where stakeholders including employees, customers, creditors, suppliers, regulators, and the community touch the taste of culture of sound corporate governance, by taking ethical business decision and conducting business with firm commitment to values in compliance with relevant laws and regulations.

The Board of Directors of Modhumoti Bank plays pivotal role in bank-governance through their far sighted decision and visionary leadership

Modhumoti Bank Limited has been formed with prudent personalities who had strived together in 2013 for achieving vision of leading the new generation of local commercial banks by excelling in customer delivery.

that drive the company to keep sustainable growth. The Board is responsible to endorse the organization's strategy and devise policy and also form assistive committees and the top management to ensure organizational transparency to its stakeholders. The prime responsibility of the Management of the Bank is to execute policies and procedures set by the Board for the greater interest of shareholders and other stakeholders.

The Board appoints one of its directors as the Chairman and one as the Vice-Chairman. The Chairman presided over the meetings and headed Board's activities. All the assistive committees according to Bangladesh Bank's guidelines have already been formed, and are playing pro-active roles in formulation of the Bank's goals, policies and strategic direction. The Management under guidance of Managing Director & CEO assumes responsibility for the day-to-day operations.

We mean 'Corporate Governance' as a continuation effort of due diligence, transparency and accountability through professional manner. The Bank's philosophy is to establishing best corporate practices, as such organs are designed in such manner so that business, risk management and support functions of the Bank can perform independently. Modhumoti Bank is guided mainly by Bangladesh Bank, but our Management has also been preparing themselves with the rules and procedures of Bangladesh Securities and Exchange Commission, since we have planning of floating shares through IPO, for which Bangladesh Bank has allowed time extension till 2019.

The Board of Directors

The number of directors on the Board is determined by the meeting of shareholders, which shall not be less than 7 or more than 20. The election of Board members follows the resolution of the shareholders' meetings, as set out in the Bank's Articles of Association. The election/ re-election of directors were dealt as prescribed by Bangladesh Bank.

The members of the Board are well educated having adequate experiences in different business sectors and also holding dignified positions in the society, which indicates an enriched Board of Directors. The members of the Board of Directors always extend cooperation in establishing accountability, transparency and fairness in all transactions in the widest sense.

The Board is responsible to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The Board is aware with issuance of Bangladesh Bank's BRPD Circular No.11 dated 27 October 2013, where the roles and responsibilities of the Board of Directors of a bank-company have been stated.

The Board and its Committees

In the Second Annual General Meeting of the shareholders held on 14 September 2015, the Board was constituted with 19 members (excluding Managing Director), all are from sponsors of the Bank, but office of Mr. Md. Abul Hossain has fallen vacant due to transfer of his entire shareholding. In the Third Annual General Meeting held on 28 September 2016, the Board constituted with 18 members, who collectively held 71.24 per cent of total outstanding paid-up capital of the Bank at the end of 2016, which was 73 per cent in 2015.

The members of the Board are well educated having adequate experiences in different business sectors and also holding dignified positions in the society, which indicates an enriched Board.

In 2016, the Board approved and ratified many policies and operating manuals as proposed by the Management from time to time. In the meantime four years operations of the Bank have been passed and Management have drawn down most of the processes and procedures to run the operation more smoothly. The Board will continue extending all necessary support and cooperation to establish high ethical standard at all level of operation and to set standard procedures to accomplish the commitment for ensuring corporate governance and professionalism.

In accordance with the guidelines stated through BRPD Circular No. 11 dated 27 October 2013; the Board formed/re-constituted the Executive Committee of the Board of Directors consisting of seven members under chair of Barrister Sheikh Fazle Noor Taposh, MP and also an Audit Committee under chair of Mr. Shaikh Salahuddin, Vice-Chairman of the Board of Directors and a Risk Management Committee under chair of Mr. Mostafa Kamal each consisting of three members. Activities of the Committees are dealt according to ToR approved by the Board under terms of Circulars of Bangladesh Bank. Minutes of the Committee meetings are presented for ratification before the meeting of the Board of Directors. The Company Secretary of the Bank attends the meetings of the Board of Directors and its Committees regularly. Sometimes other Executives were invited to attend meetings when it is required, provided that they do not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.

Meetings of Directors in 2016

In 2016, 7 (seven) meetings of the Board of Directors were held including a special meeting with Bangladesh Bank Team. Besides, 14 (fourteen) meetings of Executive Committee (EC), 4 (four) meetings of Audit Committee (ACB) and also 4 (four) meetings of Risk Management Committee (RMC) were held and attendance of the Directors in these meetings were satisfactory. Directors who could not attend the meeting(s) were granted leave of absence by the Board. Details of the participation are as follows:

Name	Designation	Attendance in Meetings			
		Board	EC	ACB	RMC
Mr. Humayun Kabir	Chairman	7	-	-	-
Mr. Shaikh Salahuddin	Vice-Chairman	6	-	4	-
Mr. Sheikh Fazle Noor Taposh	Director	7	14	-	-
Mr. Mohammad Ismail Hossain	Director	7	13	-	-
Mr. Nemai Kumer Saha	Director	5	14	-	-
Mr. Salahuddin Alamgir	Director	7	14	-	-
Mr. Mostafa Kamal	Director	5	5	-	4
Mrs. Tanjima Binthe Mostafa	Director	7	-	-	-
Mr. Humayun Kabir	Director	2	10	-	-
Mrs. Shahana Yasmin	Director	4	-	-	-
Mrs. Sultana Jahan	Director	6	-	-	-
Mr. A. Mannan Khan	Director	7	-	4	-
Mrs. Ferdousi Islam	Director	6	-	-	-
Mr. Manwar Hossain	Director	5	9	-	-
Mr. Md. Abul Hossain*	Director	4	-	2	-
Mr. Rezin Ahmmad Talukder	Director	6	-	-	3
Mr. Yousuf Ali	Director	3	-	-	-
Mr. Md. Mahbubur Rahman	Director	4	-	2	-
Mr. Md. Didarul Alam	Director	5	-	-	3

*Office of the Director has fallen vacant on 5 September 2016, due to transfer of entire shareholding.

The Board will continue extending all necessary support and cooperation to establish high ethical standard at all level of operation and to set standard procedures.

Director's Remuneration

Directors are not eligible to any remuneration other than for attending any meeting of the Board and its Committee. The Bank paid BDT 8,000.00 each for attending a meeting in compliance with the BRPD Circular Letter No. 11 dated 4th October, 2015 of Bangladesh Bank, subject to deduction of 10 per cent as AIT. In the year 2016, a total of BDT 1.632 million has been paid as Directors' Fees.

Retirement and Re-election of Directors

In terms of Section 91(2) of the Companies Act 1994 and according to the Articles of Association of the Bank, one-third Directors shall retire from office at the Fourth Annual General Meeting of the Company. According to AoA, a retiring Director shall be eligible for re election. Further, the election/re-election of Directors requires to be dealt according to BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank following Bank Companies Act 1991 (as amended in 2013).

Appointment of Managing Director & CEO

Mr. Md. Shafiqul Azam, having long experiences in banking industry, joined in the position of Managing Director & CEO of the Bank on 8 August 2016 following Bangladesh Bank's approval. Prior to joining, he was the Additional Managing Director of the Bank.

Mr. Azam inherited the position since three years term as Managing Director & CEO of Mr. Md. Mizanur Rahman expired on 09 June 2016, who worked with the Bank since inception.

Appointment of Auditors

According to Companies Act 1994; an Annual General Meeting of the shareholders are empowered to appoint external auditors and fix their remuneration. Further, obtaining subsequent approval from Bangladesh Bank is required. The appointed external auditors shall have accreditation with them.

M/s. A. Qasem & Co, Chartered Accountants, the current Auditors were appointed in the Third Annual General Meeting held on 28 September 2016. Since they have audited the accounts of the Bank for one year, i.e., for the year 2016; they are eligible for re-appointment for next term.

Outlook 2017

With four years of banking operation, we are still at the growing stage of the business cycle and as such, we strongly strict to the hope that the year 2017 will give us more opportunity to consolidate our position in the industry based on the success of previous years. As competition in the industry is getting more intense due to limited client base and limited resources, we will have to explore business opportunities in new areas of the country to increase our client base keeping in mind the existing Industry Policy, Thrust Sectors, etc. In spite of all these barriers, we shall have to maintain the growth momentum and be more innovative in our approach to business. We shall have to keep in mind that Bangladesh is in the process of full implementation of Basel III. We are preparing ourselves to be a fully complied one to that goal.

The political and economic situation of the country is almost stabilized and the Government is facilitating a stable environment where new opportunities for investment, export and import are expected to grow, new entrepreneurs and

We shall have to keep in mind that Bangladesh is in the process of full implementation of Basel III. We are preparing ourselves to be a fully complied one to that goal.



The Bank inaugurated 100th Digital Point in Tangail recently to operate agent banking.

innovative entrepreneurship ideas are floating by young talented segments of the country and we keep ourselves ready to reap the maximum advantages of such business environment.

To grab the potential business opportunities mainly due to improvement in infrastructure development, IT base professional skills and to overcome the challenges in 2016, the Bank has adopted the following Strategic Priorities in 2017:

- To maintain operational efficiency, high standard of customer service and sustainable business growth by exerting its best possible effort with new presence in some places of the country;
- To provide customer centric, tailored, innovative, modern technology based secured banking products by keeping in view of the changing macro-micro economic and business indicators;
- To open more branches in rural and urban areas to spread the service net to capture maximum number of customers; with main focus fixed on expanding Agent Banking operation, where Bank can deploy lesser fixed expenses but serves a wider range of people to the remote corner of the country;
- To explore, maintain and maximize alternative delivery channels to provide mass banking services by enhancing customer confidence on the Bank. This will build the base-customers for the Bank and they will, in turn, help in spreading the goodwill of the Bank;
- To focus more on the core banking activities by enhancing credit portfolio of the Bank without compromising the credit risk norms of the Bank. Some specific sectors e.g. power, exporters, pharmaceutical, contractors are to be among the priority list of the most sought-after customers. By allowing proper and tailored credit facilities to them, the Bank can do not only business but also make its deeper contribution for building better Bangladesh;
- To increase footprint in untapped sectors, niche sectors of the business economy, enhance corporate image and build a brand with national

The Bank will focus more on the core banking activities by enhancing credit portfolio of the Bank without compromising the credit risk norms of the Bank.



The Bank signed an MoU with Public Private Partnership Office (PPPO) in presence of Mr. Abul Maal Abdul Muhith, Honorable Minister, Ministry of Finance, Govt. of the People's Republic of Bangladesh.

pride by utilizing the position of the Branches all over the country keeping in mind that each area has its own beauty of doing business profitably;

- To increase SME loan portfolio and maintain an overall balanced portfolio to minimize and diversify business risk. Alongside, monitoring and supervision of activities shall be made stronger to avoid untoward situation as far as possible;
- To step into investment market slowly and prudently without hampering the core objective of the Bank;
- To increase low cost deposit base by taking several initiatives including some on-going activities such as targeting various utility service providers as well as attracting core deposits from general people and soliciting corporate deposits, e.g. salary accounts, etc.
- To maintain customer loyalty through personalized customer service by developing standard of our own employees as well as hiring best possible resources from the market;
- To attract and retain dynamic and talented human capital in line with the mission and vision of the Bank; and develop and train them in line with the business objective of the Bank;
- To strengthen monitoring and supervision of activities to some key-point activities of the Bank to keep the portfolio clean as far as possible. We shall also introduce modern technology in various phases of loans and advances;
- To review and to introduce some strategic business and non-business specific policies for the Bank for its better functioning;

Acknowledgements

We would like to express our gratitude to the Honourable Prime Minister Sheikh Hasina and also to the Honourable Minister, Ministry of Finance, Mr. Abul Maal Abdul Muhith for allowing 2.50 per cent less tax to new banks alike other publicly listed banks from 2016, impact of which is reflected in the financial

The Bank will open more branches in rural and urban areas to spread the service net to capture maximum number of customers; with main focus fixed on expanding Agent Banking operation.

statements of 2016. This unique decision has enhanced our ability for competing with other banks and also facilitates us serving our customers at a reduced rate.

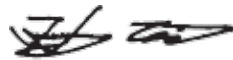
We would like to take the opportunity of expressing our heart-felt appreciation and gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms for their kind cooperation, valuable guidance and advice provided to the Bank from time to time. Prudent guidance and invaluable advice of our regulators especially of Bangladesh Bank has helped us to be governed adhering compliances over the years.

We remain grateful and wholeheartedly appreciate the sincere effort along with combined and incessant support of the Board of Directors and of all its Committees, and also express our thanks and gratitude to our valued shareholders, customers, patrons and well-wishers at home and abroad for their continued support and cooperation to put the Bank at a distinctive edge.

The Board of Directors also expresses deep appreciation to the Management and all employees and sub-staffs for their insatiable passion to improve process and platforms by embracing new and better ways of doing things to place the bank on prestigious one.

From the deep of the heart, we would like to commit you that the Bank will remain steady to its vision and also towards creation of Shareholder value. Besides, the Bank will also continue its holistic efforts in improving the lot of the common people and accelerating its contribution towards economic development of the country.

On behalf of the Board of Directors,



Humayun Kabir
Chairman

Report on the activities of the Board's Audit Committee

I feel proud to have this opportunity and honour to present a Report before the Annual General Meeting of the Bank on activities of the Audit Committee of the Board of Directors during 2016, as a part of our statutory obligations.

An Audit Committee of the Board of any Bank is now responsible for overseeing effective implementation of the processes set out in business plans and policies of the bank for establishing a compliance culture throughout the organization in the line with Central Bank's Guidelines as well as rules and regulations of the country. According to last amendment of the Bank Companies Act in 2013, role of Audit Committee has been set out to pave the way for audit and inspection wing to work independently from management influence which ultimately helps the process of laying a stronger foundation for establishment of Corporate Governance Practices, compliance culture and transparency in the operation of the Bank Company for interest of all stakeholders.

The Board of Directors is aware on their role and responsibilities; as such constituted the Audit Committee of the Board of Modhumoti Bank Limited in their very first meeting held on 01.08.2013 in compliance with Bangladesh Bank guidelines to perform pivotal role as an 'assistive committee' of Board. The Board of Directors in their 22nd meeting held on 28 July 2016 reformed the Committee, which was in force at the balance sheet date of 2016 and also continuing in the following manner:

An Audit Committee of the Board of any Bank is now responsible for overseeing effective implementation of the processes set out in business plans and policies of the bank for establishing a compliance culture throughout the organization.

Name	Status with the Committee	Status with the Bank
Mr. Shaikh Salahuddin	Chairman	Vice-Chairman
Mr. A Mannan Khan	Member	Director
Mr. Md. Mahbubur Rahman	Member	Director

Functions of the Audit Committee

The prime motive of the Audit Committee is assigned with oversight of financial reporting, disclosure, regulatory compliance and disciplined banking operation complying with rules and norms of banking. The main responsibilities of the Audit Committee are as follows:

- Monitor, choice of accounting policies and principles
- Review the financial statements
- Review the appropriateness of the Bank's accounting policy
- Oversee the Bank's relationship with external auditors
- Review the Bank's existing system and upgradation of systems
- Review the adequacy of internal audit functions
- Review all reports of internal auditors
- Review Management's report on risk management
- Review the internal control weakness as submitted by statutory auditors
- Review Audit Committee's own terms of reference within the purview of BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank.

There is no doubt that regulators have given a huge task, but streamlining all of those in a sudden moment is not realistic, since many challenges are there. All the processes and policies could not be set out just all on a sudden. The Members of the Audit Committee are committed to serve with utmost sincerity. Since inception, the Committee suggested on the following:

- √ To meticulously comply with all regulatory requirements set forth by Bangladesh Bank and regulatory bodies.
- √ To strengthen internal control systems.
- √ To enhance customer base with a view to serving larger community of the country, which would help improving deposit mix with a view to bring down the cost of fund and ensure profit in a competitive market scenario.
- √ To open deposit accounts with proper documents and complying all the rules and regulations in force.
- √ To complete all documentation formalities in the loan accounts and foreign trade.
- √ To comply with Anti Money Laundering rules and regulations by maintaining KYC properly.
- √ To prepare manpower planning for each Branch and Divisions of Head Office and define roles & responsibilities of all officers/ executives of the Bank.
- √ To develop a strong Management Information Systems (MIS).
- √ To enhance Information Technology security measure so that the bank can combat cyber-attacks in the form of cyber heist, etc.
- √ To enhance scope for automation of all activities of the Bank from time to time including loan approval and sanctioning process.
- √ Proper & timely execution of Audit plan and reporting the lapses independently.

Establishing a unique and up-to-the-mark Internal Control and Audit System in a bank with adequate facilities is a continuous process. In the meantime, the Board has approved the Organizational structure of ICCD of the Bank following Central Bank's guidelines and the Management has been advised to take necessary steps accordingly.

Meetings and key activities in 2016:

The Audit Committee held 04 (four) meetings in 2016 in the following manner:

Sl.	Particulars	Date of meeting
1	10th meeting of Audit Committee	13 March 2016
2	11th meeting of Audit Committee	20 July 2016
3	12th meeting of Audit Committee	27 November 2016
4	13th meeting of Audit Committee	11 December 2016

All the members were present in these meetings. The Management has extended necessary cooperation and team members were present accordingly on invitation. The following matters were transacted in the meetings:

- The Committee approved yearly risk based annual audit & inspection plan;
- The Committee reviewed draft financial statements for the year ended 2015 and recommended for approval, which have subsequently been

Establishing a unique and up-to-the-mark Internal Control and Audit System in a bank with adequate facilities is a continuous process.

approved by the Board of Directors and the Third Annual General Meeting of the shareholders;

- The Committee reviewed the Management Report prepared by external auditors, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants and stressed rapid rectification of the lapses pointed out in it;
- The Committee reviewed letter of intent received from Chartered Accountant firms for appointment as external auditors for the year 2016, and recommended a panel for appointment of external auditors, from which M/s. A. Qasem & Co., Chartered Accountants were been appointed for the year 2016; since M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, have audited Financial Statements for the year 2013, 2014 and 2015;
- The Committee reviewed quarterly reports on the nature of discrepancies/ lapses in credit documents/ portfolio according to Central Bank guidelines;
- The Committee reviewed Bangladesh Bank's Special Inspection Report on our Internal Control & Compliance;
- The Committee reviewed Bangladesh Bank inspection reports and also internal audit reports from time to time and compliance thereof and the Management has been advised for necessary compliance;
- The Committee has also prioritized on many other issues, like maintaining quality of service, non-repetition of lapses etc.

Recommendation of Financial Statements

The Audit Committee reviewed and examined the Annual Financial Statements for the year 2016 prepared by the Management and audited by external auditors, M/s. A. Qasem & Co., Chartered Accountants and recommended these to the Board for consideration, which have subsequently been approved by the Board of Directors and presently laid before the shareholders in the Annual General Meeting.

Acknowledgement

The Audit Committee accords its sincere thanks and gratitude to Members of the Board, Management Team, Bangladesh Bank's Inspection Teams and External Auditors for their continuous support in carrying out the duties and responsibilities. We believe that we would be able to establish ourselves as a compliant bank with a unique system over the period.

With warm regards,



Shaikh Salahuddin
Chairman



The Bank organized an Agent Conference in 2017 to celebrate the first year operation of Modhumoti Digital Banking.



Modhumoti Bank opened 100th Digital Point Serving unbanked people

Despite a fourth generation bank, Modhumoti Bank Limited became one of the first fore runner in introducing Agent Banking operation in 2016 by opening agent points at Boheratoil and Kakrajan UDC under Shakhipur Upazila, Tangail on February 04, 2016; which the Bank branded as 'Modhumoti Digital Banking' with a view to extend wide range of financial services to the geographically dispersed people through nominating entrepreneurs of a Union Digital Centre (UDC) to be the Bank's Agent to provide financial services on behalf of the Bank under a MoU signed with Access to Information (a2i) of Prime Minister's Office and having permission from Bangladesh Bank in 2015. The Bank has opened its 100th Digital Point on April 27, 2017 at Delduar Union of Delduar Upazila, Tangail, which is gradually increasing day by day, in context of number of establishment, accounts as well as transactions.

Financial Inclusion for access to financial services has become a major concern for developing countries, now being treated as one of the keys to reduce the economic susceptibility of families, promote economic progression, lighten poverty

and improve quality of people's living standards. It is the ability of an individual, household or group to access a full range of responsibly delivered, affordably priced and reasonably convenient to formal financial services. By the End of 2016, 13 banks have obtained permission from Bangladesh Bank for executing agent banking operation, from which 10 banks have already started their activities. According to a publication by Bangladesh Bank, number of Agents for different banks stood at 2334 in 2016 and a total of 525,144 accounts of different types have been opened during the period. At the End of December 2016, Modhumoti Bank able to open 70 Digital Points all over the country covering 70 unions of 14 upazillas under 10 districts of 05 divisions, at where 2,320 accounts were opened with amount of BDT 4.70 million, through which a total of 3971 transactions were held in 2016 for a total amount of BDT 25.19 million.

Modhumoti Digital Banking started its operation with the State-of-the-Art technology for ensuring proper security with real time banking facilities. Customers of the Agent/Digital Points get an

instant confirmation of transaction through SMS along with system-generated money receipts. All the Digital Points are branded with ModhumotiBank's and Digital Banking Logo, so that a customer can easily identify a Bank's outlet. All the points are also properly branded with awareness message as per guidelines of Bangladesh Bank. To ensure more safety, the Bank obtains insurance coverage for the money kept in the Locker/Vault of Digital Point from own source.

Primary Objectives of Agent Banking:

- i. To provide limited scale banking and financial services to the underserved population through engaging Agents in a safer environment;
- ii. To introduce a complimentary channel to reach to the poor and rural segment of the society with a range of financial services especially to geographically dispersed locations;
- iii. To reduce the amount of time and money incurred by the peoples of remote areas to reach a bank-branch for obtaining formal financial services.

Products we offer:

- Current Account – Agent
- Current Account – Customer
- Savings Account – Agent
- Savings Account – Freedom Fighter
- No Frill Savings Account
- Short Notice Deposit Account
- Fixed Deposit Account for 1 to 12m onths
- Monthly Income Scheme for 3& 5 years.
- Double/ Triple Deposit Scheme
- Monthly Savings Scheme for 3& 5 years.
- Monthly Prottasha Deposit Scheme for 1 to 5 years

Services we offer:

- Different types of Account opening
- Cash deposit/withdrawal
- Fund Transfer between Bank's Accounts
- EFT between other banks in Bangladesh
- Inward Foreign Remittance Payment
- Statement with date range including mini statement
- Balance enquiry
- Cheque Book Delivery
- Processing of Debit/Credit Card
- Processing of small loans (Agri/SME/Retail)
- Collection of loan installment
- Collection of clearing cheques



The Chairman awarded best agents during Conference.

Sharing experiences

Modhumoti Bank Touches Lives

Modhumoti Bank Limited introduced Agent Banking in the name of 'Modhumoti Digital Banking' with a view to extend their wide range of financial services to the geographically dispersed people in 2016. As a part of celebration of the first year operation, a conference with the Agents has been organized by the Bank in early 2017,

wherein the Management urged the Agents to extend financial services in such manner so that the newly established channel can contribute to economic progression and improve living standards of poor people in real sense. Everyone also quests for having answers, whether our efforts have impacted in last year or not.

While discussing with Mr. Md. Saddam Hosen, who is still a student alongside a UDC Entrepreneur and also performed top among the Agents in 2016, shared with us that initially he was not willing to take the charge at all. Later on, according to advice of the then Chairman of Boheratoil Union Parishad, Tangail; he became an Agent. At first he found difficulties in arranging capital but after some days, he solved the problem with the help of his family friends. He thanked the Management of the Bank for choosing him as an Agent, since his social status has radically been changed. Now people treat him like a Banker and trust him the way he had never dream. His financial status has also been changed. He is now able to take more responsibility of his family.



Mr. Md. Zahidul Islam

Our team took initiatives to take comments from customers, the ultimate end-users, who were been selected on random basis. Mr. Md. Zahidul Islam, who has been maintaining a No Frill Savings Account, a grass root farmer of Amirpur Union of Batiaghata Upazila, Khulna informed us that he had no account earlier. He stayed far away from any bank. After continuous marketing effort by Bank officials, he opened an account with only Tk.10.00 through Amirpur Digital Banking Point. At first he started depositing small value cash. He found that banking process is much easier than

he thought. Now he can save the excess amount of cash in a more secured manner than earlier, even can travel to Khulna with a cheque-leaf rather carrying cash in pocket. The Bank has also offered him for a small Agri loan, which is now on process.



Mrs. Josna Khatun

Being a house wife of a remote location, Char Nilaxmia of Shambhuganj, Mymensingh; Mrs. Josna Khatun knew that banking is for rich persons and very expensive. The distance between her native village and nearest bank-branch is also a very crucial fact for not having a bank account. Mr. Abdul Jalil, Agent of the Bank convinced her to open an account with Modhumoti Digital Banking. All her fears have washed away now. She saved her excess fund for her children's future and also planning to open another savings scheme account for a better future. In last of the interview, she thanked Modhumoti Bank Limited for helping her to understand what really banking is!



DISCLOSURES AND COMPLIANCE REPORTS

‘ Risk management is at the core of the operating structure of a bank, since effective risk management is one of the fundamental activities to do business. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. ’

ANNUAL REPORT
2016



Pillar 3 Market Discipline

Disclosures on Risk Based Capital (Basel III) for the year ended December 31, 2016

In an effort to continue to strengthen the risk management frameworks and further enhance long-term stability within banking organizations, the Basel Committee for Banking Supervision (BCBS) introduced a set of regulatory guidelines known as Basel III. Basel III includes three pillars that address:

- Capital adequacy
- Supervisory review
- Market discipline; increased public disclosure requirements

In addition to the three pillars noted above, Basel III introduced leverage ratio, and liquidity standards namely liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) which have greater business implications for banks. Under market discipline, Basel III demands more disclosures than that of the previous

These disclosures are purported to affirm the information on Minimum Capital Requirement (MCR) under Pillar 1 and Supervisory Review Process (SRP) under Pillar 2 and ensure transparency about the capital adequacy of the Bank, capital adequacy framework, risk assessment and mitigation methodologies, risk exposure in various spectrum so that the stakeholders of the industry can examine the risk related compliance of the Bank.

The Bank made the qualitative and quantitative disclosures in detail below in accordance with Pillar III Market Discipline as per Guidelines on Risk Based Capital Adequacy (RBCA) under Basel-III issued by Bangladesh Bank on December 21, 2014. The purpose of this report is to complement under Pillar 1 Minimum Capital Requirement (MCR) and Pillar 2 Supervisory Review Process (SRP) of Basel III.

The following components have been disclosed hereunder as per the requirement of RBCA guidelines under Basel-III issued by Bangladesh Bank:

- a) Scope of Application
- b) Capital Structure
- c) Capital Adequacy
- d) Investment Risk
- e) Equities: Disclosures for Banking Book Positions
- f) Interest Rate Risk in the Banking Book (IRRBB)
- g) Market Risk
- h) Operational Risk
- i) Leverage Ratio
- j) Liquidity Ratio
- k) Remuneration

These disclosures are intended for more transparent and more disciplined financial market where the participants can assess key information about the Bank's exposure in making economic decisions.

A. SCOPE OF APPLICATION

Qualitative Disclosure

a) The name of the top corporate entity to which this framework applies:

The Risk Based Capital Adequacy Framework applies to Modhumoti Bank Limited (MMBL) on 'solo' basis as there was no subsidiary as on the reporting date (December 31, 2016).

b) Consistency and Validation:

The quantitative disclosures are made on the basis of audited financial statements of the bank for the year ended December 31, 2016 prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws and regulations. So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the audited financial statements 2016 of the Bank. The report is prepared once a year and available on the website of the Bank (www.modhumotibankltd.com).

c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital to subsidiaries:

Not applicable for the Bank as there was no subsidiary of the Bank on the reporting date (December 31, 2016). However, the BRPD circular 05, dated 09 April 2005 and BRPD Circular No.02, dated, January 16, 2014 respectively regarding 'Single Borrower Exposure Limit' are being applied by the Bank in determining maximum amount of finance.

Quantitative Disclosure

d) **Aggregate amount of capital deficiencies:** There was no capital deficiency in the financial year 2016 as there was no subsidiary of the Bank.

B. CAPITAL STRUCTURE

Qualitative Disclosures

a) **The regulatory capital under Basel-III is comprised with i) Tier-1 (Going Concern Capital) and ii) Tier-2 (Gone Concern Capital).**

Tier-1 Capital (Going Concern Capital) has two components of Tier 1 Capital which are Common Equity Tier 1 Capital and Additional Tier 1 Capital. It consists of highest quality capital items which are stable in nature and allows a bank to absorb losses on an ongoing basis.

Common Equity Tier 1 Capital includes paid-up capital, statutory reserve, general reserve and retained earnings etc and

Additional Tier 1 Capital will include perpetual bond or non-cumulative preference shares etc.

Tier-2 Capital (Gone Concern Capital) lacks some of the characteristics of the going concern capital but also bears loss absorbing capacity to a certain extent. General provision on unclassified loans and advances, provision for Off-Balance Sheet items and revaluation reserve on government securities, fixed asset and equity instruments are part of Tier 2 capital.

It is mentionable that revaluation reserve as of December 31, 2014 has to be phased out as per Basel III by 20% in 2015, 40% in 2016, 60% in 2017, 80% in 2018 and 100% in 2019. That means the bank cannot show revaluation reserve as capital from January 01, 2020.

Compliance Status of MMBL as per Conditions for Maintaining Regulatory Capital:

The Bank complied with all the requirement of regulatory capital as stipulated in the revised RBCA Guidelines by Bangladesh Bank as per following details:

Sl. No.	Limits (Minima and Maxima)	Status of Compliance	
		Compliance (√)	Non complied (√)
1	Common Equity Tier 1 of at least 4.5% of the total RWA	√	
2	Tier 1 capital will be at least 6.0% of the total RWA	√	
3	Minimum CRAR of 10% of the total RWA	√	
4	Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher	√	
5	Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher	√	

Quantitative Disclosures

a) Regulatory capital of the Bank as of December 31, 2016

Tier-1 capital of the bank as of December 31, 2016 was Tk. 5,432.34 million which is 95.91% of total regulatory capital and rest 4.09% from Tier-2 capital. Tier-1 capital comprised 79.80% from paid up capital, 8.11% from statutory reserve and rest 8.01% from retained earnings of the Bank. Tier-2 capital is Tk.231.52 million which is 4.09% of total regulatory capital and the major contributors are general provision on loans and advances including Off-Balance sheet items.

Amount in Million BDT

Sl. No.	Regulatory Capital	Solo
1.0	Common Equity Tier-1 (Going Concern Capital)	
1.1	Fully Paid-up Capital	4,520.00
1.2	Non-repayable Share premium account	-
1.3	Statutory Reserve	458.84
1.4	General Reserve	-
1.5	Retained Earnings	453.49
1.6	Dividend Equalization Account	-
1.7	Minority interest in Subsidiaries	-
1.8	Actuarial gain/loss	-
1.9	Others (if any item approved by Bangladesh Bank)	-
1.10	Sub-Total: (1.1 to 1.9)	5,432.34
1.11	Regulatory adjustment from Common Equity Tier-1 (Going Concern Capital)	
1.12	Shortfall in provisions required against Non-performing loans (NPLs)	-
1.13	Shortfall in provisions required against investment in shares	-
1.14	Remaining deficit on account of revaluation of investment in securities after netting off from any other surplus on the securities	-
1.15	Goodwill and all other intangible assets	-
1.16	Deferred Tax Assets (DTA)	-
1.17	Defined benefit pension fund assets	-
1.18	Gain on sale related to securitization transactions	-
1.19	Investment in own CET-1 Instruments/shares (as per Para 3.4.7 of Basel III guidelines)	-
1.20	Reciprocal crossholdings in the CET-1 capital of Banking, Financial and Insurance Entities	-
1.21	Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (50% of investment)	-
1.22	Investments subsidiaries which are not consolidated (50% of investment)	-

Sln.	Regulatory Capital	Solo
1.23	Others if any	-
1.24	Sub Total (1.12 to 1.23)	-
1.25	Total Common Equity Tier-1 Capital (1.10 less 1.23)	5,432.34
2.0	Additional Tier-1 Capital	
2.1	Non-cumulative irredeemable preference shares	-
2.2	Instruments issued by the banks that meet the qualifying criteria for AT1 (as specified at Annex-4 of Basel III Guidelines)	-
2.3	Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only);	-
2.7	Others (if any item approved by Bangladesh Bank)	-
2.8	Sub-Total (2.1 to 2.7)	-
2.9	Regulatory adjustments	
2.10	Investment in own AT-1 Instrument/ Share (as per Para 3.4.7 of Basel-III Guidelines)	-
2.11	Reciprocal of crossholding in the AT-1 Capital Of Banking , Financial and Insurance Entities	-
2.12	Others if any	-
2.13	Sub-Total (2.10 to 2.12)	-
2.13	Total Additional Tier-1 Capital Available (2.8 less 2.13)	-
2.14	Maximum Limit Of Additional Tier-1 Capital (AT-1 can be maximum up to 1.5% of the Total RWA or 33.33% of CET1, whichever is higher)	1,810.60
2.15	Excess Amount over Maximum Limit of AT-1	-
2.16	Total Admissible AT-1 Capital	-
2.17	Total Tier-1 Capital	5,432.34
3.0	Tier-2 Capital (Gone Concern Capital)	
3.1	General Provision	226.40
3.2	All other preference shares	-
3.3	Subordinated Debt/ Instruments issued by the bank that meet the qualifying criteria for Tier 2 Capital (as per Annex 4 of Basel-III)	-
3.4	Minority Interest i.e. Tie-2 issued by consolidated subsidiaries to third parties (for consolidated reporting only)	-
3.5	Revaluation reserve as for as on 31 December, 2014 (50% of Fixed Asset & Securities & 10% of Equities)	8.54
3.6	Others (if any item approved by Bangladesh Bank)	-
3.7	Sub-Total (3.1 to 3.6)	234.94
3.8	Regulatory Adjustment	
3.9	Revaluation Reserve for Fixed Asset, Securities & Equity Securities (follow in deductions as per Basel-III Guidelines) 40%	3.41
3.10	Investment in own T-2 Instruments / Shares (as per Para 3.4.7 of Basel-III Guidelines)	-
3.11	Reciprocal Crossholding in the Tier-2 capital of Banking, Financial & insurance Entities	-
3.12	Any Investment exceeding the approved limit under section 26(2) of Bank Company Act 1991(50% of investment)	-
3.13	Investment In Subsidiaries which are not consolidated (50% of investment)	-
3.14	Others if any	-
3.15	Sub-Total (3.9 to 3.14)	3.41
3.16	Total Tier-2 Capital Available (3.7 minus 3.15)	231.52
3.16	Maximum Limit Of Tier-2 Capital (Tier-2 capital can be maximum up to 4.0% of the total RWA or 88.89% of the CET1, whichever is higher)	4,828.80
3.17	Excess Amount over Maximum Limit of T-2	-
3.18	Total Admissible Tier-2 Capital	231.52
3.19	Total Regulatory Capital (2.16+3.18)	5,663.86

C. CAPITAL ADEQUACY

Qualitative Disclosures

a) Approach to assess the adequacy of capital:

The bank follows the approaches below for calculating Minimum Capital Requirement (MCR) as per Pillar-I of Basel-III framework as per the guidelines of Bangladesh Bank:

- i) Standardized Approach for assessing and mitigating Credit Risk,
- ii) Standardized Rule Based Approach for quantifying Market Risk and
- iii) Basic Indicator Approach for Operational Risk.

MMBL has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process provides an assurance that the Bank has adequate capital to support all risks in its business. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through sound governance and control practices, robust risk management framework and an elaborate process for capital calculation and planning.

The Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) for the identification and evaluation of the significance of all risks that the Bank faces, which may have an adverse material impact on its financial position. As per Basel III framework, the Bank faces the following material risks which are taken into consideration in assessing / planning capital:

Risks under Pillar 1 MCR		Risks under Pillar 2 SRP	
1	Credit Risk	1	Residual Risk
2	Market Risk	2	Concentration Risk
3	Operational Risk	3	Liquidity Risk
		4	Reputation Risk
		5	Strategic Risk
		6	Settlement Risk
		7	Evaluation of Core Risk Management
		8	Environmental & Climate Change Risk
		9	Other material risks

Quantitative Disclosures:

Following table shows component-wise allocation of capital to meet three risks namely i) Credit Risk, ii) Market Risk and iii) Operational Risk under Pillar 1 Minimum Capital Requirement of Basel III. As on the reporting date i.e. 31 December 2016, MMBL maintained a Capital to Risk Weighted Asset (CRAR) of 19.42% on 'Solo Basis' against required minimum of 10.00% of Risk Weighted Asset (RWA). However, the bank has to maintain minimum capital Tk.4,000.00 million or MCR 10.00% on Risk Weighted Asset i.e. Tk.29,168.10 million whichever is higher i.e. Tk.4000.00 million has to be maintained. We had an excess capital of BDT1,663.86 million after meeting all three risks as on the reporting date.

Risk Weighted Asset (RWA) & Minimum Capital Requirement (MCR):

Amount in Million BDT

Sln.	Particulars	Solo
1.	Risk Weighted Assets:	
	For Credit Risk:	27,069.54
	On-Balance Sheet	20,919.74
	Off-Balance Sheet	6,149.79
	For Market Risk	149.36
	For Operational Risk	1,949.20
	Total:	29,168.10
2.	Minimum Capital Required (10% of RWA):	
	For Credit Risk	2,706.95
	For Market Risk	14.94
	For Operational Risk	194.92
	Total:	2,916.81
	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	4,000.00

Capital to Risk Weighted Assets Ratio (CRAR)

Amount in Million BDT

Sln.	Capital Adequacy	Solo
A.	Regulatory Capital:	
	a. Tier-1 (Going Concern Capital)	5,432.34
	b. Tier-2 (Gone Concern Capital)	231.52
	c. Total eligible capital	5,663.86
B	Capital to Risk Weighted Assets Ratio (CRAR)	
	Tier-1 Capital to RWA	18.63%
	Tier-2 Capital to RWA	0.79%
	Total:	19.42%
C	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	4,000.00
D	Capital surplus (A-C)	1,663.86

D. CREDIT RISK

Qualitative Disclosures:

a) The general qualitative disclosure requirement with respect to credit risk:

Definition of Credit Risk:

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or wilful default of the borrower in honoring the financial commitments to the Bank. The Bank is exposed to credit risk through its general lending and money market lending.

Credit risk management process at MMBL:

Bank's credit policy has been prepared in line with Bangladesh Bank guidelines illustrating the approval process and delegation of authority which require to be approved by the Board. The approval process segregates relationship management/marketing from the approval authority. The approval authorities are delegated to different levels of management and Board committees. Board of Directors of the bank has the highest level of authority to approve any credit proposal and sub delegate such authority to the management and Executive Committee. The Business Proposals are initiated from the Branches which have been processed by the Business Development & Marketing Division (BDMD) at Head Office level and finally BDMD placed the note to the Credit Risk Management Division (CRMD). Then placed the proposal in the meeting of Credit Evaluation Committee (CEC) of the Bank after performing due diligence issues as per Credit Policy of the Bank and other policies/guidance of Bangladesh Bank. Upon final nod from the CEC, the proposals are placed in the meeting of the EC/Board by CRMD and Managing Director & CEO for final approval. CRM sends sanction letter addressing the Branch and Cc to CAD and BDMD (Corporate) and BDMD (SME) upon receiving the final approval from the competent authority.

Credit Administration:

Credit Administration Division (CAD) at Head Office ensure the documentation and the other regulatory issues before making disbursements so that the Bank can reduce the potential credit risk. Branches send their request to CAD for limit loading after the completion of necessary documentation vide LDCL (Loan documentation check list). Furthermore, the bank constantly monitors clients' repayment behaviors, fulfillment of conditions given before disbursement and compliance of covenants in post disbursement period.

Credit Monitoring:

The loan portfolio with classification status is reviewed periodically and brought to the notice of senior level management regarding down gradation, overdue, special mention account (SMA), classified and rescheduled portfolio along with early alert list for their information and guidance. The Branches are communicated through letters and circulars for implementation of efficient credit risk management in a proper manner including adherence to the Bank's and Bangladesh Bank's rules and regulations.

Past Due/Over Due:

A claim that has not been paid as of its due date is termed as past due claim. Payment may be for repayment/renewal/rescheduling or as an installment of a loan. Loans will be treated as past due and or overdue in the following cases:

- Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.

- Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date.
- In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date.
- The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.

For loan classification and maintenance of specific and general provision Bank follows BRPD Circular No-14 and 19 of 2012; 05 of 2013, and 08 of 2015, and advice of Bangladesh Bank from time to time. Provisions and interest suspense are separately shown under other liabilities as per first schedule of Bank Company Act 1991 (amendment up to 2013), instead of netting off with loans. The summary of some objective criteria for loan classification and provisioning requirement is as below:

ii) Description of approaches followed for specific and general allowances

Approaches followed for specific and general allowances:

Particulars	Short Term Agri Credit	Consumer Financing			SMEF	Loans to BHs/MBs/SDs	All other Credit
		Other than HF, LP	HF	LP			
UC	2.5%	5%	2%	2%	0.25%	2%	1%
SMA	-	5%	2%	2%	0.25%	2%	1%
SS	5%	20%	20%	20%	20%	20%	20%
DF	5%	50%	50%	50%	50%	50%	50%
B/L	100%	100%	100%	100%	100%	100%	100%

NB: CF=CONSUMER FINANCING, HF=HOUSING FINANCE, LP=LOANS FOR PROFESSIONALS TO SET UP BUSINESS, UC=UNCLASSIFIED, SMA=SPECIAL MENTION ACCOUNT, SS=SUBSTANDARD, DF=DOUBTFUL, B/L=BAD/LOSS, BHs/ MBs/SDs= LOANS TO BROKERAGE HOUSES/MERCHANT BANKS/STOCK DEALERS.

Subjective/Qualitative Judgment for Loan Classification:

Considering the nature and performance of a loan, the bank can also classify a particular loan on the basis of subjective judgment taking into consideration the factors such as uncertainty or doubt of repayment, continuous loss of capital, adverse situation, decrease of value of securities, legal suit etc.

Condition for Qualitative Judgment:

Classification	Conditions to be fulfilled
Special Mention	i) Assets must be classified no higher than Special Mention if any of the following deficiencies of bank management is present: <ul style="list-style-type: none"> • the loan was not made in compliance with the bank's internal policies; • failure to maintain adequate and enforceable documentation; or • poor control over collateral
	ii) Assets must be classified no higher than Special Mention if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> • occasional overdrawn within the past year, • below-average or declining profitability; • barely acceptable liquidity; • problems in strategic planning.
Sub-standard	i) Assets must be classified no higher than Sub-standard if any of the following deficiencies of the obligor is present:

Classification		Conditions to be fulfilled
		<ul style="list-style-type: none"> • recurrent overdrawn, • low account turnover, • competitive difficulties, • location in a volatile industry with an acute drop in demand; • very low profitability that is also declining; • inadequate liquidity; • cash flow less than repayment of principal and interest; • weak management; • doubts about integrity of management; • conflict in corporate governance; • unjustifiable lack of external audit; and • pending litigation of a significant nature.
	ii)	Assets must be classified no higher than Sub-standard if the primary sources of repayment are insufficient to service the debt and the bank must look to secondary sources of repayment, including collateral.
	lii)	Assets must be classified no higher than Sub-standard if the banking organization has acquired the asset without the types of adequate documentation of the obligor's net worth, profitability, liquidity, and cash flow that are required in the banking organization's lending policy, or there are doubts about the validity of that documentation.
Doubtful		<p>Assets must be classified no higher than Doubtful if any of the following deficiencies of the obligor is present:</p> <ul style="list-style-type: none"> • permanent overdrawn; • location in an industry with poor aggregate earnings or loss of markets; • serious competitive problems; failure of key products; operational losses; • illiquidity, including the necessity to sell assets to meet operating expenses; • cash flow less than required interest payments; very poor management; • non-cooperative or hostile management; • serious doubts of the integrity of management; • doubts about true ownership; and • complete absence of faith in financial statements.
Bad/Loss		<p>Assets must be classified no higher than Bad/Loss if any of the following deficiencies of the obligor is present:</p> <ul style="list-style-type: none"> • the obligor seeks new loans to finance operational losses; • location in an industry that is disappearing; • location in the bottom quartile of its industry in terms of profitability; • technological obsolescence and very high losses; • asset sales at a loss to meet operational expenses; • cash flow less than production costs; • no repayment source except liquidation; • presence of money laundering, fraud, embezzlement, or other criminal activity; and • no further support by owners.

However, regardless of all rules and regulations the central bank can classify any loan on the basis of their subjective judgment as well as can instruct the bank to make additional provision on non-performing loans.

Quantitative Disclosures:

b) Total gross credit risk exposures broken down by major types of credit exposure:

Amount in Million BDT

Sln.	Types	2016	2015
1	Agriculture, fishing, forestry and dairy firm	146.33	63.36
2	Industry (Other than working capital)	3,585.24	2,793.78
3	Working capital financing	6,148.05	1,585.92
4	Export credit	407.51	209.18
5	Import credit	767.41	707.63
6	Commercial credit	2,123.32	1,118.63
7	Constructions	1,141.73	803.14
8	Transport and Communication	662.21	598.62
9	Consumer Credit	323.58	273.65
10	Others	1,833.21	1,829.13
	Total	17,138.60	9,983.04

c) Geographical distribution of exposures:

Amount in Million BDT

Region Based	Name of Division	2016	2015
	Dhaka	14,483.32	9,365.1
	Chittagong	1,784.51	472.8
	Rajshahi	85.64	-
	Sylhet	108.26	125.3
	Khulna	633.06	19.9
	Rangpur	22.78	-
	Barisal	21.04	-
	Mymensingh	0.00	-
	Total	17,138.60	9,983.1
Country Based	Domestic	17,138.60	9,983.1
	Overseas		-

d) Major industry-wise distribution of exposures:

Major industry wise credit exposure of the bank as of December 31, 2016 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors.

Amount in Million BDT

Sln.	Sector/Industry	2016	2015
1	Agriculture	146.30	75.20
2	Industry	8,502.60	3,882.30
3	Constructions	1,141.70	243.40
4	Power, Gas, Water & Sanitary Services	269.40	148.80
5	Transport, Storage & Communication	662.20	793.90
6	Trade Services	1,838.20	1,579.40
7	Housing Services	621.90	636.40
8	Banking & Insurance	1,199.30	1,394.10
9	Professional & Misc. services	2,757.00	1,229.60
	Total	17,138.60	9,983.10

e) Residual contractual maturity breakdown of the whole portfolio:

Amount in Million BDT

Particulars	2016	2015
On demand	369.98	268.44
Less than three months	4,362.68	59.31
More than three months but less than one year	6,217.23	4,318.52
More than one year but less than five years	3,688.09	3,303.30
More than five years	2,500.62	2,033.51
Total	17,138.60	9,983.10

f) Major industry type amount of impaired loans:

Amount in Million BDT

Particulars	2016	2015
Agriculture	-	-
Industry	29.90	-
Constructions	-	-
Power, Gas, Water & Sanitary Services	-	-
Transport, Storage & Communication	-	-
Trade Services	13.50	-
Housing Services	0.70	-
Banking & Insurance	-	-
Professional & Misc. services	1.00	-
Total	45.10	-

g) Gross Non Performing Assets (NPAs)

Amount in Million BDT

Particulars	2016	2015
Gross Non Performing Assets (NPAs)	-	-
Nonperforming assets to outstanding loans and advances	-	-
Movement of Non-Performing Assets (NPAs):	-	-
Opening balance	0.00	-
Additions	45.10	-
Reductions	-	-
Closing balance	45.10	-
Movement of specific provisions for NPAs:	-	-
Opening balance	0.00	-
Provision made during the period	6.22	-
Write off	-	-
Write back of excess provisions	-	-
Closing balance	6.22	-

E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures:

- a) Banking book positions consist of those assets which are bought for holding until they mature. The bank treats unquoted equities as banking book assets. Unquoted equities are not traded in the bourses or in the secondary market, they are shown in the balance sheet at cost price and no revaluation reserve is created against these equities.

Quantitative Disclosures:

b) Values of investments as disclosed in the Balance Sheet:

Particulars	Amount in Million BDT	
	Cost Price	Market Price
Unquoted Share	-	-
Quoted Share	-	-

For Banking Book Equity

Sln.	Particulars	Amount in Million BDT
		Solo (Bank)
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	-
d)	Total unrealized gains(losses)	-
	Total latent revaluation gains (losses)	-
	Any amounts of the above included in Tier 2 capital	-

e) Capital Requirement

Particulars	Amount in Million BDT
	Solo (Bank)
Unquoted Share	-
Quoted Share	-

F. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative Disclosures:

- a) Interest rate risk affects the bank's financial condition due to adverse movements in interest rates of interest sensitive assets and liabilities. Interest Rate Risk is managed through use of Gap analysis of rate sensitive assets and liabilities and monitored through prudential limits and stress testing. The IRRBB is monitored in movements/changes on a monthly basis and the impact on Net Interest Income is assessed. Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition.

Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective).

Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so. The short-term impact of changes in interest rates is on the bank's Net Interest Income (NII). In a longer term, changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other interest rate sensitive position. The ALCO formulates the policy and strategy depending on the market conditions to maximize Net Interest Income.

Quantitative Disclosures:

Gap analysis: Duration Gap

The duration gap tells how cash flows for assets and liabilities are matched. A positive duration gap is when the duration of assets exceeds the duration of liabilities (which means greater exposure to rising interest rates). If rates go up by 1% the price of assets fall more than the price of liabilities. A negative duration gap is when the duration of assets is less than the duration of liabilities (which means greater exposure to declining interest rates). If rates go down by 1%, the price of assets goes up less than the price of liabilities.

Amount in Million BDT

Sln.	Particulars	Amount			
1	Market value of assets	31,767.40			
2	Market value of liabilities	27,145.50			
3	Weighted average duration of assets (DA) in years	1.47			
4	Weighted average duration of liabilities (DL) in years	0.40			
5	Duration gap (DA-DL) in years	1.13			
6	Yield to maturity (YTM-Assets)	7.65%			
7	Yield to maturity (YTM-Liability)	4.69%			
8	Change of market value of equity due to increase in interest rates	1%	2%	3%	
9	Fall in Market Value of Equity	(333.06)	(666.14)	(999.20)	
10	Stress testing	Minor Shock	Moderate Shock	Major shock	
11	Regulatory capital (after shock)	533.08	499.77	466.47	
12	RWA (After shock)	28,835.00	28,520.00	28,168.90	
13	CRAR (After shock)	18.49%	17.53%	16.56%	

Interest Rate Risk in the Banking Book under Simple Sensitivity Analysis:

The impact of 1% changes in interest rate sensitive assets and liabilities of the Bank as of December 31, 2016 under earnings perspective with Simple Sensitivity Analysis:

Amount in Million BDT

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	10,401.50	2,990.77	5,981.53	9,775.80
Interest sensitive liabilities	10,700.10	2,490.37	4,980.73	4,089.70
Net gap	(298.60)	500.40	1,000.80	5,686.10
Cumulative gap	(298.60)	201.80	1,202.60	6,888.70
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	2.99	(2.02)	(12.03)	(68.89)
Accumulated earnings impact	2.99	0.97	(14.04)	(80.91)

G) MARKET RISK

Qualitative Disclosures:

a) View of the Board of Directors on trading/investment activities:

Market risk arises due to changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments that are held with trading intent or to hedge against various risks, are purchased to make profit from spreads between the bids and ask price are subject to market risk. MMBL is exposed to market risk mostly stemming from Government Treasury Bills and Bonds, foreign currency etc.

Methods used to measure Market Risk:

There are several methods used to measure market risk and the bank uses those methods which deem fit for a particular scenario. For measuring interest risk from earnings perspective, the bank uses maturity gap analysis, duration gap analysis, sensitivity analysis and mark to market (MTM) method and for measuring foreign exchange risk, the bank uses VaR analysis.

We use standardized (Rule Based) method for Calculating capital charge against market risks for minimum capital requirement of the Bank under Basel-III.

Market Risk Management System:

The Bank has its own Market Risk Management System which includes Asset Liability Risk Management (ALM) and Foreign Exchange Risk Management under the core risk management guidelines.

Asset Liability Management (ALM): The ALM policy specifically deals with liquidity risk management and interest rate risk management framework.

Foreign Exchange Risk Management: Foreign exchange risk arises when the bank is involved in foreign currency transactions. These include foreign currency exchange, placement, investments, loans, borrowings and different contractual agreements. We use different hedging techniques to mitigate foreign exchange risks exposed to the bank.

Policies and processes for mitigating market risk:

- Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis, VAR etc, in line with the global best practices.
- Risk Profiles are analyzed and mitigating strategies/ processes are suggested by the Asset Liability Committee (ALCO).
- Foreign Exchange Net Open Position (NOP) limits (Day limit / Overnight limit), deal-wise trigger limits, Stop-loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out.
- Holding equities is monitored regularly so that the investment remains within the limit as set by BB.
- ALCO analyzes market and determines strategies to attain business goals.
- Reconciliation of foreign currency transactions.

Quantitative Disclosures:

b) The capital requirements:

Particulars	Amount in Million BDT	
	2016	2015
Interest rate risk	14.39	21.74
Equity position risk		-
Foreign exchange risk	0.54	11.06
Commodity risk		-
Total	14.93	32.80

H. OPERATIONAL RISK

Qualitative Disclosures:

a) View of the Board of Directors on system to reduce Operational Risk:

Operational risk is the risk which may arise directly or indirectly due to failure or breakdown of system, people and process. This definition includes legal risk, but excludes strategic and reputation risk. The bank manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored.

All functions, whether business, control or logistics functions, must manage the operational risks that arise from their activities. Operational risks are pervasive, as a failure in one area may have a potential impact on several other areas. The Bank has therefore established a cross-functional body to actively manage operational risk as part of its governance structure.

The foundation of the operational risk framework is that all functions have adequately defined their roles and responsibilities. The functions can then collectively ensure that there is adequate segregation of duties, complete coverage of risks and clear accountability. The practice is supported by a periodic process conducted by ICCD, and monitoring external operational risk events, which ensure that the bank stays in line with the international best practices.

Performance Gap of Executives and Staffs:

The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.

Policies and processes for mitigating operational risk:

The Bank has adopted policies which deal with managing different Operational Risks. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Audit & Inspection Unit of Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank and External Auditors conduct inspection of different branches and divisions at Head Office of the Bank and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports.

Approach for calculating capital charge for operational risk:

The bank applies 'Basic Indicator Approach' of Basel II as prescribed by BB in revised RBCA Guidelines. Under this approach, banks have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross Income is the sum of 'Net Interest Income' and 'Net non-interest income' of a year or it is 'Total Operating Income' of the bank with some adjustments as followings:

- Be gross of any provision (e.g. for unpaid interest),
- Be gross of operating expenses, including fees paid to outsourcing service providers,
- Exclude realized profits/losses from sale of securities held to maturity in the banking book,
- Exclude extraordinary or irregular items,
- Exclude income derived from insurance and
- Include lost interest i.e. interest suspense on SMA and classified loans.

Quantitative Disclosures:

a) Capital requirement for operational risk

Particulars	Amount in Million BDT	
	Solo	
	2016	2015
The capital requirements for operational risk	194.42	128.66

Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

Amount in Million BDT

Year	Gross Income (GI)	Average GI	15% of Average GI
2014	806.42		
2015	1,556.90	1,299.47	194.42
2016	1,535.07		
Total	3,898.40	1,299.47	194.42

I. LIQUIDITY RATIO

Qualitative Disclosures:

Views of BOD on system to reduce liquidity Risk:

Liquidity risk is the risk of probability to be unable to meet short term financial demands by the bank. This may occur due to the inability to convert a security or fixed asset to cash without a loss of capital and/or income in the process.

Banks today are facing a myriad of challenges; most of them triggered by new regulatory requirements. To maintain a profitable business, however, it is not enough for a bank to simply comply with new regulatory requirements: it must also optimize its business model within regulatory constraints. To do so, the bank has already been introduced regulatory ratios (as per Basel III), the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), top- down from the Board of Directors of the Bank.

In order to reduce the liquidity risk, the Board of Directors of the Bank has formed Asset Liability Committee (ALCO) and All Risk Committee at management level as per guidelines of Bangladesh Bank. ALCO regularly monitors the maintenance of the liquidity position of the Bank. The management decided to concentrate on retail or individual (small) deposits instead of large corporate deposits. The Bank also draws up contingency plans to deal with extraordinary conditions of Liquidity Risk after comprehensive scenario analysis.

Methods used to measure Liquidity risk:

Liquidity mismatch profile:

The primary tool of monitoring liquidity risk is the maturity mismatch analysis, which presents the profile of future expected cash flows under pre-defined scenarios. The bank conduct liquidity mismatch profiling on an ongoing basis which is ultimately monitored by Treasury, ALCO, Core Risk Management Division and All Risk Committee of Management.

Stress testing:

The bank undertook stress testing and scenario analysis periodically to determine the stress situations on the liquidity of the Bank and ultimate impact of the liquidity risk on the fund management of the Bank.

Liquidity Coverage Ratio (LCR): LCR aims to ensure the maintenance of an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. It measures the need for liquid assets in a stressed environment, in which deposits and other sources of funds (both unsecured and secured) run off, to various extents, and unused credit facilities are also drawn down in various magnitudes.

$$\text{LCR} = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash outflows over the next 30 days}} \geq 100$$

Stock of high quality liquid asset (SHQLA):

The following components are included in the computation of SHQLA -

1. Cash on hand (Lcy + Fcy)
2. Balance with BB (Lcy+ Fcy, excluding lien)
3. Un-encumbered approved securities (excluding lien)

Net Stable Funding Ratio (NSFR): The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF).

$$\text{NSFR} = \frac{\text{Available amount of stable funding (ASF)}}{\text{Required amount of stable funding (RSF)}} \geq 100$$

Liquidity risk management system:

Liquidity risk management is a key banking function and an integral part of the asset and liability management process. The fundamental role of banks is the maturity transformation of short-term deposits (liabilities) into long-term loans (assets) and this makes banks inherently vulnerable to liquidity risk. The transformation process creates asset and liability maturity mismatches on a bank's balance sheet that must be actively managed with available liquidity. This is the process known as liquidity risk management.

The primary role of liquidity-risk management is to (1) prospectively assess the need for funds to meet obligations and (2) ensure the availability of cash or collateral to fulfill those needs duly by coordinating the various sources of funds available to the institution under normal and stressed conditions.

Policies and processes for mitigating liquidity risk:

The Bank has contingency funding plan and Treasury Policy as a policy support to combat liquidity risk. The Board and the management implement the following processes in the bank for superior liquidity risk management:

- **Liquidity risk tolerance:** Bank set liquidity risk tolerance like Maximum Cumulative Outflow (MCO) at 19.50% for one month, LCR \geq 100% and NSFR $>$ 100% as per guidelines of BB;
- Maintaining adequate levels of liquidity considering the average daily withdrawal by the customers;
- Identification and measurement of contingent liquidity risks arising from unseen scenarios.
- **Contingency funding plan:** Contingency funding plans incorporate events that could rapidly affect the bank's liquidity arising from sudden inability to call back long-term loans and advances, or the loss of a large depositor or counterparties.
- Public disclosure in promoting market discipline under Pillar 3 of Basel III.

Quantitative Disclosures:

Amount in Million BDT

Particulars	2016	2015
Liquidity Coverage Ratio (LCR)	380.43%	500.68%
Net Stable Funding Ratio (NSFR)	134.48%	175.55%
Stock of High quality liquid assets	5,967.47	3,944.27
Total net cash outflows over the next 30 calendar days	1,568.60	787.78
Available amount of stable funding	24,894.31	19,617.52
Required amount of stable funding	18,511.20	11,111.33

J. LEVERAGE RATIO

Qualitative Disclosures:

Views of BOD on system to reduce excessive leverage:

Excessive leverage by banks is widely believed to have contributed to the global financial crisis in 2008. To address this, the international community has proposed the adoption of a non-risk-based capital measure, the leverage ratio, as an additional prudential tool to complement minimum capital adequacy requirements. Accordingly, leverage ratio has been introduced under Basel III. Leverage ratio is the relative amount of Tire 1 capital to total exposure of the Bank (not risk-weighted) which has been set at minimum 3%.

Under Basel III, a simple, transparent, non-risk based regulatory leverage ratio has been introduced to achieve the following objectives:

- constrain leverage in the banking sector, thus helping to mitigate the risk of the destabilizing deleveraging processes which can damage the financial system and the economy
- introduce additional safeguards against model risk and measurement error by supplementing the risk-based measure with a simple, transparent, independent measure of risk

The Board Risk Management Committee regularly reviews the leverage ratios and advice the management to strictly monitor the ratio in addition to the Pillar 1 Minimum Capital Requirement.

Policies and processes for managing excessive on and off- balance sheet leverage:

The bank reviews its leverage position as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III). In addition, the bank has Risk Appetite as per Credit Risk Management Policy and Risk Appetite Framework of the Bank. Bank also employ Annual Budget Plan and Capital Growth Plan for managing excessive on and off-balance sheet leverage.

Approach for calculating exposure:

The bank calculates the exposure under standardized approach as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III).

Quantitative Disclosures:

Particulars	Amount in Million BDT	
	2016	2015
Leverage Ratio	14.47%	21.17%
On balance sheet exposure	32,418.29	23,765.50
Off balance sheet exposure	5,120.53	1,853.80
Total exposure	37,538.82	25,619.30

K. REMUNERATION

Qualitative Disclosures:

a) Information relating to the bodies that oversee remuneration

Name, composition and mandate of the main body overseeing remuneration:

The Board of Directors of the Bank oversee the remuneration of the employees and members of the Board of the Bank. The bank has no separate committee in the Board to look after the remuneration issues of the Bank. The Board set competitive salary and bonuses for the employees of the Bank. However, the Board allows the remuneration to its members as per the guidance of Bangladesh Bank.

The remuneration strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career with the bank and performing their role in the long-term interests of our shareholders.

To achieve this objective, the bank believes that effective governance of our remuneration practices is a key requirement. Governance of remuneration principles and oversight of its implementation by the Board ensures what we pay our people is aligned to our business strategy and performance is judged not only on what is achieved over the short and long term but also importantly on how it is achieved, as we believe the latter contributes to the long-term sustainability of the business.

External consultants for remuneration process:

There is no external consultant in the bank for setting remuneration for its employees of the Bank.

Scope of the bank's remuneration policy:

The Board formulate different policies e.g HR Policy, Increment Policy, Promotion Policy, Provident Fund Policy and Gratuity Fund Policy which eventually supplement the remuneration of the employees. However, the HR Policy is yet to finalize.

The board periodically reviews the adequacy and effectiveness of the bank's remuneration policy and ensures that the policy meets the commercial requirement to remain competitive, is affordable, allows flexibility in response to prevailing circumstances and is consistent with effective risk management.

Types of employees considered as material risk takers and as senior managers:

There are 29 employees are considered as material risk takers which include the Managing Director & CEO, Head of Risk Management & Chief Risk Officer, Head of Operations, Head of Treasury and Head of Business Development & Marketing Division and 24 branch managers.

Apart from that SVP and above employees can be considered as senior managers who eventually perform management role in achieving the organization's goal. Accordingly, the bank has 8 senior managers working in different areas of the bank including HO and different branches.

b) Information relating to the design and structure of remuneration processes

Overview of the key features and objectives of remuneration policy:

Key features of the remuneration policy and the structure of remuneration process of the Bank are noted below:

- | | |
|-------------------------|--|
| Fixed pay | : The purpose of the fixed pay is to attract and retain employees by paying market competitive pay for the role, skills and experience required for the business. This includes salary, fixed pay allowance, cash in lieu of pension and other cash allowances in accordance with local market practices. These payments are fixed and do not vary with performance. |
| Benefits | : The bank provides benefits in accordance with the industry practice of the country. This includes but is not limited to the provision of provident fund, gratuity fund, medical allowances, transport loan and house building loan etc. |
| Annual incentive | : The banks provide annual incentive based on the achievement of the business and profit target of the Bank. The bank provide performance based incentive to its employees.

Bonus paid based on the last basic salary of the employee of the Bank. However bonus for MD & CEO has maximum limit of Tk.10.00 lac pa as per guidance of Bangladesh Bank. |

Only cash, and cash equivalent remuneration shall be permitted – no equity or equity linked payments are permitted in the bank.

Objectives of remuneration policy:

The main objectives of the remuneration policy are to attract, retain and reward talented staff and management, by offering compensation that is competitive within the industry, motivates management to achieve the bank's business objectives and encourage high level of performance and aligns the interests of management with the interests of shareholders.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made:

The board ratified the bonus (incentive) policy of the bank during 2016. The policy outlined the eligibility to receive annual incentive.

Whether risk and compliance employees are remunerated independently of the businesses they oversee:

The bank has no separate policy for the risk and compliance employees.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes**Overview of the key risks that the bank takes into account when implementing remuneration measures:**

The bank's policy is to ensure that the level and composition of remuneration is appropriate and fair having regard to competitive forces and the interests of the bank, its shareholders, and that its relationship to performance is clear in present and future environment.

The bank considers the general inflation, industry (banking) pay structure and national pay-scale in determining the salary structure of the employees. If the pay structure cannot be competitive then good employees may leave the organization i.e. employees turnover will increase which may negatively impact the business of the bank.

Overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure:

The management proposes competitive remuneration and other non-financial benefits like promotion, training etc. so that employees turnover ratio can be kept under tolerable limit. Sometimes few issues are difficult to measure relating to employees e.g. creativity, helpfulness to customers, commitment risk etc. In such cases, management need to apply qualitative judgment for determining the remuneration especially annual incentive or bonuses.

A discussion of the ways in which these measures affect remuneration:

Qualitative judgment may affect the remuneration as there is no direct way to determine the remuneration.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration:

No visible changes have been made in respect to the nature and type of the measures used regarding the key risks take into account when implementing remuneration.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

An overview of main performance metrics for bank, top-level business lines and individuals:

Staff are subject to performance management reviews annually. Remuneration, including bonuses, are in alignment with the outcome of these reviews. The reviews are being done based on the annual performance appraisal including the business performance of the employees.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance:

Remuneration is based on bank-wide business performance of the Bank including achievement of profit target, loans and advances target etc. These are assessed individually on a rating scale overseen by the individuals' supervisor or committee.

Remuneration increases will only take place if the bank's overall performance is positive, and the individuals' performance is considered to be exceeding expectations.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak:

If the performance of the bank found weak, then no increases in remuneration may take place despite personal achievements of employees. However, the management will take initiative to improve the overall business performance and individual performance so that remuneration of the employees cannot be hampered for prolonged period.

e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.

A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:

The bank provides Provident Fund contribution and Gratuity Fund contribution for the employees as deferred payment. The bank does not provide any deferred variable remuneration.

A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements:

The bank has no clawback arrangements after providing deferred remuneration (PF, GF etc.). However, in case of special cases, the management may clawback the deferred remuneration vested to the employees.

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms

An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms):

The board may declare general annual incentive, if the bank achieves its business target. However, employees who exceeds expected performance can get variable remuneration. All remuneration are paid in cash only.

A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description the factors that determine the mix and their relative importance:

The most common forms of variable pay are bonuses and incentives. The contractual employees will not be considered for variable remuneration.

Quantitative Disclosures:

g) Meetings of main body overseeing remuneration and remuneration paid to its member during 2016

Amount in Million BDT

Particulars	Number	Remuneration
Board meeting	7	0.82

h) Variable remuneration, bonuses and other payments during 2016

Amount in Million BDT

Particulars	Number	Amount
Employees having received a variable remuneration award	-	13.47
Guaranteed bonuses awarded	2.20	20.63
Sign-on awards made	-	-
Severance payments made	-	-

i) Deferred remuneration in 2016

Amount in Million BDT

Particulars	Amount
Total amount of outstanding deferred remuneration:	
Cash	43.80
Shares	-
Share-linked instruments & others	-
Total amount of deferred remuneration paid out in 2016	10.25

j) Breakdown of amount of remuneration

Amount in Million BDT

Particulars	Amount
Breakdown of amount of remuneration:	
Fixed	220.31
Variable	34.10
Deferred	43.80
Non-deferred	-
Different forms used	
Cash	298.21
Shares	-
Share-linked instruments & others	-

l) Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:

Amount in Million BDT

Particulars	Amount
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	-
Total amount of reductions during 2016 due to ex post explicit adjustments	-
Total amount of reductions during 2016 due to ex post implicit adjustments	-



The Bank introduced EMV based VISA Debit Card recently.



The Bank signed Green Transformation Fund agreement.

Green Banking Initiatives

'Green Banking' is a new concept for doing business in the financial sector with special focus on the environmental, ecological and social factors, targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment-friendly projects and practices, and reduction of overall carbon footprint from both its financing and in-house operations. Bangladesh Bank has already provided a guideline for all banks, which refers that the banks are not only required to improve their own standards, but also play an active role by taking appropriate measures to establish green concept in their operation.

Modhumoti Bank Limited started Green Banking activities through establishment of a separate Green Banking Unit in 2014, formulated Green Banking Policy, Green Office Guide and initiated other activities in the light of guideline by Bangladesh Bank, with the slogan of 'Go Green.'

By this time the Bank has adopted Phase I (develop green banking policies and show general commitment on environment) and Phase II (develop sector specific environmental policies, set green targets to be achieved through strategic planning, setting up green branches, improved in-house environment management, environmental risk management plan and guidelines, disclosure and reporting of green banking activities). Despite many challenges, the Bank is now under process of implementation of Phase-III.

MMBL Green Activities:

- i. Adoption of Policy Guidelines for Green Banking for new Banks within stipulated time frame as instructed by Bangladesh Bank;
- ii. Increase our goodwill or improve our brand image by showing our commitment to save and protect the environment;
- iii. Financing to projects that are environmental friendly;
- iv. Reduce giving loans to certain environmentally harmful projects;
- v. Check the necessary environmental due diligence factors before lending;
- vi. Make efficient and effective use of our resources and channel our financing in an environment friendly manner;
- vii. Introducing new technology in our banking operations that would not only benefit our customers but also increase the productivity of our employees;
- viii. Reduce carbon footprint in our Branches and Corporate Office;
- ix. Create awareness amongst the stakeholders about environmental and social responsibility enabling them to adopt environment friendly business practices.
- x. To effectively and efficiently manage the activities of both Green Banking and CSR.
- xi. To improve our reporting capacity as per regulatory norms & in line with international standards.
- xii. To strengthen our monitoring capabilities on our sustainable activities.

Green Banking Report during 2016

Figures in million BDT

A. Green Financing	Total		Remarks
	No. of Projects	Amount	
1 Effluent Treatment Plant (ETP)			
2 Bio-gas Plant			
3 Solar Panel/Renewable Energy Plant			
4 Hybrid Hoffman Kiln (HHK)	1	22.50	
5 Green Finance at reduce rate of interest			
6 Others (in any) ZigZag Brick Project			
Total	1	22.50	

B. Online Banking	Number	Remarks
1 No. of own ATM	22	Presently 26
2 No. of Shared ATM	All ATMs	(under NPSB)
3 No. of Branches with online coverage	23	Presently 26
4 No. of Total Accounts	29,814	
5 No. of Accounts facilitated with Internet Banking	236	
6 No. of Accounts facilitated with Mobile/SMS Banking	22,660	

C. Incorporation of Environmental Risk in Core Risk Management

Particulars	Jan-Mar 2016	Apr-Jun 2016	July-Sep 2016	Oct-Dec 2016	Total
No. of Projects applicable for Environmental Due Diligence (EDD)	75	109	161	134	479
No. of Projects Rated	75	109	161	134	479
Rated Projects financed	75	109	161	134	479
Total Amount Disbursed	2183.86	4273.00	4775.94	2034.71	13267.51

Note: All the 479 project loans mentioned above fall under Low Risk Category.

D. Consumption of Energy, Water and Paper by the Bank

Utility	Jan-Mar 16	Apr-Jun 16	July-Sep 16	Oct-Dec 16	Total
Energy					
Electricity	1.36	2.43	2.29	2.77	8.85
Gas	0	0	0	0	0
Fuel	0.62	0.88	0.61	0.53	2.64
Water	0.26	0.32	0.26	0.37	1.21
Paper	0.60	0.26	0.12	0.10	1.08

E. Disclosure	Status
1. Website	Yes
2. Annual Report	Yes
3. Preparation of Green Banking & Sustainability Report or Others (if any)	Yes

F. Green Strategic Planning	Status
1. Formulation of Green Strategic Planning	Yes
2. Formulation of Bank's Specific Environment Risk Management Plan and Guideline	Under Process





The Bank contributed to the 'Prime Minister's Relief Fund' as part of CSR activities.

CSR Activities at a glance

The term Corporate Social Responsibility, commonly abbreviated 'CSR,' is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to such efforts that go beyond what may be required by regulators. CSR may also be referred to as 'corporate citizenship' and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. It is a unique opportunity indeed for corporate citizens to contribute towards the socio-economic development of a country.

The Promoters of Modhumoti Bank believe that a bank is not just a machinery of making money. Their broad vision helps the Bank quite early to realize its multiple responsibilities towards the society, which has reflected in our activities since inception. We develop ourselves to become a financial stable bank to provide and promote sustainable economic growth through continuously improving governance and seizing the opportunities presented by our markets. Our approach continues to focus on two key

priorities: contributing to sustainable economic growth and being a responsible company.

The Bank is aware of establishing corporate governance inside the Bank, strengthening internal control and risk management activities and practicing compliance culture with a focus to protect the interest of customers, a very important segment of stakeholders as well as to satisfy regulators and shareholders of the Bank; by simplifying the way of doing business ethically abiding rules and regulations, delivering greater precision and ensuring increased profitability. The Bank is also aware on development of our employees, ensuring proper career and prosperous future for them. We believe that all the employees of the Bank are a part of a greater family. The Bank extended a helping hand towards them from time to time, which would be continued in future also.

To serve the community as part of our responsibility, we have introduced Agent Banking services in just the 3rd year of commercial banking operation prioritizing less privileged population segments and underserved economic sectors. Opening 10 Taka accounts for farmers,



The Bank Officials distributed relief to flood victims at Shibchor in Madaripur.

having account relationship with RMG workers, privileging freedom fighters or school going children by offering more interest rate are good examples of extending CSR initiatives to the society. The Bank continued cooperation to

different bodies of the country in 2016 by spending BDT 34.45 million in total to be a part of good causes, which was BDT 24.37 million in 2015.

Statement of CSR expenditures in 2016 is illustrated below:

Figures in million BDT

Particulars	Amount
Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust Donation for promoting their educational, health and social activities	20.00
Prime Minister's Relief Fund Donation for relief initiatives including support to flood victims	7.50
Contribution for development of educational institutions	2.10
Contribution for development of girls' education	1.00
Law and Order Coordination Committee, Dhaka Donation for enhancing social safety & security	1.50
Donation to the families of the deceased policemen who were killed in terrorist attacks at Gulshan, Dhaka and Sholakia, Kishoreganj	2.00
Donation to a Bank-employee for treatment	0.30
Conduct relief work directly through Branch officials in Shibchor, Madaripur	0.05
Total	34.45

Signing Audited Financial Statements 2016



Humayun Kabir
Chairman



Shaikh Salahuddin
Vice-Chairman



Barrister Sheikh Fazle Noor Taposh, MP
Director



Md. Shafiu Azam
Managing Director & CEO

AUDITED FINANCIAL STATEMENTS

“ The financial statements of the Bank has given a true and fair view of the financial position of the Bank as at December 31, 2016, and of its financial performance and its and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards. ”



ANNUAL REPORT
2016

Independent Auditor's Report **To the Board of Directors of** **Modhumoti Bank Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Modhumoti Bank Limited (the "Bank")** which comprise the balance sheet as at December 31, 2016 and the profit and loss account, statement of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of these financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at December 31, 2016, and of its financial performance and its and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in Note 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Banking Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
 - (i) internal audit, internal control and risk management arrangements of the Bank as disclosed in the notes to the financial statements appeared to be materially adequate;
 - (ii) 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;
- (c) 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 and proper return adequate for the purpose of our audit we have been received branches not visited by us;
- (d) the balance sheet and profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (e) the expenditures incurred was for the purpose of the Bank's business;
- (f) 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;
- (g) adequate provisions have been made for advance and other assets which are, in our opinion, doubtful of recovery;
- (h) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (i) the information and explanation required by us have been received and found satisfactory;
- (j) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 2,250 person hours; and
- (k) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

**Dated, Dhaka
March 27, 2017**



A. Qasem & Co.
Chartered Accountants

Balance Sheet

As at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
PROPERTY AND ASSETS			
Cash	4		
Cash in hand (including foreign currencies)		165,455,845	108,297,784
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		1,863,950,913	1,245,624,828
		2,029,406,757	1,353,922,612
Balance with other banks and financial institutions	5		
In Bangladesh		8,204,915,433	8,490,751,465
Outside Bangladesh		456,922,795	236,252,545
		8,661,838,228	8,727,004,010
Money at call on short notice	6	-	600,000,000
Investments	7		
Government		3,946,876,746	2,590,413,497
Others		100,000,000	50,000,000
		4,046,876,746	2,640,413,497
Loans and advances	8		
Loans, Cash Credit, Overdrafts etc.		15,921,344,480	9,859,716,268
Bills purchased and discounted		1,217,260,124	123,321,918
		17,138,604,604	9,983,038,186
Fixed assets including premises, furniture and fixtures	9	216,622,408	201,675,853
Other assets	10	331,162,483	259,447,340
Non - banking assets		-	-
Total assets		32,424,511,226	23,765,501,499
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and its agents	11	3,134,863,400	1,003,400,000
Deposits and other accounts	12		
Current Accounts and other Accounts		2,841,764,443	933,187,377
Bills Payable		424,578,464	117,142,448
Savings Bank Deposits		4,352,580,024	351,872,642
Special Notice Deposits (SND)		1,726,611,553	3,709,286,695
Fixed Deposits		13,958,203,673	11,791,933,934
Other Deposits		-	-
		23,303,738,156	16,903,423,096
Other Liabilities	13	545,850,676	333,226,967
Total Liabilities		26,984,452,232	18,240,050,064
Capital/Shareholders' Equity			
Paid up Capital	14.2	4,520,000,000	4,520,000,000
Statutory Reserve	15	458,842,253	304,815,324
Revaluation Reserve	16	7,583,333	103,306,635
Foreign currency translation gain	17(a)	138,490	231
Surplus in Profit and Loss Account/ Retained Earnings	17	453,494,919	597,329,245
Total Shareholders' Equity		5,440,058,994	5,525,451,435
Total Liabilities and Shareholders' Equity		32,424,511,226	23,765,501,499

Balance Sheet

As at 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17		
Acceptances and Endorsements		1,564,787,230	376,779,388
Letters of Guarantees		3,087,767,362	696,055,032
Irrevocable Letter of Credits		1,690,555,589	1,210,577,135
Bills for Collection		907,641,882	444,404,700
Other Contingent Liabilities		462,400	580,800
Total Contingent Liabilities		7,251,214,463	2,728,397,055
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 other commitments		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		7,251,214,463	2,728,397,055

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)



Chairman



Vice Chairman



Director



Managing Director & CEO

*Auditors' Report to the Shareholders
see annexed report on even date*

Dated, Dhaka
March 27, 2017



A. Qasem & Co.
Chartered Accountants

Profit and Loss Account

For the year ended 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
Interest income	20	2,365,224,515	1,416,789,701
Interest paid on deposits and borrowings etc.	21	1,589,339,106	1,151,109,896
Net interest income		775,885,410	265,679,805
Investment income	22	554,573,684	1,163,258,029
Commission, exchange and brokerage	23	161,029,808	108,730,309
Other operating income	24	40,452,689	19,244,984
		756,056,180	1,291,233,322
Total operating income (A)		1,531,941,590	1,556,913,127
Salaries and allowances	25	248,840,862	185,572,623
Rent, taxes, insurance, electricity etc.	26	115,816,884	100,942,272
Legal expenses		275,000	363,500
Postage, stamp, telecommunication etc.	27	17,918,276	11,774,619
Stationery, printing, advertisements etc.	28	32,933,956	44,599,585
Managing Director's salary and fees	29	7,097,114	8,320,000
Directors' fees	30	1,632,000	1,292,000
Auditors' fees		250,000	250,000
Depreciation and repairs to bank's assets	31	50,361,341	42,398,292
Other expenses	32	170,060,626	132,129,608
		645,186,058	527,642,499
Total operating expenses (B)		645,186,058	527,642,499
Profit before provision (C=A-B)		886,755,531	1,029,270,628
Provision for loans and advances	13.1		
General provision		55,967,000	47,533,000
Specific provision		6,220,000	-
Provision for Off-shore Banking unit		9,146,000	154,000
Provision for off-balance sheet items	13.2	45,287,890	10,750,000
Provision for diminution in value of investments		-	-
Other provisions		-	-
		116,620,890	58,437,000
Total provision (D)		116,620,890	58,437,000
Total profit before tax (C-D)		770,134,641	970,833,628
Provision for taxation	33		
Current		308,347,484	204,508,433
Deferred		(405,445)	1,389,460
		307,942,039	205,897,893
Net profit after tax		462,192,603	764,935,735
Retained Earnings brought forward from previous years		145,329,245	26,560,236
		607,521,848	791,495,971
Appropriations			
Statutory Reserve	15	154,026,929	194,166,726
Other Reserve		-	-
		154,026,929	194,166,726
Retained Surplus	17	453,494,919	597,329,245
Earnings Per Share (par value Taka 10)	36	1.02	1.69

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)


Chairman


Vice Chairman


Director


Managing Director & CEO

Dated, Dhaka
March 27, 2017

*Auditors' Report to the Shareholders
see annexed report on even date*


A. Qasem & Co.
Chartered Accountants

Cash Flow Statement

For the year ended 31 December 2016

Particulars	Notes	Amount in Taka	
		2016	2015
A. Cash Flow from Operating Activities			
Interest receipts in cash		2,672,867,144	2,036,804,709
Interest payments		(1,647,535,386)	(1,141,283,388)
Dividend receipts		6,295,139	-
Fees and commission receipts in cash		161,029,808	108,730,309
Recoveries on Loans previously written-off		-	-
Cash payments to employees		(255,937,975)	(193,892,623)
Cash payments to suppliers		(33,588,293)	(43,809,476)
Income taxes paid		(178,057,114)	(39,789,151)
Receipts from other operating activities	34	40,452,689	19,244,984
Payments for other operating activities	35	(325,462,811)	(250,570,211)
Operating profit before changes in operating assets and liabilities (i)		440,063,199	495,435,152
Increase / (Decrease) in operating assets and liabilities			
Sale of trading securities		8,603,866,689	26,206,020,975
Purchase of trading securities		(8,422,092,670)	(25,609,039,728)
Loans & advances to other Banks		-	-
Loans & advances to customers		(7,155,566,417)	(5,852,141,717)
Other Assets		(957,456)	28,261,735
Deposits from other banks/ Borrowings		2,231,463,400	(396,600,000)
Deposits from customers		6,358,511,339	7,055,465,926
Trading liabilities		-	-
Other Liabilities		(33,882,169)	98,517,440
Cash received from operating assets and liabilities (ii)		1,581,342,716	1,530,484,632
Net cash from operating activities (A=i+ii)		2,021,405,915	2,025,919,784
B. Cash flow from investing activities			
Proceeds from sale of securities		-	-
Payment for purchase of securities		(50,000,000)	(50,000,000)
Purchase of property, plant & equipment		(57,169,970)	(87,916,781)
Sale of property, plant & equipment		130,479	292,072
Net cash from investing activities (B)		(107,039,491)	(137,624,709)
C. Cash flows from financing activities			
Receipts from issue of ordinary shares		-	-
Dividends paid		(452,000,000)	(226,000,000)
Net cash from financing activities (C)		(452,000,000)	(226,000,000)
D. Net increase / decrease in cash & cash equivalent (A+B+C)		1,462,366,424	1,662,295,075
E. Effects of exchange rate changes on cash and cash equivalents		138,490	231
F. Cash and cash equivalents at beginning period		13,168,033,484	11,505,738,178
G. Cash and cash equivalents at end of period (D+E)		14,630,538,398	13,168,033,484
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)		165,455,845	108,297,784
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		1,863,950,913	1,245,624,828
Balance with other banks and financial institutions		8,661,838,228	8,727,004,010
Money at call and on short notice		-	600,000,000
Treasury bills/ Bonds		3,938,979,413	2,487,049,462
Prize bond		314,000	57,400
		14,630,538,398	13,168,033,484

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)



Chairman



Vice Chairman



Director



Managing Director & CEO

Statement of Changes in Equity

For the year ended 31 December 2016

Particulars	Amount in Taka					
	Paid up Capital	Statutory Reserve	Revaluation Reserve	Foreign currency translation gain	Surplus in Profit and Loss Account/ Retained Earnings	Total
Balance as at 1 January 2016	4,520,000,000	304,815,324	103,306,635	231	597,329,245	5,525,451,435
Statutory Reserve	-	154,026,929	-	-	(154,026,929)	-
Suplus/deficit on account of revaluation of investment	-	-	(95,723,302)	-	-	(95,723,302)
Issue of ordinary share	-	-	-	-	-	-
Cash dividend	-	-	-	-	(452,000,000)	(452,000,000)
Foreign currency translation gain	-	-	-	138,259	-	138,259
Net profit for the year	-	-	-	-	462,192,603	462,192,603
Balance as at 31 December 2016	4,520,000,000	458,842,253	7,583,333	138,490	453,494,919	5,440,058,994
Balance as at 31 December 2015	4,520,000,000	304,815,324	103,306,635	231	597,329,245	5,525,451,435

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)


Chairman


Vice Chairman


Director


Managing Director & CEO

Liquidity Statement

(Assets and liabilities Maturity Analysis)
As at 31 December 2016

Particulars	Amount in Taka					
	Up to 1 month Taka	1-3 months Taka	3-12 months Taka	1-5 years Taka	Above 5 years Taka	Total Taka
Assets:						
Cash in hand	515,676,370	-	-	-	1,513,730,388	2,029,406,757
Balance with other banks and financial institutions	2,211,838,228	3,050,000,000	3,400,000,000	-	-	8,661,838,228
Money at call and on short notice	-	-	-	-	-	-
Investments	250,007,668	195,422,170	100,000,000	251,820,986	3,249,625,922	4,046,876,746
Loans and advances	1,145,030,304	3,587,638,124	6,217,229,297	3,688,091,198	2,500,615,681	17,138,604,604
Fixed assets including premises, furniture and fixtures	-	-	-	116,415,748	100,206,660	216,622,408
Other assets	13,190,481	213,290,311	104,681,691	-	-	331,162,483
Non banking assets	-	-	-	-	-	-
Total assets (A)	4,135,743,050	7,046,350,605	9,821,910,988	4,056,327,932	7,364,178,650	32,424,511,226
Liabilities:						
Borrowings from Bangladesh bank, other banks financial institutions and its agents	1,689,375,000	1,431,858,900	-	13,629,500	-	3,134,863,400
Deposits	3,450,345,664	4,860,670,023	7,958,689,932	6,593,338,421	440,694,116	23,303,738,156
Provision and other liabilities	-	-	545,850,676	-	-	545,850,676
Total liabilities (B)	5,139,720,664	6,292,528,923	8,504,540,608	6,606,967,921	440,694,116	26,984,452,232
Net liquidity gap (A - B)	(1,003,977,613)	753,821,682	1,317,370,380	(2,550,639,989)	6,923,484,534	5,440,058,994

Notes to the Financial Statements

As at and for the year ended 31 December 2016

1. Reporting entity

1.1 Legal status and nature of the Bank

Modhumoti Bank Limited (the "Bank") is a scheduled commercial bank in the private sector established under the Bank Companies Act 1991 and incorporated in Bangladesh as a public limited company to carry out banking business in Bangladesh. The registered office of the Bank is located at Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000. The financial statements of the Bank as at and for the year ended 31 December 2016 comprise the Bank.

1.2 Principal activities of the Bank

The Bank has 23 branches and 1 Off-shore Banking Unit as on 31 December 2016. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans and advances, export import financing, inland and international remittance facility, etc.

1.3 Off-shore Banking Unit (OBU)

The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(124)/2015-2447, dated 02 April 2015. The Off-shore Banking Unit commenced its commercial operation on 23 September 2015. Presently the bank has one unit in operation in Bangladesh. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. The principal activities of the Units are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. The details of OBU activities has been shown in Annexure-D.

2. Basis of preparation of Financial Statements

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2016 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws and regulations. In case any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail.

The Bank has departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investment in shares and Securities

BFRS: As per requirements of BAS 39, investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

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.

ii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit and loss account.

T-bills designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit & loss account.

Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However at the year-end if there is any revaluation gain for any particular held for trading T-bills/T-bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bills/T-bonds.

T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve."

iii) Provision on loans and advances

BFRS: As per BAS 39, an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 June 2012, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Other comprehensive income

BFRS: As per BAS 1, Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income or the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

vi) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

vii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse to 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 recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular no: 14 dated: 25 June 2003, financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.

viii) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call on short notice', Treasury bills, Prize bond are not shown as cash and cash equivalent. Money at call and on short notice is shown as a face item in balance sheet, and Treasury bills, Prize bonds are shown in Investment.

ix) Non-banking asset

BFRS: No indication of Non-banking asset is found in any BFRS.

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

x) Cash flow statement

BFRS: Cash flow statement can be prepared either in direct method or in 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 mixture of direct and indirect method.

xi) Balance with Bangladesh Bank: (CRR)

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

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) Presentation of intangible asset

BFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

a. Intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with BAS 38 "Intangible Assets".

b. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

c. Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost less accumulated amortization and any impairment losses.

d. Initial cost comprises of license fees paid at the time of purchase and other directly attributable expenditure that are incurred in customizing the software for its intended use.

e. Software is amortized using the straight line method over the estimated useful life of 5 (five) years commencing from date of the application. Software is available for use over the best estimate of its useful economic life.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD circular no: 14.

xiii) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD circular no: 14 dated: 23 June 2003, off balance sheet items (e.g. L/C, L/G, etc.) must be disclosed separately in face of balance sheet.

xiv) Disclosure of appropriation of profit

BFRS: 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 in the face of profit and loss account.

xv) Loans and advance net off provisions

BFRS: Loans and advances should be presented net off provisions.

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.

(Also refer to note 3.10 Compliance of BFRSs)

2.2 Basis of measurement

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

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market Concept with gain crediting revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortisation concept
- investment in shares of listed companies

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka / Tk) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

2.4 Use of estimates and judgements

The preparation of these financial statements in conformity with Bangladesh Bank Circulars and BFRSs 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 affected.

2.5 Reporting period

These financial statements cover from 1st January 2016 to 31 December 2016

2.6 Cash flow Statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.7 Statement of Changes in Equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.8 Liquidity Statements

The liquidity statement of assets and liabilities has been prepared in accordance with the residual maturity grouping as on 31 December 2016 under the guidelines of BRPD Circular # 14 dated 25 June 2003 as per the following basis:

- a. Balance with other Banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term;
- b. Investments are on the basis of their respective maturity;
- c. Loans and advances/ investments are on the basis of their repayment schedules;
- d. Fixed assets are on the basis of their useful lives;
- e. Other assets are on the basis of their realizations/ amortizations;
- f. Borrowing from other banks, financial institutions and agents etc. are as per their maturities/ repayment terms;
- g. Provisions and other liabilities are on the basis of their payments/ adjustments schedule;
- h. Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.

3. Significant accounting policies

The accounting policy sets out below has been applied to present these financial statements of the Bank.

3.1 Foreign currency

3.1.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in equity.

3.2 Assets and basis of their valuation

3.2.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call on short notice, investments in treasury bills and prize bond

3.2.2 Investments

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discounts are accredited.

Held to Maturity

Investments which have, 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'.

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

Revaluation

As per the DOS Circular letter no. 5 dated 26 May 2008, HFT securities are revaluated each week using Marking to Market concept and HTM securities are amortised once a year according to Bangladesh Bank guidelines.

Value of investments has been shown as under:

Government Treasury Bills and Bonds (HFT)	At present value (using marking to market concept)
Government Treasury Bills and Bonds (HTM)	At present value (using amortisation concept)
Prize Bond	At cost

3.2.3 Loans, Advances and provisions

- Loans and advances of branches are stated in the Balance Sheet on gross value.
- Provision for loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank BRPD Circular No. 14 of 23 September 2012, BRPD Circular No. 19 of 27 December 2012 and BRPD Circular No.05 dated May 29, 2013. The rates of provision for different classifications are given below:

Particulars	Rate
General provision on:	
All unclassified loans and advances except followings	1.00%
Small and medium enterprise financing	0.25%
Consumer financing	5.00%
Housing Finance, Loans for Professionals to set up Business under Consumer Financing Scheme, Loans to Brokerage House, Merchant Banks, Stock Dealers etc.	2.00%
Consumer financing other than Housing finance, Loans to professionals and Loans for BHs/MBs/SDs	5.00%
Special mention account (SMA) except Short Term Agricultural Loans	0.25%-5%
Specific provision on:	
Substandard loans and advances	20.00%
Doubtful loans and advances	50.00%
Bad/loss loans and advances	100.00%
Provisions for Short term Agricultural and Micro-Credits	
All credits except 'Bad/Loss' (i.e. Doubtful, Substandard, irregular and regular credit)	5.00%
Bad/loss loans and advances	100.00%

3.2.4 Fixed assets and depreciation

Recognition and measurement

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) The Bank recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of fixed assets 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 Bank 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 fixed assets are recognised in profit or loss as incurred

Depreciation

Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets other than vehicles and software on which straight line depreciation method is followed and no depreciation is charged on land:

Category of assets	Rate of depreciation
Land	Nil
Building	2.50%
Furniture and fixtures	10.00%
Office equipments	20.00%
Professional and Reference books	30.00%
Electrical equipments	20.00%
Computer equipments	20.00%
Motor vehicles	20.00%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted, if appropriate.

3.3 Liabilities and basis of their valuation

3.3.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include refinance from Bangladesh Bank against agro-based credit, SME Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance.

3.3.2 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in Notes 12.

3.3.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and internal policy of the Bank. Details are shown in Notes 13.

3.4 Capital/Shareholders' equity

3.4.1 Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

3.4.2 Paid up capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders.

3.4.3 Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act 1991 until such reserve equal to its paid up capital together with the share premium.

3.4.4 Revaluation reserve of government securities

Revaluation reserve arises from the revaluation of land and buildings as well as the revaluation of Treasury bills and bonds (HFT & HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010. The tax effects on revaluation gain are measured and recognised in the financial statements as per BAS 12: Income Taxes.

3.5 Contingent liabilities

A contingent liability is -

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognised because:

- * it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- * the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

3.6 Revenue recognition

3.6.1 Interest income

Interest on loans and advances is calculated on daily product basis and accrued at the end of each month, but charged to customers' accounts on quarterly basis. Interest accrued on loans and advances falls under Sub Standards (SS) and Doubtful (DF) category are credited to interest suspense account instead of income account. Interest is not charged on bad and loss loans as per guideline of Bangladesh Bank. Such interest is kept in separate memorandum account. Interest on classified loans and advances is accounted for on a cash receipt basis.

3.6.2 Investment income

Income on investments is recognised on accrual basis. Investment income includes discount on treasury bills, interest on treasury bonds and fixed deposit with other banks. Capital gain on investments in shares is also included in investment income. Capital gain is recognised when it is realised.

3.6.3 Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. Fees and commission income are recognised on a realisation basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

3.6.4 Income on Bills Purchased and Discounted

Income on Bills Purchased and Discounted is recognised upon realisation since there is no uncertainty as to its realisation and accrued on a monthly basis

3.6.5 Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on an accrual basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for three months. Thereafter, interest and fees are accounted for on realisation basis.

3.6.6 Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceed of disposal, and is recognised as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

3.6.7 Interest paid on borrowing and other deposits

In terms of provision of the Bangladesh Accounting Standard (BAS) -1 "Presentation of Financial Statements" interest paid and other expenses are recognised on accrual basis.

3.5 Employee benefits

3.5.1 Provident Fund

Provident fund benefits are given to the staff of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount to the fund. Contributions made by the Bank are charged as expense and the bank bears no further liability. Interest earned from the investments is credited to the members' account.

3.5.2 Gratuity Fund

Gratuity fund benefits are given to the staff of the Bank. It is calculated on the basis of last basic pay and is payable at the rate of two month's basic pay for every completed year of service. The amount so calculated is transferred to the fund and charged to expenses of the Bank.

3.6 Provision for Off-Balance Sheet Exposures

In compliance with Bangladesh Bank guidelines Off-Balance Sheet items are disclosed under contingent liabilities. As per BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision @ 1% against Off-Balance Sheet Exposures. Details are shown in note 13.2.

3.7 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

3.7.1 Current tax

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.

3.7.2 Deferred tax

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 not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to unrealised surplus on revaluation of held to maturity (HTM) securities and land and buildings are recognised directly in revaluation reserve as a part of equity and is subsequently recognised in profit and loss account on maturity of the security and disposal of land and buildings.

3.8 Earning per share

Earnings Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary Shares outstanding as at 31 December, 2016 as per Bangladesh Accounting Standard (BAS) - 33 "Earnings Per Share".

Basic Earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year. The basis of computation of number of shares is in line with the provisions of BAS 33 "Earnings per share". The logic behind this basis is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resources generating new earnings.

3.9 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

3.10 Risk management

Risk is an integral part of banking business, and MMBL aims at delivering superior shareholder value by achieving an appropriate trade-off between risks and return. The policies and procedures established for this purpose are continuously reviewed in our quest to benefit from a blend of local and international practices. MMBL conducts its risk management activities following six core risk guidelines of Bangladesh Bank and Basel norms and finally the Comprehensive Risk Management Policy of the Bank. At the directives of Bangladesh Bank, MMBL has established a separate Risk Management Division (RMD) in the Bank to identify, measure, monitor and manage risks more effectively and efficiently.

MMBL's risk management process is accomplished at strategic level, managerial level and operational level. At strategic level, the Board of Directors (BOD), through Board Risk Management Committee (BRMC) & senior management, sets up risk governance structure & risk philosophy, endorses risk strategies, reviews & approves risk policies as well as the threshold limits of risks that may be taken in line with bank's risk appetite. These limits are continuously monitored by an experienced risk management team and overseen by BRMC. At managerial level, policies and strategies formulated by the BOD are implemented by middle management or divisions/departments/units devoted to risk reviews. RMD reports high-risk related matters identified by the All Risk Committee of the Management to the RMC of the Board of Directors on an ongoing basis.

Capital management under Basel III is being handled by the RMD of the Bank in regards to Minimum Capital Requirement, Supervisory Review Process and Market Discipline. In this process, RMD manages risk and coordinates risk management resulting from residual risk, concentration risk, strategic risk etc.

The core risk management activities of Modhumoti Bank are disclosed below for better insight about the practice of the Bank:

3.10.1 Credit risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

A methodical assessment & due diligence are done before sanction of any credit facility at Credit Risk Management Division of the Bank. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facilities and various critical risk factors. The assessment process starts at Branch Credit department by the Officer and ends at Credit Risk Management Division in Head Office where it is approved / declined by the competent authority. Credit approval authority has been partially delegated to the individual executives. Proposal beyond their delegation are approved / declined by the Board / Executive Committee (EC) of the Board.

Credit Administration (CAD) monitors the documentation aspects of approved credits and also manages the deteriorating accounts as there is no Legal & Recovery Unit yet in the Bank.

All other remaining risk in regards to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this Division is to identify and assess the severity of risks and highlight the same to the management for strategic decision making in regard to Residual Risk (documentation risk, valuation error etc.) and concentration risk etc.

3.10.2 Foreign Exchange Risk

Foreign exchange risk is the exposure of the Bank to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. As per the guidelines of Bangladesh Bank, Modhumoti Bank Limited has developed a detailed Foreign Exchange Risk Management policies to minimize different types of risks associated with foreign exchange transactions. The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank.

The foreign exchange desk of treasury division is involved in foreign exchange dealing activities with different counterparts; the treasury back office is engaged in transfer of funds and passing of the transaction entries in the books of accounts, and the mid office is responsible for verification of the deals. All foreign exchange transactions are revalued at market rate as per the directive of Bangladesh Bank. All Nostro Accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.

3.10.3 Asset Liability Management

In banking industry, asset and liability management is the practice of managing various risks that arise due to mismatches between the assets and liabilities (loans and advances) of the bank. The Asset and Liability Management Committee (ALCO), comprising of the senior management of the bank, is primarily responsible for managing assets and liabilities as per the ALM policy of the Bank. Managing the asset liability is the most important responsibility of the bank as it runs the risks for not only the bank, but also the thousands of depositors who put money into it.

The management of the bank sets different limits in managing risk and exposures in the Treasury Operations Manual and ALM Policy of the Bank. ALCO conducts monthly meeting as per the analysis of the ALM desk in the monthly ALCO papers as per the guidelines of the Bangladesh Bank. ALCO reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

The Bank's ALM desk performs money market activities, manages liquidity and interest rate risk of the bank and analyze market dynamics i.e. competition, potential target markets etc., updates the balance sheet movements and complies with the statutory obligations as well as the risk elements involved with the business.

3.10.4 Money Laundering Risk

Money laundering and terrorist financing has a major impact on a country's economy as a whole, impeding the social, economic, political, and cultural development of a society. Both money laundering and terrorist financing can weaken individual financial institution, and they are also threats to a country's overall financial sector reputation. The Bank may face penalty for being negligent in prevention of money laundering & terrorist financing activities. Since its inception Modhumoti Bank Limited has been compliant on 'Anti Money laundering and Combating Terrorism Financing issue' as per guidelines of Bangladesh Bank. Anti-Money Laundering Division and Central Compliance Unit (CCU) have been formed at Head Office thoughtfully with skilled manpower. Besides, Branch Anti Money Laundering Compliance Officers (BAMLCOs) and Branch Compliance Unit (BCU) have also been formed with senior and experienced bankers.

The Bank has Anti-Money Laundering Division liaison the performance of different regulatory reporting as per the requirement of Bangladesh Financial Intelligence Unit (BFIU) of the country. From time to time, Anti Money Laundering Division issues Instruction Circulars/ Circular letters containing necessary instructions for 'Preventing Money Laundering activities and Combating Terrorist Financing'. Further, different training sessions/workshops are conducted for the officials of the bank round the year. Now, the Bank is focusing on Training on 'Trade Based Money Laundering'. Last year, MMBL organized Awareness Program for the Senior Level Officials of the bank. Together, the Bank also arranged publicity of AML/CFT awareness for the customers of the Bank through Leaflet and Posters.

3.10.5 Internal Control & Compliance Risk

Internal control as defined in accounting and auditing, is a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. However, in broader concept, internal control involves everything that controls risks to an organization and encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

Modhumoti Bank Ltd has formulated a set of control measures to combat risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank. The Bank has strong Internal Control & Compliance Division (ICCD) which is headed by a senior level executive and comprising three units; Audit & Inspection Unit, Compliance Unit and Monitoring Unit. ICCD directly report to the Audit Committee of the Board of Directors. ICCD reports any weaknesses found in the internal control and compliance system of the Bank to the competent authority on an ongoing basis. The ICCD assesses whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control.

3.10.6 Information and communication technology

Today's business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and demands from customers. Business organizations, especially the banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate. Information and Communication Technology (ICT) is at the center of this global change curve.

MMBL has a comprehensive ICT Security Policy and procedures which are formally documented and approved by the Board of Directors of the Bank. The Bank follows the bottom-up approach that has been proven helpful in developing a set of relevant and important risk scenarios as followings:

- i) Use a list of example generic risk scenarios to define an initial set of concrete risk scenarios for the organization.
- ii) Perform a validation against the business objectives of the organization.
- iii) Refine the selected scenarios based on the validation; categorize them to a level in line with the criticality of the organization.
- iv) Reduce the number of scenarios to a manageable set.
- v) Keep all risks in a list so they can be reevaluated in the next iteration and included for detailed analysis if they have become relevant at that time.
- vi) Include 'unspecified event' in the scenarios to address incidents that are not covered by the specified scenarios.

For mitigating the impending risk, the Bank uses the following strategies as per the demand of the situations:

Option-1: When vulnerability (or flaw, weakness) exists, implement assurance techniques to reduce the likelihood of vulnerability's being exercised.

Option-2: When vulnerability can be exercised, apply layered protections, architectural designs, and administrative controls to minimize the risk of or prevent this occurrence.

Option-3: When the attacker's cost is less than the potential gain, apply protections to decrease an attacker's motivation by increasing the attacker's cost (e.g., use of system controls such as limiting what a system user can access and do can significantly reduce an attacker's gain).

Option-4: When loss is too great, apply design principles, architectural designs, and technical and non-technical protections to limit the extent of the attack, thereby reducing the potential for loss.

3.11 Compliance of Bangladesh Financial Reporting Standard (BFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Not applicable
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied
Operating Segments	BFRS-8	Applied
Consolidated Financial Statements	BFRS-10	Not applicable
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in other Entities	BFRS-12	Not applicable
Fair Value Measurement	BFRS-13	Applied
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Not Applicable
Statement of Cash Flows	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied

Name of the standards	Ref.	Status
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Not Applicable
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government	BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied with some departure
Consolidated and Separate Financial Statements	BAS-27	Not Applicable
Investments in Associates	BAS-28	Not Applicable
Interests in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied
Earnings per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Not Applicable
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied
Investment property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable

3.12 Correspondence items

Correspondence items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travellers cheques, savings certificates, wage earners bond and others fall under the correspondence items.

3.13 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under BFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.14 Operating segments

The Group and the Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per BFRS 8.

3.15 Approval of financial statements

The Bank in its 26th Board Meeting held on 27th March, 2017 approved the Financial Statements for the year ended 31 December 2016.

3.16 General

- These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka
- The expenses, irrespective of capital or revenue nature, accrued/ due but not paid have been provided for in the Books of the Bank.
- Figures of previous year have been rearranged whenever necessary to conform to current years presentation.

Amount in Taka	
2016	2015
4. Cash	
In hand:	
Local currency	106,111,786
Foreign currencies	2,185,998
165,455,845	108,297,784
Balance with Bangladesh Bank:	
Local currency	1,068,904,916
Foreign currencies	176,715,717
1,855,450,825	1,245,620,633
Balance with Sonali Bank Limited. (as agent of Bangladesh Bank):	
Local currency	4,195
8,500,088	
1,863,950,913	1,245,624,828
2,029,406,757	1,353,922,612

- 4.1** Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991, DOS circular nos. 01 dated 19 January 2014 and MPD circular no. 01 dated 23 June 2014.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% on daily basis and 6.5% on bi-weekly basis has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Requirement, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both reserves maintained by the Bank, are shown below:

4.1.1 Cash Reserve Requirement (CRR)

As per Bangladesh Bank DOS Circular No. 01 dated January 01, 2014 and MPD circular no. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.5% on bi-weekly average basis and minimum @ 6% on daily basis.

i) Daily basis

6% of average Demand and Time Liabilities

Required reserve	1,513,730,388	898,681,131
Actual reserve held (Average daily on bi-weekly basis)	1,697,597,455	1,068,904,916
Surplus	183,867,067	170,223,785

ii) Bi-weekly average basis

6.5% of average Demand and Time Liabilities

Required reserve	1,639,874,587	973,571,225
Actual reserve held (Average daily on bi-weekly basis)	1,697,597,455	1,068,904,916
Surplus	57,722,868	95,333,691

4.1.2 Statutory Liquidity Requirement (SLR)

13% of required Average Demand and Time Liabilities:

Required reserve	3,279,749,173	1,947,142,420
Actual reserve held	4,120,518,679	2,698,658,077
Surplus	840,769,505	751,515,657

Held for Statutory Liquidity Requirement

Cash in hand	165,455,845	108,297,784
Balance with agent bank (Sonali Bank Ltd.) as per statement	8,500,088	4,195
Government treasury bills	445,115,838	89,433,734
Bangladesh Bank Bills	-	-
Government treasury bond	3,501,446,908	2,500,922,363
4,120,518,679	2,698,658,077	

5 Balance with other banks and financial institutions

In Bangladesh (Note -5.1)

Outside Bangladesh (Note-5.2)

Also refer to note 5.3 for maturity wise grouping

5.1 In Bangladesh

Current account:

Prime Bank Limited

Sonali Bank Limited

Jamuna Bank Limited

Trust Bank Limited

Short term deposits account:

Prime Bank Limited

Eastern Bank Limited

Janata Bank Limited

The City Bank Limited

Fixed deposits with other banks:

National Bank of Pakistan

Midland Bank Limited

Bank Al Falah Limited

Standard Bank Limited

NRB Bank Limited

The Farmers Bank Limited

NRB Global Bank Limited

Fixed deposits with financial institutions:

Prime Finance & Investment Limited

International Leasing and Financial Services Ltd.

Bay Leasing and Investment Limited

Industrial and Infrastructure Development Finance Company Limited

Delta Brac Housing Finance Corporation Ltd.

Bangladesh Industrial Finance Company Ltd.

IDLC Finance Limited

Phoenix Finance and Investment Company Ltd.

Union Capital Ltd.

Uttara Finance and Investment Ltd

Bangladesh Finance and Investment Co. Ltd.

Fareast Finance & Investment Ltd.

Premier Leasing International Ltd.

LankaBangla Finance Limited

Hajj Finance Company Limited

Meridian Finance & Investment Ltd.

IPDC of Bangladesh Ltd.

Investment Corporation of Bangladesh

United Leasing Company Limited

	Amount in Taka	
	2016	2015
	8,204,915,433	8,490,751,465
	456,922,795	236,252,545
	8,661,838,228	8,727,004,010
	7,153	3,761
	15,321,768	1,000,000
	788,675	1,095,307
	1,262,435	4,007,829
	17,380,031	6,106,897
	1,691,750	39,015,332
	4,295,169	531,065,366
	101,490,883	-
	10,057,601	104,563,870
	117,535,402	674,644,569
	200,000,000	300,000,000
	-	500,000,000
	-	10,000,000
	-	400,000,000
	-	300,000,000
	200,000,000	-
	250,000,000	-
	650,000,000	1,510,000,000
	750,000,000	450,000,000
	550,000,000	300,000,000
	300,000,000	150,000,000
	500,000,000	750,000,000
	1,000,000,000	700,000,000
	170,000,000	200,000,000
	250,000,000	900,000,000
	250,000,000	100,000,000
	450,000,000	300,000,000
	100,000,000	300,000,000
	450,000,000	300,000,000
	150,000,000	100,000,000
	150,000,000	150,000,000
	650,000,000	450,000,000
	200,000,000	200,000,000
	100,000,000	-
	400,000,000	-
	1,000,000,000	-
	-	950,000,000
	7,420,000,000	6,300,000,000
	8,204,915,433	8,490,751,465

5.2 Outside Bangladesh (NOSTRO Accounts)

Name of the Foreign Bank / Correspondent	2016				2015
	Currency	Amount In	Conversion	Amount in	Amount in
		F.C	Rate	Taka	Taka
United National Bank Ltd.(London)	USD	-	-	-	1,451,712
Sonali Bank (Kolkata)	ACU	15,583.50	79.4500	1,238,109	157,800
Masherq Bank, PSC, NY (OBU)	USD	100,758.70	79.4500	8,005,279	9,626,113
Masherq Bank, PSC, NY	USD	5,174,247.78	79.4500	411,093,986	175,147,324
AB Bank (OBU)	USD	8,905.05	79.4500	707,506	378,247
United National Bank (UK)	EURO	-	-	-	775,870
Masherq Bank, PSC, (UK)	GBP	7,429.87	97.5402	724,711	18,687
United Bank of India (KOLKATA)	ACU	53,739.38	79.4500	4,269,594	765,764
AB Bank Ltd. (MUMBI)	ACU	259,193.20	79.4500	20,592,900	46,691,679
United National Bank (UK)	GBP	-	-	-	149,738
Masherq Bank, PSC, (EURO)	EURO	1,009.20	83.2511	84,017	168,936
National Bank of Pakistan (TOKYO)	YEN	170,013.00	0.6816	115,881	920,676
Axis Bank Kolkata (ACU)	ACU	20,000.00	79.4500	1,589,000	-
Kookmin Bank, Seoul (USD)	ACU	31,004.08	79.4500	2,463,274	-
Masherq Bank Mumbai, (ACU)	ACU	76,004.26	79.4500	6,038,538	-
Total				456,922,795	236,252,545

5.3 Maturity grouping of balance with other banks and financial institutions

On demand

Not more than three months

More than three months but not more than six months

More than six months but not more than one year

More than one year but less than five years

Above five years

6 Money at call and on short notice

International Leasing and Financial Services Ltd.

Delta Brac Housing Finance Corporation Ltd.

Premier Leasing International Ltd.

Fareast Finance & Investment Ltd.

MIDAS

Bangladesh Industrial Finance Company Ltd.

Bangladesh Finance and Investment Co. Ltd.

7 Investments

Government securities (Note-7.1)

Others (Note-7.2)

	Amount in Taka	
	2016	2015
	474,302,826	6,106,897
	4,787,535,402	5,734,644,568
	3,400,000,000	2,750,000,000
	-	-
	-	-
	-	-
	8,661,838,228	8,490,751,465
	-	170,000,000
	-	80,000,000
	-	40,000,000
	-	30,000,000
	-	70,000,000
	-	110,000,000
	-	100,000,000
	-	600,000,000
	3,946,876,746	2,590,413,497
	100,000,000	50,000,000
	4,046,876,746	2,640,413,497



	Amount in Taka	
	2016	2015
7.1 Government Securities		
91 days Treasury	249,693,669	29,997,121
182 days Treasury Bills	-	29,992,684
364 days Treasury Bills	195,422,169	29,443,929
2 years BGTB Bond	-	-
5 years BGTB Bond	-	118,545,650
10 years BGTB Bond	1,795,783,461	1,513,482,524
15 years BGTB Bond	705,287,142	784,594,288
20 years BGTB Bond	1,000,376,305	84,299,900
Prize Bonds	314,000	57,400
	3,946,876,746	2,590,413,497
Add: Reverse repo with other banks	-	-
	3,946,876,746	2,590,413,497
7.2 Other Investment		
Investment in Commercial Papers	100,000,000	50,000,000
	100,000,000	50,000,000
7.3 Investments classified as per Bangladesh Bank Circular		
Held for trading (HFT)	617,847,796	620,441,237
Held to maturity (HTM)	3,328,714,950	1,969,914,860
Other securities	100,314,000	50,057,400
	4,046,876,746	2,640,413,497
7.4 Maturity-wise grouping		
On demand	314,000	57,400
Not more than three months	445,115,838	59,441,050
More than three months but not more than one year	100,000,000	79,992,684
More than one year but not more than five years	251,820,986	388,205,408
Above five years	3,249,625,922	2,112,716,955
	4,046,876,746	2,640,413,497

7.5 Cost and market value of investments

	2016		2015
	Cost price Taka	Market price Taka	
Treasury Bills	436,968,950	445,115,838	89,433,734
Bangladesh Bank Bills	-	-	-
Bangladesh Government Treasury Bond	3,509,813,456	3,501,446,908	2,500,922,363
Prize Bonds	314,000	314,000	57,400
	3,947,096,406	3,946,876,746	2,590,413,497

7.6 Repo and Reverse-repo

7.6.1 Repo as on 31 December 2016

Counter party name	Agreement date	Reversal date
--------------------	----------------	---------------

7.6.2 Transactions of Repo and Reverse-repo during the year 2016

	Minimum outstanding Taka	Maximum outstanding Taka	Maximum outstanding Taka
Securities sold under repo			
i) With Bangladesh Bank	-	-	-
ii) With Other Bank & FIs	186,862,578	490,163,500	943,300,000
Securities purchase under reverse repo			
i) With Bangladesh Bank	-	-	730,000,000
ii) With Other Bank & FIs	77,061,970	1,008,357,242	770,700,000

		Amount in Taka	
		2016	2015
8.0	Loans and advances		
	Loans, cash credit, overdrafts etc. (Note 8.1)	15,921,344,480	9,859,716,268
	Bills purchased and discounted (Note 8.13)	1,217,260,124	123,321,918
		17,138,604,604	9,983,038,186
8.1	Loans, cash credit, overdrafts etc.		
	In Bangladesh		
	Cash credit and overdrafts	3,663,895,909	1,902,542,601
	Loans (General)	2,660,779,628	1,359,682,812
	House building loan	441,142,090	432,754,588
	Loan against trust receipt	677,788,431	437,556,784
	Other Loans	8,477,738,421	5,727,179,483
		15,921,344,480	9,859,716,268
	Outside Bangladesh	-	-
		15,921,344,480	9,859,716,268
8.2	Performing loans and advances		
	Gross loans and advances	17,093,485,292	9,983,038,186
	Non-performing loans and advances	45,119,312	-
		17,138,604,604	9,983,038,186
8.3	Maturity-wise grouping		
	On demand	344,600,664	252,990,637
	Less than three months	3,889,818,217	1,218,668,920
	More than three months but less than one year	5,498,218,720	3,215,905,567
	More than one year but less than five years	3,688,091,198	3,303,301,647
	More than five years	2,500,615,681	1,992,171,415
		15,921,344,480	9,983,038,186
8.4	Loans and Advances on the basis of significant concentration		
	Advances to allied concerns of directors	-	113,363,420
	Advances to chief executive and other senior executives	32,639,436	35,379,133
	Advances to customers' group:		
	Advances to large and medium industries	10,043,899,820	7,477,224,609
	Advances to small and cottage industries	180,700,180	82,810,002
	Commercial Lending	3,840,589,643	1,138,137,754
	House Building Loan	490,018,244	626,066,295
	Consumer Credit Scheme	78,012,374	235,119,208
	Other Loans and Advances	2,472,744,906	274,937,765
		17,138,604,604	9,983,038,186
8.5	Sector-wise allocation of loans and advances		
		% of total loan	
	Agriculture, fishing, forestry and dairy farm	0.85%	Taka
	Industry (Other than working capital)	20.92%	146,328,560
	Working capital financing	35.87%	3,585,240,431
	Export credit	2.38%	6,148,051,341
	Import credit	2.38%	407,512,267
	Commercial credit	4.48%	767,413,287
	Constructions	12.39%	2,123,316,475
	Transport and Communication	6.66%	1,141,733,688
	Consumer Credit	3.86%	662,213,550
	Others	1.89%	323,581,798
		10.70%	1,833,213,207
		100.00%	17,138,604,604
			9,983,038,186

Amount in Taka

2016

2015

8.6 Details of large loans and advances

Number of clients with outstanding amount and classified loans exceeding 10% of total capital of the Bank. Total capital of the Bank was Tk.566.50 crore as at 31 December 2016 (Tk.554.48 crore in 2015).

Number of clients	30.00	10.00
Amount of outstanding loans and advances (Taka in crore)	918.64	366.89
Amount of classified loans and advances	-	-
Measures taken for recovery	-	-

Name of client	Outstanding (Taka in crore)		Total Taka in crore	Total Taka in crore
	Funded	Non-Funded		
IFAD Autos Limited	5.63	-	5.63	35.74
Confidence Electric Limited	10.18	-	10.18	0.16
Hashem Foods Limited	20.20	35.95	56.15	52.38
A.K.M. Knit Wear Limited	4.46	14.14	18.60	-
Mir Akhter Hossain Limited	20.46	4.00	24.46	-
Toma Construction & Co. Limited	40.20	26.32	66.52	-
Drug International Limited	-	31.82	31.82	-
ATI Ceramics Limited	-	2.04	2.04	-
Harnest Label Industries Limited	-	1.44	1.44	-
Afil Paper Mills Limited	45.43	13.92	59.35	-
Smart Technologies [BD] Limited	10.09	17.44	27.53	-
EC Securities Limited	-	-	-	56.89
Nitol Motors Limited	4.81	0.81	5.62	13.19
Abdul Monem Limited	51.52	4.14	55.66	28.05
Pran Dairy Limited	53.28	10.20	63.48	43.35
Evince Textiles Limited	113.32	36.27	149.59	80.76
Evince Retail Limited	4.86	-	4.86	4.09
Radiant Sweaters Industries Limited	4.54	3.70	8.24	2.27
Sayem Fashions Limited	0.10	7.38	7.48	1.59
Energypac Engineering Limited	37.16	19.40	56.56	-
Abul Khair Tobacco Co. Limited	68.08	1.29	69.37	48.42
GPH Ispat Limited	39.26	-	39.26	-
KSRM Steel Plant Limited	51.43	-	51.43	-
Sonali Paper & Board Mills Limited	28.64	8.95	37.59	-
Younus Paper Mills Limited	31.61	7.11	38.72	-
Global Knittwear Limited	21.55	5.51	27.06	-
	666.81	251.83	918.64	366.89

8.7 Category-wise Small Medium Enterprise Loans and Advances (SME)

Service Sector	1,885,837,985	1,375,973,932
Trading Sector	1,835,913,640	1,122,469,206
Industrial Sector	961,343,559	618,053,861
	4,683,095,184	3,116,497,000

8.8 Geographical location-wise allocations of loans and advances

	% of total loan		Taka
Dhaka region	84.51%	14,483,321,109	9,365,115,566
Chittagong region	10.41%	1,784,508,444	472,758,513
Rajshahi region	0.50%	85,644,164	-
Sylhet region	0.63%	108,255,591	125,306,570
Khulna region	3.69%	633,060,258	19,857,538
Rangpur region	0.13%	22,778,765	-
Barisal region	0.12%	21,036,273	-
	100.00%	17,138,604,604	9,983,038,186

Amount in Taka

2016

2015

8.9 Classification of loans and advances

	2016		2015	
Unclassified:				
Standard including staff loan	99.57%	17,064,164,219	99.81%	9,964,303,213
Special Mention Account (SMA)	0.17%	29,321,072	0.19%	18,734,974
	99.74%	17,093,485,291	100.00%	9,983,038,186
Classified:				
Sub-standard	0.03%	5,697,659	-	-
Doubtful	0.05%	8,474,758	-	-
Bad/loss	0.18%	30,946,896	-	-
	0.26%	45,119,313	-	-
	100%	17,138,604,604	100%	9,983,038,186

8.10 Particulars of loans and advances

i) Debts considered good in respect of which the bank is fully secured;	7,859,691,479	4,437,860,910
ii) Debts considered good for which the bank holds no other security than the debtors' personal guarantee;	1,844,853,817	418,887,255
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal guarantee of the debtors;	7,434,059,308	5,110,903,539
iv) Debts adversely classified; provision not maintained thereagainst	-	-
v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;	109,617,093	121,302,005
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;	-	113,363,420
vii) Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons;	109,617,093	121,302,005
viii) Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;	-	113,363,420
ix) Due from banking companies;		
x) Classified loans/investments for which interest has not been charged:		
(a) Increase/decrease of provision (specific)		
Amount of debts written off	-	-
Amount realized against the debts previously written off	-	-
(b) Provision against the debt classified as bad/loss at the date of balance sheet	1,413,384	-
(c) Amount of interest charged in suspense account	2,903,123	-
xi) Loans written off:		
- Current year	-	-
- Cumulative to-date	-	-
- The amount of written off loans for which lawsuit filed	-	-

	Amount in Taka		
	2016	2015	
8.11 Particulars of required provision for loans and advances/investments			
	2016	2015	
	<u>% of required provision</u>	<u>Required provision</u>	
		<u>Required provision</u>	
For loans and advances:			
Unclassified - General provision			
All unclassified loans (other than small enterprises, housing finance, Loan to MBs ,loans for professional, consumer financing and special mention account)	1%	112,124,233	58,305,956
Small and medium enterprise financing	0.25%	11,525,610	7,776,201
Loan to BHs/MBs/SDs against shares	2%	13,776,438	12,928,002
Housing and loan for professional	2%	2,217,479	1,675,969
Consumer finance	5%	10,549,686	5,806,615
Agriculture finance	2.50%	3,046,744	1,389,851
Special Mention Account (SMA)	0.25%-5%	73,302	327,222
		153,313,492	88,209,817
Classified - Specific provision:			
Sub-standard	20%	170,929	-
Doubtful	50%	751,427	-
Bad/loss	100%	5,297,644	-
		6,220,000	-
Required provision for loans and advances		159,533,492	88,209,817
Total provision maintained		160,020,000	88,687,000
Excess provision at 31 December		486,508	477,183
8.12 Listing of assets pledged as security/collaterals			
<u>Nature of the secured assets</u>			
Gold & Gold Ornaments		-	-
Shares & Securities		5,070,214	-
Merchandise		1,258,155,787	903,735,937
Machinery with other Fixed Asset and Financial obligation		1,524,080,185	541,104,178
Real Estate with Financial obligation		7,524,559,155	4,157,568,517
Financial Obligation only (Insurance policies, Savings certificates, Bank deposit etc)		335,132,324	280,292,393
Miscellaneous;			
i) Crops/stock of crops hypothecations		205,045	603,459
ii) Guarantee of individuals/ Institutions		3,775,194,146	1,651,364,612
ii) Others		2,716,207,748	2,448,369,090
		17,138,604,604	9,983,038,186
8.13 Bills purchased and discounted			
In Bangladesh		1,205,284,497	107,935,435
Outside Bangladesh		11,975,627	15,386,483
		1,217,260,124	123,321,918
8.13.1 Maturity-wise grouping			
On demand		25,383,570	13,602,589
Less than three months		472,865,977	53,818,932
More than three months but less than one year		719,010,577	55,900,396
More than one year but less than five years		-	-
More than five years		-	-
		1,217,260,124	123,321,918

9 Fixed assets including premises, furniture and fixtures

Cost:

Land	-
Building	-
Furniture and fixture	122,849,026
Computer and Computer peripheral	40,160,708
Electrical Equipments	83,831,845
Motor vehicles	31,300,000

Less: Accumulated depreciation

Land	-
Building	-
Furniture and fixture	22,642,367
Computer and Computer peripheral	15,645,411
Electrical Equipments	25,902,123
Motor vehicles	15,828,395

Software:

Computer Software	34,980,000
SWIFT Software	4,221,235

Less: Amortization during the year

Written down value at the end of the year

Details are shown in Annexure-A

Amount in Taka	
2016	2015
-	-
-	-
122,849,026	96,434,303
40,160,708	35,609,301
83,831,845	61,870,173
31,300,000	31,300,000
278,141,579	225,213,777
-	-
-	-
22,642,367	13,143,449
15,645,411	9,792,587
25,902,123	14,347,176
15,828,395	9,568,367
80,018,296	46,851,579
198,123,283	178,362,198
34,980,000	31,290,000
4,221,235	4,221,235
39,201,235	35,511,235
20,702,110	12,197,580
18,499,125	23,313,655
216,622,408	201,675,853



		Amount in Taka	
		2016	2015
10	Other assets	331,162,483	259,447,340
10.1	Classification of other assets		
	a) Income generating other assets	-	-
	b) Non-income generating other assets:		
	i) Investment in shares of subsidiary companies:		
	- In Bangladesh	-	-
	- Outside Bangladesh	-	-
	ii) Stationery, stamps, printing materials, etc.	1,212,728	558,391
	iii) Advance rent	104,681,691	93,440,238
	iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	213,290,311	154,428,414
	v) Security deposits	-	-
	vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	6,378,779	7,599,442
	vii) Branch adjustment (Note 10.2)	-	-
	viii) Suspense account	-	2,165,000
	ix) Advance income tax	-	-
	x) Others	5,598,974	1,255,855
		331,162,483	259,447,340
10.2	Branch adjustment		
	General accounts debit	-	-
	General accounts credit	-	-
		-	-
11	Borrowing from other banks, financial institutions and agents		
	In Bangladesh (Note 11.1)	3,134,863,400	1,003,400,000
	Outside Bangladesh	-	-
		3,134,863,400	1,003,400,000
11.1	In Bangladesh		
	Re-finance for women entrepreneurs from Bangladesh Bank	4,337,500	3,400,000
	Borrowing against securities from Bangladesh Bank	-	-
	Sonali Bank Limited	-	1,000,000,000
	Janata Bank Limited	100,000,000	-
	Mutual Trust Bank Limited	40,000,000	-
	Rupali Bank Limited	600,000,000	-
	South East Bank Limited	200,000,000	-
	One Bank Limited	150,000,000	-
	Eastern Bank Limited	100,000,000	-
	Bank Asia Limited	450,000,000	-
	United Commercial Bank Limited	150,000,000	-
	Uttara Bank Limited	500,000,000	-
	NCC Bank Limited	200,000,000	-
	Eastern Bank Limited	193,222,400	-
	Bank Asia Limited	79,450,000	-
	Jamuna Bank Limited	79,450,000	-
	DBBL	119,175,000	-
	The City Bank Limited	155,722,000	-
	Value Port Ltd	13,506,500	-
		3,134,863,400	1,003,400,000

		Amount in Taka	
		2016	2015
11.2	Maturity grouping of borrowings		
	Repayable on demand	1,440,000,000	-
	Repayable within one month	249,375,000	-
	Over one month but within six months	1,431,858,900	1,000,000,000
	Over six months but within one year	75,000	-
	Over one year	13,554,500	3,400,000
		3,134,863,400	1,003,400,000
12	Deposits and other accounts	-	
	Current and other accounts		
	Current deposits	1,496,982,177	483,975,062
	Foreign currency deposits	208,053,200	147,745,641
	Sundry deposits (Note 12.1)	1,136,729,066	301,466,674
		2,841,764,443	933,187,377
	Bills payable		
	Payment order issued	424,578,464	117,142,448
	Demand draft	-	-
		424,578,464	117,142,448
	Savings bank deposits	4,352,580,024	351,872,642
	Term/Fixed deposits		
	Fixed deposits	11,681,993,519	10,220,219,336
	Special notice deposits	1,726,611,553	3,709,286,695
	Scheme deposits	2,011,084,712	1,248,392,875
	Interest Payable on FDR/Scheme	265,125,443	323,321,723
		15,684,815,226	15,501,220,629
		23,303,738,156	16,903,423,096
12.1	Sundry deposits		
	Margin deposits	347,543,571	81,694,385
	Security Deposits	6,348,540	9,817,317
	Government Tax, VAT and Excise duty etc.	33,702,906	13,308,863
	FC held against EDF	418,701,582	-
	BLO account -USD	264,492,913	175,581,875
	Others	65,939,554	21,064,234
		1,136,729,066	301,466,674
12.2	Deposits and Others Account		
	Deposits from Banks	100,000,000	100,000,000
	Deposits from Customers	23,203,738,156	16,803,423,096
		23,303,738,156	16,903,423,096
12.3	Sector-wise break-up of Deposits and Others account		
	Government	1,693,999,117	3,689,763,480
	Deposit money banks	100,000,000	100,000,000
	Other public	3,350,779,290	2,982,423,404
	Foreign currency	208,053,200	147,745,641
	Private	17,950,906,549	9,983,490,571
		23,303,738,156	16,903,423,096



		Amount in Taka	
		2016	2015
12.4	Analysis of residual maturity grouping of deposits		
	Inter-bank deposits		
	Repayable on demand	-	-
	Repayable within 1 month	-	-
	Over 1 month but within 6 months	100,000,000	100,000,000
	Over 6 months but within 1 year	-	-
	Over 1 year but within 5 years	-	-
	Over 5 years but within 10 years	-	-
		100,000,000	100,000,000
	Other Deposits		
	Repayable on demand	416,737,833	177,313,115
	Repayable within 1 month	3,033,607,831	678,084,756
	Over 1 month but within 6 months	7,835,710,714	7,699,070,531
	Over 6 months but within 1 year	4,883,649,241	5,520,948,109
	Over 1 year but within 5 years	6,593,338,421	2,515,735,454
	Over 5 years but within 10 years	440,694,116	212,271,131
		23,203,738,156	16,803,423,096
		23,303,738,156	16,903,423,096
12.5	Unclaimed Deposits and valuables	-	-
		-	-
13	Other liabilities		
	Provision for loans and advances (Note 13.1)	160,020,000	88,687,000
	Provision for off-balance sheet exposures (Note 13.2)	72,600,000	27,312,110
	Provision for taxation (Note 13.3)	219,236,873	89,351,948
	Interest Suspense Account (Note 13.4)	2,903,123	-
	Accrued expenses	28,971,275	22,349,791
	Interest payable on borrowings	11,284,561	72,500,000
	Branch adjustment (Note-13.5)	1,011	-
	Provision for audit fees	250,000	250,000
	Others	50,583,834	32,776,118
		545,850,676	333,226,967
13.1	Provision for loans and advances		
	A. General		
	Balance at the beginning of the year	88,533,000	41,000,000
	Add: Provision made during the year	55,967,000	47,533,000
		144,500,000	88,533,000
	Less: Provision no longer required	-	-
	Balance at the end of the year	144,500,000	88,533,000
	B. Provision for Off-shore Banking Unit (OBU)		
	Balance at the beginning of the year	154,000	-
	Add: Provision made during the year	9,146,000	154,000
	Balance at the end of the year	9,300,000	154,000
	C. Specific		
	Movement in specifi provision on classifd loans		
	Provision held as on 1 January	-	-
	Less: Fully provided debts written off during the year	-	-
	Add: Recoveries of amounts previously written off	-	-
	Add: Specifi provision made during the year for other accounts	6,220,000	-
	Add: Transferred from General Provision	-	-
	Less: Provision no longer required	-	-
	Add: Net charge to profi and loss account	-	-
	Balance at the end of the year	6,220,000	-
	D. Total provision on loans and advances (A+B+C)	160,020,000	88,687,000

		Amount in Taka	
		2016	2015
13.2	Provision for off-balance sheet exposures.		
	Balance at the beginning of the year	27,312,110	16,562,110
	Add: Provision made during the year	45,287,890	10,750,000
		72,600,000	27,312,110
	Less: Adjustments made during the year	-	-
	Balance at the end of the year	72,600,000	27,312,110
13.3	Provision for taxation		
	Current tax (Note 13.3.1	206,533,253	76,242,883
	Deferred tax (Note 13.3.2)	12,703,620	13,109,065
		219,236,873	89,351,948
13.3.1	Provision for current tax		
	Provision		
	Balance at the beginning of the year	340,554,038	136,045,605
	Add: Provision made during the year	308,347,484	204,508,433
		648,901,522	340,554,038
	Less: Settlement/ Adjustment of previous year tax liability	53,025,471	-
	Balance at the end of the year	595,876,051	340,554,038
	Advance Tax:		
	Balance at the beginning of the year	264,311,155	224,522,004
	Add: Paid during the year	125,031,643	39,789,151
		389,342,799	264,311,155
	Less: Settlement/ Adjustment of previous year tax liability	-	-
	Balance at the end of the year	389,342,799	264,311,155
	Net balance as at 31 December	206,533,253	76,242,883
	Provision for current tax of Tk.308,347,484/- has been made @ 40% as prescribed by Finance Act 2016 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance and Rules 1984 and incompliance of para 46 of BAS 12 "Income Tax".		
13.3.2	Provision for deferred tax		
	Balance at the beginning of the year	13,109,065	11,719,605
	Add : Provision made for deferred tax liabilities		
	Charged/(credited) to profit and loss account	(405,445)	1,389,460
	Charged/(credited) to revaluation reserve	-	-
		(405,445)	1,389,460
		12,703,620	13,109,065
	Adjustment made during the year for revaluation reserve	-	-
		12,703,620	13,109,065
	Less: Provision made for deferred tax assets	-	-
	Balance at the end of the year	12,703,620	13,109,065
13.4	Interest Suspenses Account		
	Balance at the beginning of the year	-	-
	Add: Amount transferred during the year	24,887,194	-
	Less: Amount recovered during the year	(21,984,071)	-
	Less: Amount written off during the year	-	-
	Balance at the end of the year	2,903,123	-
13.5	Branch adjustment		
	General accounts debit	-	-
	General accounts credit	1,011	-
		1,011	-

			Amount in Taka	
			2016	2015
14	Share capital			
14.1	Authorised: 2,000,000,000 ordinary shares of Tk 10 each		20,000,000,000	20,000,000,000
14.2	Issued, subscribed and paid up: 452,000,000 ordinary shares of Tk 10 each issued for cash		4,520,000,000 4,520,000,000	4,520,000,000 4,520,000,000
14.3	Share capital at a glance from inception			
	Year	Particulars	Number of shares	Capital amount
				Taka
	2013	Opening / Sponsors Capital	452,000,000	4,520,000,000

14.4 Name of the Directors and their shareholdings in the year 2016

SI	Name of the directors	Status	Number of Shares	
			At 31 December 2016	At 31 December 2015
1	Mr. Humayun Kabir	Chairman	8,000,000	4,000,000
2	Mr. Shaikh Salahuddin	Vice-Chairman	18,000,000	18,000,000
3	Mr. Sheikh Fazle Noor Taposh	Director	40,000,000	32,000,000
4	Sharmin Apparels Limited Represented by Mr. Mohammad Ismail Hossain	Director	20,000,000	20,000,000
5	Sandhani Life Insurance Company Limited Represented by Mr. Nemai Kumer Saha	Director	30,000,000	30,000,000
6	Mr. Salahuddin Alamgir	Director	20,000,000	20,000,000
7	Tanveer Oils Limited Represented by Mr. Mostafa Kamal	Director	20,000,000	20,000,000
8	Everest Power Generation Company Limited Represented by Mrs. Tanjima Binthe Mostafa	Director	20,000,000	20,000,000
9	Mr. Humayun Kabir	Director	20,000,000	20,000,000
10	Ms. Shahana Yasmin	Director	20,000,000	20,000,000
11	Ms. Sultana Jahan	Director	20,000,000	20,000,000
12	Mango Teleservices Limited Represented by Mr. A. Mannan Khan	Director	20,000,000	20,000,000
13	Azbal International Limited Represented by Mrs. Ferdousi Islam	Director	20,000,000	20,000,000
14	Anwar Jute Spinning Mills Limited Represented by Mr. Manwar Hossain	Director	10,000,000	10,000,000
15	S. Jute Industries Limited Represented by Mr. Md. Abul Hossain	Director	-	20,000,000
16	D & S Pretty Fashions Limited Represented by Mr. Rezin Ahmmad Talukder	Director	6,000,000	6,000,000
17	Meghna Flour & Dal Mills Limited Represented by Mr. Yousuf Ali	Director	12,000,000	12,000,000
18	Mona Financial Consultancy & Securities Limited Represented by Mr. Md Mahbubur Rahman	Director	10,000,000	10,000,000
19	Mr. Md. Didarul Alam	Director	8,000,000	8,000,000
			322,000,000	330,000,000

14.5 Classification of shareholders by holding

	Amount in Taka			
	2016		2015	
	Number of holders		% of total holding	
	2016	2015	2016	2015
Less than 500 shares	-	-	-	-
500 to 5,000 shares	-	-	-	-
5,001 to 10,000 shares	-	-	-	-
10,001 to 20,000 shares	-	-	-	-
20,001 to 30,000 shares	-	-	-	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	-	-
50,001 to 100,000 shares	-	-	-	-
100,001 to 1,000,000 shares	10	10	2.21	2.21
Over 1,000,000 shares	31	31	97.79	97.79
	41	41	100.00	100.00

14.6 Capital to Risk weighted Ratio (CRAR):

The calculation of CRAR has been done as per BRPD Circular No.2 dated March 04, 2015 and the Guidelines on Risk Based Capital Adequacy (RBCA) under Basel-III December 2015 vide BRPD Circular No.18 dated December 21, 2014.

1) Tier-I -Core capital (Going Concern Capital)

a) Common Equity - Tier-1 Capital

Paid up capital	4,520,000,000	4,520,000,000
Share premium	-	-
Statutory reserve (Note 14)	458,842,253	304,815,324
General reserve	-	-
Surplus in Profit and Loss account/ Retained earnings (Note 17)	453,494,919	597,329,245
	5,432,337,172	5,422,144,569

b) Additional Tier-1 Capital

2) Tier-2 Capital (Gone-concern Capital)

General provision maintained against unclassified loan	153,800,000	88,533,000
General provision on off-balance sheet items	72,600,000	27,312,110
Asset revaluation reserve	-	-
Revaluation reserve of Government securities (50%)	8,535,650	8,535,650
	234,935,650	124,380,760

Less: Regulatory Adjustment

Revaluation Reserve for Fixed Assets, Securities & Equity Securities (follow in deductions as per Basel-III Guidelines) 40%	3,414,260	1,707,130
	231,521,390	122,673,630

A) Regulatory Capital (1+2)

B) Risk weighted assets (RWA)

Credit Risk		
On-Balance Sheet	20,919,744,876	11,899,431,343
Off-Balance Sheet	6,149,794,692	2,213,049,442
	27,069,539,568	14,112,480,785
Market Risk Weighted Assets	149,361,339	327,987,444
Operational Risk Weighted Assets	1,949,201,175	1,286,642,752
Total RWA	29,168,102,082	15,727,110,981

C) Required capital (Required Capital Tk.400.00 crore or actual whichever is higher)

D) Surplus (A-C)

	4,000,000,000	4,000,000,000
	1,663,858,562	1,544,818,199
Capital adequacy ratio:		
On core capital - against standard of minimum 5%	18.62%	34.48%
On total capital - against standard of minimum 10%	19.42%	35.26%



		Amount in Taka	
		2016	2015
15	Statutory reserve		
	Balance as at 1 January	304,815,324	110,648,598
	Addition during the year (20% of pre-tax profit)	154,026,929	194,166,726
	Balance as at 31 December	458,842,253	304,815,324
16	Revaluation gain/(loss) on investment		
	Revaluation reserve on HTM securities		
	Balance as at 1 January	1,771,844	1,846,147
	Addition during the year	2,641,043	1,771,844
		4,412,887	3,617,991
	Adjustment of amortization/ revaluation gain against sale/maturity	(1,771,844)	(1,846,147)
	Balance as at 31 December	2,641,043	1,771,844
	Revaluation reserve on HFT securities		
	Balance as at 1 January	101,534,791	15,225,152
	Addition during the year	490,115,244	1,270,128,318
		591,650,035	1,285,353,470
	Adjustment of amortization/ revaluation gain against sale/maturity	(586,707,745)	(1,183,818,679)
	Balance as at 31 December	4,942,290	101,534,791
		7,583,333	103,306,635
17	Surplus in profit and loss account/Retained earnings		
	Balance as at 1 January	597,329,245	252,560,236
	Currency Translation difference	-	-
	Prior year adjustment	-	-
		597,329,245	252,560,236
	Add: Addition during the year	462,192,603	764,935,735
		1,059,521,848	1,017,495,971
	Less:		
	Transfer to Statutory reserve	154,026,929	194,166,726
	Issue of bonus shares	-	-
	Cash dividend paid	452,000,000	226,000,000
		606,026,929	420,166,726
	Balance as on 31 December	453,494,919	597,329,245
	Add: Foreign currency translation gain/(loss)	138,490	231
		453,633,408	597,329,476
17(a)	Foreign currency translation gain/(loss)		
	Balance as at 1 January	231	-
	Addition during the year	138,259	231
	Balance as on 31 December	138,490	231

		Amount in Taka	
		2016	2015
18	Contingent liabilities		
18.1	Acceptances and endorsements		
	Acceptance under Letters of Credit -Cash (Foreign) Deferred	1,105,447,684	272,771,979
	Acceptance under Letters of Credit -BTB (Foreign) Usance	171,637,338	17,502,324
	Acceptance under Letters of Credit -BTB EPZ (Foreign) Usance	52,941,484	8,579,212
	Acceptance under Letters of Credit -BTB (Local) Usance	179,135,724	77,925,873
	Acceptance under Letters of Credit -BTB (Foreign) EDF	55,625,000	-
	Acceptance under Letters of Credit -Others	-	-
		1,564,787,230	376,779,388
	Less: Margin	-	-
		1,564,787,230	376,779,388
18.2	Letters of guarantee		
	Letters of guarantee (Local)	3,087,767,362	696,055,032
	Letters of guarantee (Foreign)	-	-
	Foreign counter guarantees	-	-
		3,087,767,362	696,055,032
	Less: Margin	103,212,524	34,011,551
		2,984,554,838	662,043,482
	Money for which the Bank is contingently liable in respect of guarantee issued favouring:		
	Directors or officers	5,000,000	5,000,000
	Government	-	-
	Banks and other financial institutions	-	-
	Others	3,082,767,362	691,055,032
		3,087,767,362	696,055,032
	Less: Margin	103,212,524	34,011,551
		2,984,554,838	662,043,482
18.3	Irrevocable letters of credit		
	Letter of Credit - Foreign	1,411,271,876	835,759,138
	Letter of Credit - BTB Foreign	90,956,608	62,107,411
	Letter of Credit - BTB - EPZ	31,882,648	5,670,000
	Letter of Credit - BTB (Local)	137,263,726	145,418,740
	Letter of Credit - EDF & Others	19,180,731	161,621,845
		1,690,555,589	1,210,577,135
	Less: Margin	244,331,047	47,646,402
		1,446,224,542	1,162,930,733
18.4	Bills for collection		
	Outward bills for collection	-	-
	Inward local bills for collection	726,934,247	400,981,703
	Inward foreign bills for collection	180,707,635	43,422,997
		907,641,882	444,404,700
18.5	Other contingent liabilities		
	Other contingent liabilities	462,400	580,800
		462,400	580,800


		Amount in Taka	
		2016	2015
19	Income statement		
	Income:		
	Interest, discount and similar income	2,731,729,041	1,983,066,482
	Dividend income	6,295,139	-
	Fees, commission and brokerage	84,224,042	30,022,047
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	182,412,074	576,714,043
	Gains less losses arising from dealing in foreign currencies	76,805,766	78,708,262
	Income from non-banking assets	-	-
	Other operating income	40,452,689	19,244,984
	Profit less losses on interest rate changes	(638,054)	20,267,204
		3,121,280,695	2,708,023,023
	Expenses:		
	Interest, fees and commission	1,589,339,106	1,151,109,896
	Losses on loans and advances	-	-
	Administrative expenses	432,507,663	352,707,737
	Other operating expenses	170,585,626	140,352,736
	Depreciation on banking assets	42,092,769	34,582,026
		2,234,525,164	1,678,752,395
	Income over expenditure	886,755,532	1,029,270,628
20	Interest income		
	Interest on loans and advances	1,581,745,964	1,051,134,173
	Interest on placement with other banks and financial institutions	779,920,889	364,282,394
	Interest on foreign currency balances	3,557,663	1,373,134
		2,365,224,515	1,416,789,701
21	Interest paid on deposits and borrowings etc.		
	Interest on deposits	1,500,423,919	1,007,316,529
	Interest on borrowings	88,915,186	143,793,367
	Interest on foreign currency account	-	-
		1,589,339,106	1,151,109,896
22	Investment income		
	Interest income from Government Securities (Note-22.1)	347,890,983	555,542,470
	Capital Gain on Government Securities (Note-22.2)	182,412,074	576,714,043
	Revaluation Gain/(loss) on Government Securities (Note-22.3)	(638,054)	20,267,204
	Dividend income	6,295,139	-
	Other investment income	18,613,542	10,734,312
		554,573,684	1,163,258,029
22.1	Interest Income from Government Securities		
	Interest on treasury bills	17,961,307	21,178,397
	Interest on treasury bonds	510,826,445	1,017,818,529
		528,787,751	1,038,996,926
	Interest Expenses on treasury bonds	(180,896,768)	(472,720,145)
	Interest Income from Government Securities	347,890,983	566,276,782
22.2	Capital Gain on Government Securities		
	Capital Gain on treasury bills	-	(502,613)
	Capital Gain on treasury bonds	182,412,074	577,216,656
		182,412,074	576,714,043

		Amount in Taka	
		2016	2015
22.3	Revaluation Gain/(loss) on Government Securities		
	Revaluation gain/(loss) on treasury bills	(638,054)	4,072,261
	Revaluation gain/(loss) on treasury bonds	-	16,194,944
		(638,054)	20,267,204
23	Commission, exchange and brokerage		
	Commission on L/Cs	15,199,273	1,838,801
	Commission on Export related L/Cs	17,066,245	10,328,494
	Commission on Inland L/Cs	751,181	1,604,969
	Commission on L/Cs-back to back	12,952,948	3,375,605
	Commission on L/Gs	35,419,911	10,135,164
	Commission on ATM Card transactions	321,621	102,848
	Commission on remittance	106,759	50,574
	Commission under primary dealership of Govt. Securities	470,890	564,100
	Others Commission	1,935,215	2,021,493
	Exchange gain (Note-23.1)	76,805,766	78,708,261
		161,029,808	108,730,309
23.1	Exchange gain		
	Exchange gain from revaluation/trade of foreign currency	76,895,158	78,734,021
	Exchange loss from revaluation/trade of foreign currency	(89,392)	(25,760)
		76,805,766	78,708,261
24	Other operating income		
	Service and incidental charges	5,853,581	3,275,134
	Postage / SWIFT/ fax recoveries	11,354,117	4,110,253
	Fees on Share Transfer	3,000	-
	Income from Credit Card	1,084,257	594
	Income from ATM service	1,265,324	939,643
	Charges on Export related L/Cs	13,011,466	3,281,052
	Miscellaneous earnings	7,880,943	7,638,309
		40,452,689	19,244,984
25	Salaries and Allowances		
	Basic salary	124,037,211	95,947,188
	Allowances	78,006,586	46,720,534
	Bonus	36,895,915	35,984,696
	Provident fund	9,901,150	6,920,205
		248,840,862	185,572,623
26	Rent, taxes, insurance, Electricity etc.		
	Rent, rates and taxes (Note: 26.1)	89,531,851	75,712,427
	Insurance	11,288,486	8,560,644
	Utilities (except telecommunication)	14,996,547	16,669,201
		115,816,884	100,942,272
26.1	Rent, rates and taxes		
	Rent for office	75,048,502	63,870,642
	Rent for ATM/Generator/Residence	2,026,935	2,153,556
	VAT on Rent	9,525,609	5,662,483
	Rates and Taxes	2,930,805	4,025,746
		89,531,851	75,712,427
27	Postage, stamp, telecommunication etc.		
	Postage	2,311,338	1,070,159
	Telephone	3,593,560	3,110,116
	Internet, Email, SWIFT, Reuters etc.	12,013,378	7,594,344
		17,918,276	11,774,619



		Amount in Taka	
		2016	2015
28	Stationery, printing, advertisements etc.		
	Office and security stationery	11,778,722	12,166,463
	Computer consumable stationery	1,793,905	1,220,860
	Publicity and advertisement	19,361,328	31,212,262
		32,933,956	44,599,585
29	Managing Director's salary and fees		
	Basic Salary	3,525,968	4,200,000
	House Rent	1,057,790	1,260,000
	House Maintenance	705,194	840,000
	Utilities	423,116	504,000
	Provident Fund	352,597	420,000
	Bonus	700,000	700,000
	Others	332,449	396,000
		7,097,114	8,320,000
30	Directors' fees and expenses		
	Meeting attendance fees	1,632,000	1,292,000
		1,632,000	1,292,000
	Each Director is paid for Tk. 8,000/- per meeting per attendance.		
31	Depreciation and repairs of Bank's assets		
	Depreciation :		
	Furniture and fixtures	9,498,918	7,816,829
	Machinery & Equipment	11,975,729	8,770,935
	Computer and Computer peripheral	5,853,564	5,462,090
	Motor Vehicles	6,260,028	6,093,362
	Software	8,504,530	6,438,810
		42,092,769	34,582,026
	Repairs/ Replacements of the Bank's assets:		
	Furniture & Fixtures	895,153	356,397
	Machinery & Equipment	1,569,774	1,908,876
	Computer and Computer peripherals	296,074	301,185
	Motor Vehicles	568,371	418,558
	Software maintenance	4,939,200	4,831,250
		8,268,572	7,816,266
		50,361,341	42,398,292
32	Other expenses		
	Security and cleaning	18,295,314	12,129,968
	Salary of casual staff	12,835,379	11,286,390
	Entertainment	8,123,145	8,430,555
	Other Professional Service charges	277,000	181,500
	Car expenses	32,525,276	29,647,003
	Books and periodicals	497,955	540,328
	Subscription	856,000	711,000
	Donation	34,449,524	24,370,000
	Travelling expenses	1,836,293	887,995
	Conveyance	1,190,033	851,443
	Gratuity expenses	20,800,000	12,000,000
	Fuel	1,620,318	1,927,434
	Leverage & Uniform	257,800	34,422
	Training/seminar	2,668,604	2,301,913
	Annual General Meeting (AGM)	732,439	819,351
	Expenses regarding credit cards	2,044,635	-
	Bank charges	3,085,949	1,245,171
	Cash carrying charges	687,118	101,670
	Amortization of prepaid expenses	816,104	478,673
	VAT on expenditure	2,454,854	3,198,878
	Miscellaneous Expenses	24,006,886	20,985,914
		170,060,626	132,129,608

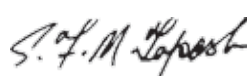
		Amount in Taka	
		2016	2015
33	Tax expense		
	Current tax	308,347,484	204,508,433
	Deferred tax	(405,445)	1,389,460
		307,942,039	205,897,893
34	Cash received from other operating activities		
	Service and incidental charges	5,853,581	12,334,692
	Postage / SWIFT/ fax recoveries from Others Business	20,601,433	4,046,075
	Fees on Share Transfer	3,000	-
	Income from Credit Card	1,130,757	-
	Income from ATM service	1,218,824	594
	Miscellaneous earnings	11,645,093	2,863,623
		40,452,689	19,244,984
35	Payments for other operating activities		
	Rent, rates and taxes	127,058,337	87,375,289
	Postage	17,918,276	11,774,619
	Directors fees	1,632,000	1,736,660
	Repairs	8,268,572	9,330,907
	Legal expenses	275,000	363,500
	Audit fees	250,000	250,000
	Others expenses (Note 32)	170,060,626	139,739,236
		325,462,811	250,570,210
36	Earnings per share (EPS)		
	Net profit after tax for the year ended 31 December (Taka)	462,192,603	764,935,735
	Number of ordinary shares outstanding	452,000,000	452,000,000
	Weighted average number of ordinary shares	452,000,000	452,000,000
	Earnings per share (EPS) on closing number of share	1.02	1.69
	Earnings per share (EPS) - (Weighted Average)	1.02	1.69



Chairman



Vice Chairman



Director



Managing Director & CEO

37 General

37.1 Audit Committee

Audit Committee of the Board of Directors of the Bank has been re-constituted by the Board of Directors in their meeting held on 28 July 2016 comprising the following members as per provisions contained in Bangladesh Bank's BRPD Circular No. 11 dated 27 October 2013.

Sl.no.	Name	Status with the committee	Educational qualification
1)	Mr. Shaikh Salahuddin	Chairman	H. S.C
2)	Mr. A. Mannan Khan	Member	B. Sc. in Engineering Specilization in Tele-Communications
3)	Mr. Md. Mahbubur Rahman	Member	MBA

Role of the Bank's Audit Committee

Oversee financial reporting process

- i) Monitor, choice of accounting policies and principles
- ii) Review the financial statements
- iii) Review the appropriateness of the Bank's accounting policy
- iv) Oversee the Bank's relationship with external auditors
- v) Review the Bank's existing system and upgradation of systems
- vi) Review the adequacy of internal audit functions
- vii) Review all reports of internal auditors
- viii) Review Management's report on risk management
- ix) Review the internal control weakness as submitted by statutory auditors
- x) Review Audit Committee's own terms of reference within the purview of BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank.

During the year 2016, the audit committee held 4 (four) meetings. In these meetings, the Committee reviewed the Audited Financial Statements for the year 2015 in presence of external auditors and also Inspection Reports by ICCD of the Bank from time to time and also of Bangladesh Bank in perview with Bagladesh Bank's Circular and advised the Management to take necessary compliance and also for establishing a unique and up-to-the-mark Internal Control and Audit System in the Bank with adequate facilities complying policy guidelines by Bangladesh Bank.

37.2 Related party/(ies) disclosure

37.2.1 Related party transactions

During the year 2016, the bank conducted business deal with the following organisation in which the directors has interest.

i) Loans and advances to directors and their related concern

Name of party	Name of Directors	Related by	Nature of Facilities	Amount in Taka	Status
M.S.A Services Limited	Mr. Md. Didarul Alam	Director	BG	5,000,000	Regular

ii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2016

a) (BDT in Taka)

Name of Directors	Relationship with the Bank	Nature of transaction	Limit	Security Value	Outstanding as on 31.12.2016
Mr. Sheikh Fazle Noor Taposh	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	2,169
Mr. Mohammad Ismail Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	-
		Credit Card	USD 20,000 (under ERQ)	Lien on ERQ A/c on USD 20,000	-
Mr. Salahuddin Alamgir	Director	Credit Card	2,000,000	Lien on FDR for Tk.20,00,000/-	225,540

b) Bank has rented a portion of 10,150 square feet of Bengal House located at House No.12/A, Road No.63 Gulshan-2, Dhaka-1212 at a monthly rent of BDT 1,400,000.00. The Bank has paid BDT 50,400,000.00 as advance against Office Rent. During the year, Bank has paid total of BDT 16,800,000.00 and outstanding balance as advance of BDT 23,100,000.00 on 31 December 2016.

c) Related party transactions

Nature of Party/ Contract	Relationship	Amount
Information Technology Consultans Limited (ITCL)	Common Director	5,232,516

37.3 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of Tk 144,000 or above were 2016.

37.4 Highlights on the overall activities of the Bank

Highlights on the overall activities of the Bank have been furnished in Annexure - B.

37.5 Approval of the financial statements

The Bank in its 26th Board Meeting held on 27th March, 2017 approved the Financial Statements for the year ended 31 December 2016.

37.6 Coverage of External Audit

The external auditor of the Bank, M/S A. Qasem & Co., Chartered Accountants worked about in excess of 2,250 person hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance.

Schedule of fixed assets including premises, furniture and fixtures

As at 31 December 2016

Annexure-A

Particulars	Cost			Rate of Dep.	Depreciation			Written down value as at 31.12.2016
	Opening balance as on 01.01.2016	Addition during the year	Disposal during the year		Balance as at 31.12.2016	Charged during the year	Disposal/ Adjustment during the year	
Land	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-
Furniture and fixtures	96,434,303	26,414,723	-	10%	122,849,026	9,498,918	-	22,642,367
Computer and Computer peripheral	35,609,301	4,553,575	2,168	20%	40,160,708	5,853,564	740	15,645,411
Electrical Equipments	61,870,173	22,511,672	550,000	20%	83,831,845	11,975,729	420,782	25,902,123
Motor vehicles	31,300,000	-	-	20%	31,300,000	6,260,028	-	15,828,395
	225,213,777	53,479,970	552,168		278,141,579	33,588,239	421,522	80,018,296
Software	35,511,235	3,690,000	-	20%	39,201,235	8,504,530	-	20,702,110
Total as at 31st December 2016	260,725,012	57,169,970	552,168		317,342,814	42,092,769	421,522	100,720,406
Total as at 31st December 2015	173,373,719	87,710,593	359,300		260,725,012	34,582,026	67,228	201,675,853

Amount in BDT

Name of the Directors of the Bank and their interest in different entities

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
1	Mr. Humayun Kabir	Chairman	Dhaka Ice Cream Industries Limited (POLAR)	Chairman
			Zest Agro Food Processing Limited	Managing Director
			Northern Hacheries Limited (Deshi Meat)	Managing Director
			Northern Agri Science Limited	Managing Director
2	Mr. Shaikh Salahuddin	Vice-Chairman	Islami Commercial Insurance Company Limited	Shareholder
			Ajmeer Navigation	Proprietor
			Fardin Fish	Proprietor
			Khulna Shipping Lines	Proprietor
3	Mr. Sheikh Fazle Noor Taposh	Director	Sheikh & Chowdhury	Partner
			Banglar Bani Films, Media and Publications Limited	Chairman
4	Mr. Mohammad Ismail Hossain Representing Sharmin Apparels Limited	Director	Sharmin Group	Managing Director
			Sharmin Apparels Limited	Managing Director
			Sharmin Fashions Limited	Managing Director
			Sharaf Apparels Limited	Managing Director
			Ishayat Apparels Limited	Managing Director
			Sharaf Washing & Dyeing Industries Limited	Managing Director
			Sharaf Embroidery & Printing Limited	Managing Director
			A.M. Design Limited	Managing Director
5	Mr. Nemai Kumer Saha Representing Sandhani Life Insurance Company Limited	Director	Sandhani Life Insurance Company Limited	DMD & CFO
6	Mr. Salahuddin Alamgir	Director	Labib Group	Chairman
			Matrix Sweaters Limited	Managing Director
			Starlight Sweaters Limited	Managing Director
			Raidha Collections Limited	Managing Director
			Starlight Knitters Limited	Managing Director
			Labib Fashions Limited	Managing Director
			Excel Sweaters Limited	Managing Director
			Sweater Cottage Limited	Managing Director
			Juthi Packaging Industries Limited	Managing Director
			Labib Dyeing Mills Limited	Managing Director
			Nice Cotton Limited	Managing Director
			Excel Telecom (Pvt) Limited	Managing Director
			R & R Agro Complex Limited	Managing Director
			Labib Poultry & Fisheries Limited	Managing Director
			Information Technology Consultans Limited (ITCL)	Director
X- Telecom (Pvt) Limited	Director			
7	Mr. Mostafa Kamal Representing Tanveer Oils Limited	Director	United Feeds Limited	Managing Director
			United Mineral Water & Pet Industries Limited	Managing Director
			United Sugar Mills Limited	Managing Director
			Unique Cement Industries Limited	Managing Director
			Unique Power Plant Limited	Managing Director
			Unique Hatchery & Feeds Limited	Managing Director
			Tanveer Oils Limited	Managing Director
			Tanveer Food Limited	Managing Director
			Tanveer Polymer Industries Limited	Managing Director

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
			Tanveer Steel Mills Limited	Managing Director
			Tanveer Paper Mills Limited	Managing Director
			Everest CNG Refueling & Conversion Limited	Managing Director
			Everest Power Generation Co. Limited	Managing Director
			G.Shipping Lines Limited	Managing Director
			Janata Flour & Dal Mills Limited	Managing Director
			Meghna Shipbuilders & Dockyard Limited	Managing Director
			Global Ad Star Bag Industries Limited	Managing Director
			Surma Mustard Oil Mills Limited	Managing Director
			Tasnim Chemical Complex Limited	Managing Director
			Sonargaon Salt Industries Limited	Managing Director
			Tasnim Condensed Milk Limited	Managing Director
			Dhaka Securities Limited	Managing Director
			Meghna Seeds Crushing Mills Limited	Managing Director
			Tanveer Printing & Packaging Industries Limited	Managing Director
			Meghna Edible Oils Refinery Limited	Managing Director
			Meghna Pulp & Paper Mills Limited	Managing Director
			A Class Builders Limited	Managing Director
			USB International Lines Limited	Managing Director
			Meghna Tea Company Limited	Managing Director
			Titanic Shipping Lines Limited	Managing Director
			Talelink Bangladesh Limited	Managing Director
			IMEX Shipping Bangladesh Limited	Managing Director
			Meghna PVC Limited	Managing Director
			MPP Power Plant Limited	Managing Director
			Unique Hatchery and Feeds Limited	Managing Director
Sonargaon Flour and Dal Mills Limited	Managing Director			
Meghna Beverage Limited	Managing Director			
8	Ms. Tanjima Binthe Mostafa Representing Everest Power Generation Company Limited	Director	United Feeds Limited	Director
			United Mineral Water & Pet Industries Limited	Director
			United Sugar Mills Limited	Director
			Unique Cement Industries Limited	Director
			Unique Power Plant Limited	Director
			Unique Hatchery & Feeds Limited	Director
			Tanveer Oils Limited	Director
			Tanveer Food Limited	Director
			Tanveer Polymer Industries Limited	Director
			Tanveer Steel Mills Limited	Director
			Tanveer Paper Mills Limited	Director
			Everest CNG Refueling & Conversion Limited	Director
			Everest Power Generation Co. Limited	Director
			G.Shipping Lines Limited	Director
			Janata Flour & Dal Mills Limited	Director
			Meghna Shipbuilders & Dockyard Limited	Director
			Global Ad Star Bag Industries Limited	Director
			Surma Mustard Oil Mills Limited	Director
			Tasnim Chemical Complex Limited	Director
			Sonargaon Salt Industries Limited	Director
Tasnim Condensed Milk Limited	Director			
Dhaka Securities Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
			Meghna Seeds Crushing Mills Limited	Director
			Tanveer Printing & Packaging Industries Limited	Director
			Meghna Edible Oils Refinery Limited	Director
			Meghna Pulp & Paper Mills Limited	Director
			A Class Builders Limited	Director
			USB International Lines Limited	Director
			Meghna Tea Company Limited	Director
			Titanic Shipping Lines Limited	Director
			Talelink Bangladesh Limited	Director
			IMEX Shipping Bangladesh Limited	Director
			Meghna PVC Limited	Director
			MPP Power Plant Limited	Director
			Unique Hatchery and Feeds Limited	Director
			Sonargaon Flour and Dal Mills Limited	Director
			Meghna Beverage Limited	Director
9	Mr. Humayun Kabir	Director	Bengal Media Corporation Limited	Managing Director
			Euphoria Apparels Limited	Managing Director
			Romania Food & Beverage Limited	Managing Director
			Linnex Electronics Bangladesh Limited	Managing Director
			Bengal Windsor Thermoplastics Limited	Managing Director
			Bengal Plastics Limited	Director
			Bengal Polymer Wares Limited	Director
			Bengal Plastic Pipes Limited	Director
			Bengal Poly and PaperSack Limited	Director
			Bengal Flexipack Limited	Director
			Bengal Adhesive & Chemical Products Limited	Director
			Bengal Overseas Corporation Limited	Director
			Bengal Concept & Holdings Limited	Director
			Bengal Feed and Fisheries Limited	Director
			Bengal Corrugated Carton industries Limited	Director
			Bengal Renewable Engery Limited	Director
Power Utility BD Limited	Director			
Hemilton Metal Corporation Limited	Director			
10	Mrs. Shahana Yasmin	Director	Farzan Fising	Proprietor
11	Mrs. Sultana Jahan	Director	Labib Group	Vice- Chairman
			X- Telecom (Pvt) Limited	Managing Director
			Matrix Sweaters Limited	Director
			Starlight Sweaters Limited	Director
			Raidha Collections Limited	Director
			Starlight Knitters Limited	Director
			Labib Fashions Limited	Director
			Excel Sweaters Limited	Director
			Sweater Cottage Limited	Director
			Juthi Packaging Industries Limited	Director
			Labib Dyeing Mills Limited	Director
			Nice Cotton Limited	Director
			Excel Telecom (Pvt) Limited	Director
			R & R Agro Complex Limited	Director
Labib Poultry & Fisheries Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
12	Mr. A Mannan Khan Representing Mango Teleservices Limited	Director	Mango Teleservices Limited	Chairman
			Mango Electronics Limited	Chairman
			CSL Distribution Limited	Chairman
			Mango Holdings Limited	Managing Director
			Playpen School	Managing Partner
13	Mrs. Ferdousi Islam Representing Azbal International Limited	Director	China Bangla Ceramic Industries Limited	Chairman
			Bajnabo Textile Mills Limited	Chairman
			China Bangla Engineering & Technology Services Ltd.	Chairman
			Azbal International Limited	Chairman
			Trustee Securities Limited	Managing Director
			Northern General Insurance Co. Limited	Director
			Total Merchandising & Trims Limited	Director
			United Shipping Lines Limited	Director
			Bengal Tiger Cement Industries Limited	Director
			Dhaka Foshan Mould Co. Limited	Director
			Preema Enterprise Limited	Director
			Sommit Enterprise Limited	Director
Global International Limited	Director			
14	Mr. Manwar Hossain Representing Anwar Jute Spinning Mills Limited	Director	Anwar Group of Industries	Group Managing Director
			Anwar Landmark Limited	Vice Chairman
			Anwar Ispat Limited	Managing Director
			Anwar Integrated Steel Plant Limited	Managing Director
			Anwar Galvanizing Limited	Managing Director
			Anwar Cement Limited	Managing Director
			Anwar Cement Sheet Limited	Managing Director
			A-One Polymer Limited	Managing Director
			BD Finance & Investment Company Limited	Chairman
			BD Finance Securities Limited	Chairman
			BD Finance Capital Holdings Limited	Chairman
			Commerce Bank Securities and Investment Limited	Director
			Anwar Silk Mills Limited	Director
			Mehmud Industries (Pvt) Limited	Director
			Hossain Dyeing and Printing Mills Limited	Director
			Anwar Jute Spinning Mills Limited	Director
			AG Automobiles Limited	Director
City General Insurance Company Limited	Director			
15	Mr. Rezin Ahmmad Talukder Representing D & S Pretty Fashions Limited	Director	D & S Pretty Fashion Limited	Managing Director
			Pan Pacific Sweaters Limited	Managing Director
			Kaveri Sweaters Limited	Managing Director
			Preety Sweaters Limited	Managing Director
			Pretty Engineering Limited	Managing Director
			Pretty Food and Beverage Limited	Managing Director
			Pretty Real Estate Limited	Managing Director
			Pretty Woolware Limited	Managing Director
			Pretty Auto Bricks Limited	Managing Director
			Oxford Shoes Limited	Managing Director
			Oxford Colours Limited	Managing Director
			Pretty Washing Limited	Managing Director
			Pretty Eco Apparels Village Limited	Managing Director
Pretty Sweaters doo (Serbia)	Managing Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
16	Mr. Yousuf Ali Representing Meghna Flour & Dal Mills Limited	Director	Meghna Flour & Dal Mills Limited	Managing Director
			Agro Crop International	Owner
17	Mr. Md. Mahbubur Rahman Representing Mona Financial Consultancy & Securities Limited	Director	Mona Financial Consultancy & Securities Limited	Company Secretary
18	Mr. Md. Didarul Alam	Director	M.S.A. Services Limited	Chairman
			Golden Oxygen Limited	Managing Director
			T. R.Ship Breakers Limited	Managing Director
			T. R.Fishing Limited	Managing Director
			Taher & Company Limited	Managing Director
			Al Haj Mostafa Hakim Cement Industries Limited	Managing Director
			Al Haj Mostafa Hakim Housing Real Estate Limited	Managing Director
			Kumira Ship Breakers Limited	Managing Director
			Taseen Steels Limited	Managing Director
			Kadam Rasul Steel Ship Breaking Limited	Managing Director
			A Razzak Dobush & Sons Limited	Managing Director
			S.B Corporation	Managing Partner
			Golden Bricks Works Limited	Director
			M/s. Didarul Alam & Brothers	Proprietor
Silk Line Travels	Proprietor			
Amena Fishing	Proprietor			
19	Mr. Md. Shafiul Azam	Managing Director & CEO	-	-

Highlights on the overall activities

As at and for the year ended 31 December 2016

SI No.	Particulars		2016	2015
1	Paid-up capital	Taka	4,520,000,000	4,520,000,000
2	Total capital	Taka	5,663,858,562	5,544,818,199
3	Capital surplus	Taka	1,663,858,562	1,544,818,199
4	Total assets	Taka	32,424,511,226	23,765,501,499
5	Total deposits	Taka	23,303,738,156	16,903,423,096
6	Total loans and advances	Taka	17,138,604,604	9,983,038,186
7	Total contingent liabilities and commitments	Taka	7,251,214,463	2,728,397,055
8	Credit deposit ratio	%	73.54%	59.06%
9	Percentage of classified loans against total loans and advances	%	0.26%	-
10	Profit after tax and provision	Taka	462,192,603	764,935,735
11	Amount of classified loans	Taka	45,119,313	-
12	Provisions kept against classified loans	Taka	6,220,000	-
13	Provision surplus/(deficit) against classified loans	Taka	-	-
14	Cost of fund	%	8.17%	8.48%
15	Interest earning assets	Taka	29,373,016,752	21,708,096,252
16	Non-interest earning assets	Taka	3,051,494,475	2,057,405,246
17	Return on investment (ROI)	%	2.34%	3.88%
18	Return on assets (ROA) [PAT/ Average assets]	%	1.65%	3.81%
19	Income from investment	Taka	554,573,684	1,163,258,029
20	Capital adequacy	%	19.42%	35.26%
21	Stock dividend		-	-
22	Earnings per share	Taka	1.02	1.69
23	Net income per share	Taka	1.02	1.69
24	Price earning ratio	Times	-	-

Off-shore Banking Unit

Balance Sheet

As at 31 December 2016

Annexure-D

Particulars	Notes	31-Dec-2016		31-Dec-2015	
		USD	Taka	USD	Taka
PROPERTY AND ASSETS					
Cash		-	-	-	-
Cash in hand (including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its Agents Bank (including foreign currency)		-	-	-	-
Balance with other Banks and financial institutions	1	100,759	8,005,279	122,004	9,626,113
In Bangladesh		-	-	-	-
Outside Bangladesh		100,759	8,005,279	122,004	9,626,113
Money at call on short notice		-	-	-	-
Investments		-	-	-	-
Government securities		-	-	-	-
Other investments		-	-	-	-
Outside Bangladesh		-	-	-	-
Loans and advances	2	11,638,162	924,651,995	195,012	15,386,483
Loans, cash credits, overdrafts, etc.		-	-	-	-
Bills purchased and discounted	3	11,638,162	924,651,995	195,012	15,386,483
Fixed assets including premises, furniture and fixtures	4	5,235	416,328	-	-
Other assets	5	2,825	224,273	-	-
Non Banking Assets		-	-	-	-
Total assets		11,746,981	933,297,875	317,016	25,012,596
LIABILITIES AND CAPITAL					
Liabilities					
Borrowing from other banks, financial Institutions and agents	6	11,476,640	911,819,034	316,455	24,968,300
In Bangladesh		11,476,640	911,819,034	316,455	24,968,300
Outside Bangladesh		-	-	-	-
Deposit and other accounts	7	42,370	3,366,263	-	-
Current deposits and other accounts		42,370	3,366,263	-	-
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
Other liabilities	8	82,906	6,586,905	-	-
Total liabilities		11,601,916	921,772,202	316,455	24,968,300
Capital / Shareholders' equity					
Paid up capita		-	-	-	-
Statutory reserve		-	-	-	-
Other reserve		-	-	-	-
Foreign currency translation gain		-	138,490	-	231
Surplus in Profit and Loss Account	9	145,065	11,387,183	561	44,066
Total shareholders' equity		145,065	11,525,672	561	44,297
Total liabilities and shareholders' equity		11,746,981	933,297,875	317,016	25,012,596

Off-shore Banking Unit
Balance Sheet
As at 31 December 2016

Particulars	Notes	31-Dec-2016		31-Dec-2015	
		USD	Taka	USD	Taka
OFF BALANCE SHEET ITEMS					
Contingent liabilities	10				
Acceptances and endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credi		-	-	-	-
Bills for collection		-	-	-	-
		-	-	-	-
Other Commitments:					
Documents credit 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"		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-

Off-shore Banking Unit
Profit and Loss Account
For the year ended 31 December 2016

Particulars	Notes	31-Dec-2016		31-Dec-2015	
		USD	Taka	USD	Taka
Interest income	11	276,477	21,701,577	561	44,066
Less: Interest paid on deposits, borrowings, etc.	12	137,779	10,815,556		
Net Interest income		138,698	10,886,022	561	44,066
Income from investment		-	-	-	-
Commission, exchange and brokerage	13	17,971	1,411,145	-	-
Other operating income	14	20	1,575	-	-
Total operating income		156,689	12,298,742	561	44,066
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, lighting and travelling	15	9,262	726,402	-	-
Legal expenses		-	-	-	-
Postage, stamp, telegram and telephone	16	5	414	-	-
Auditors' fee		-	-	-	-
Stationery, printing and advertisement	17	60	4,708	-	-
Charges on loan loss		-	-	-	-
Managing Director's salary		-	-	-	-
Directors' meeting fee		-	-	-	-
Repair, maintenance and depreciation of assets	18	414	32,462	-	-
Other expenses	19	2,444	191,638	-	-
Total operating expenses		12,185	955,625	-	-
Profit before provision		144,504	11,343,117	561	44,066
Provision for loans & advance, other assets & off BS items		-	-	-	-
Profit before taxation		144,504	11,343,117	561	44,066

Off-shore Banking Unit
Cash Flow Statement
For the year ended 31 December 2016

Particulars	Notes	31-Dec-2016		31-Dec-2015	
		USD	Taka	USD	Taka
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received in cash		276,477	21,701,808	561	44,297
Interest payments		(137,779)	(10,815,556)		
Dividend received		-	-	-	-
Fees and commission received in cash		17,971	1,411,145	-	-
Recovery of loans and advances in cash previously written-off		-	-	-	-
Cash paid to employees		-	-	-	-
Income tax paid		-	-	-	-
Cash received from other operating activities		20	1,575		
Cash paid for other operating activities		(11,771)	(923,625)		
Cash flows before charges in operating assets and liabilities		144,917	11,375,348	561	44,297
Increase / Decrease in operating assets and liabilities					
Loans and advances to customers		(11,443,150)	(909,265,512)	(195,012)	(15,386,483)
Other assets		(2,825)	(224,273)		
Borrowing from Banks		11,160,185	886,850,735	316,455	24,968,300
Deposits from other Banks					
Deposit from customers		42,370	3,366,263	-	-
Other Liabilities		82,906	6,586,905	-	-
		(160,514)	(12,685,882)	121,443	9,581,816
Net cash from operating activities		(15,597)	(1,310,534)	122,004	9,626,113
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of securities		-	-	-	-
Cash payments for purchase of securities		-	-	-	-
Purchase/ Sale of property, Plant & equipment of fixed assets		(5,649)	(448,790)	-	-
Sales of fixed assets		-	-	-	-
Net cash from investing activities		(5,649)	(448,790)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Received from issue of loan, capital and debts security		-	-	-	-
Net Cash from Financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalent		(21,245)	(1,759,324)	122,004	9,626,113
Effects of exchange rate changes on cash and cash equivalents			138,490		
Opening cash and cash equivalent		122,004	9,626,113	-	-
Closing cash and cash equivalent		100,759	8,005,279	122,004	9,626,113

	31-Dec-2016		31-Dec-2015	
	USD	Taka	USD	Taka
1 Balance with other Banks and Financial Institutions				
In Bangladesh (Note -3.01)	-	-	-	-
Outside Bangladesh (Note -3.02)	100,759	8,005,279	122,004	9,626,113
	100,759	8,005,279	122,004	9,626,113
1.01 In Bangladesh	-	-	-	-
	-	-	-	-
1.02 Outside Bangladesh				
Current Account	100,759	8,005,279	122,004	9,626,113
	100,759	8,005,279	122,004	9,626,113
2 Loans and advances				
i) Loans, cash credits, overdrafts, etc				
Term Loan				
Lease Finance				
T.R. Loan				
	-	-	-	-
ii) Bills purchased and discounted (note-5)				
Inside Bangladesh				
Inland bills purchased and discounted	11,638,162	924,651,995	195,012	15,386,483
Outside Bangladesh				
Foreign bills purchased and discounted				
	11,638,162	924,651,995	195,012	15,386,483
	11,638,162	924,651,995	195,012	15,386,483
2.01 Geographical location-wise Loans and Advances				
Dhaka	11,638,162	924,651,995	195,012	15,386,483
Chittagong Division	-	-	-	-
Sylhet	-	-	-	-
Rajshahi Division	-	-	-	-
Khulna	-	-	-	-
Barisal	-	-	-	-
	11,638,162	924,651,995	195,012	15,386,483
2.02 Classification of Loans and Advances				
Unclassified :				
(i) Standard	11,638,162	924,651,995	195,012	15,386,483
(ii) Special mention account	-	-	-	-
Classified :				
(i) Substandard	-	-	-	-
(ii) Doubtful	-	-	-	-
(iii) Bad / Loss	-	-	-	-
	11,638,162	924,651,995	195,012	15,386,483



	31-Dec-2016		31-Dec-2015	
	USD	Taka	USD	Taka
3 Bills purchased and discounted				
In Bangladesh	11,638,162	924,651,995	195,012	15,386,483
Outside Bangladesh	-	-	-	-
	11,638,162	924,651,995	195,012	15,386,483
4 Fixed assets including premises, furniture and fixtures				
Cost				
Furniture and fixtures	4,196	333,410	-	-
Electrical Equipments	1,452	115,380	-	-
	5,649	448,790	-	-
Less: Accumulated depreciation				
Furniture and fixture	244	19,184	-	-
Electrical Equipments	169	13,278	-	-
	414	32,462	-	-
	5,235	416,328	-	-
5 Other assets				
Advance deposits and advance rent	1,125	89,374	-	-
Other prepaid expense	1,700	134,899	-	-
Interest receivable on Bills discount	-	-	-	-
	2,825	224,273	-	-
6 Borrowing from other banks, financial Institutions and its agents				
In Bangladesh:				
Modhumoti Bank Limited	3,414,640	271,293,134	316,455	24,968,300
Eastern Bank Limited	2,432,000	193,222,400	-	-
Bank Asia Limited	1,000,000	79,450,000	-	-
Jamuna Bank Limited	1,000,000	79,450,000	-	-
DBBL	1,500,000	119,175,000	-	-
The City Bank Limited	1,960,000	155,722,000	-	-
Value Port Ltd	170,000	13,506,500	-	-
Bangladesh Bank	-	-	-	-
	11,476,640	911,819,034	316,455	24,968,300
Outside Bangladesh	-	-	-	-
	11,476,640	911,819,034	316,455	24,968,300
7 Deposit and other accounts				
Current deposits and other accounts	42,370	3,366,263	-	-
Modhumoti Bank Limited	-	-	-	-
Bangladesh Bank	-	-	-	-
	42,370	3,366,263	-	-
8 Other liabilities				
Interest payable on borrowings	82,906	6,586,905	-	-
Due to Head Office	-	-	-	-
	82,906	6,586,905	-	-
9 Surplus in Profit and Loss Account				
Opening balance	561	44,066	-	-
Less: Adjustment/ payment for the year	-	-	-	-
Add: Addition during the year	144,504	11,343,117	561	44,066
	145,065	11,387,183	561	44,066

	31-Dec-2016		31-Dec-2015	
	USD	Taka	USD	Taka
10 Contingent liabilities				
10.01 Acceptance & endorsement				
Back to Back bills	-	-	-	-
Less: Margin	-	-	-	-
10.02 Letters of credits				
Letters of credits	-	-	-	-
Back to Back letter of credit	-	-	-	-
Less: Margin	-	-	-	-
10.03 Letter of guarantee				
Letters of guarantee (Local)	-	-	-	-
Letters of guarantee (Foreign)	-	-	-	-
Foreign counter guarantees	-	-	-	-
Less: Margin	-	-	-	-
10.04 Bills for collection				
Outward local bills for collection	-	-	-	-
Inward foreign bills for collection	-	-	-	-
Less: Margin	-	-	-	-
11 Interest income				
Term Loan				
LTR loan				
Bills discount	275,875	21,654,351	561	44,066
Others	-	-	-	-
Interest on loans and advances	275,875	21,654,351	561	44,066
Interest on balance with other banks and financial institutions	602	47,227	-	-
Interest received from foreign banks	-	-	-	-
	602	47,227	-	-
Total Interest income	276,477	21,701,577	561	44,066
12 Interest paid on deposits, borrowings, etc.				
Interest paid on deposits, borrowings, etc.	137,779	10,815,556		
Interest paid on Bangladesh Bank				
	137,779	10,815,556	-	-
13 Commission, exchange and brokerage				
Commission, exchange and brokerage	17,971	1,411,145	-	-
	17,971	1,411,145	-	-
14 Other operating income				
Postage / SWIFT/ fax recoveries from Others Business	20	1,575		
	20	1,575	-	-



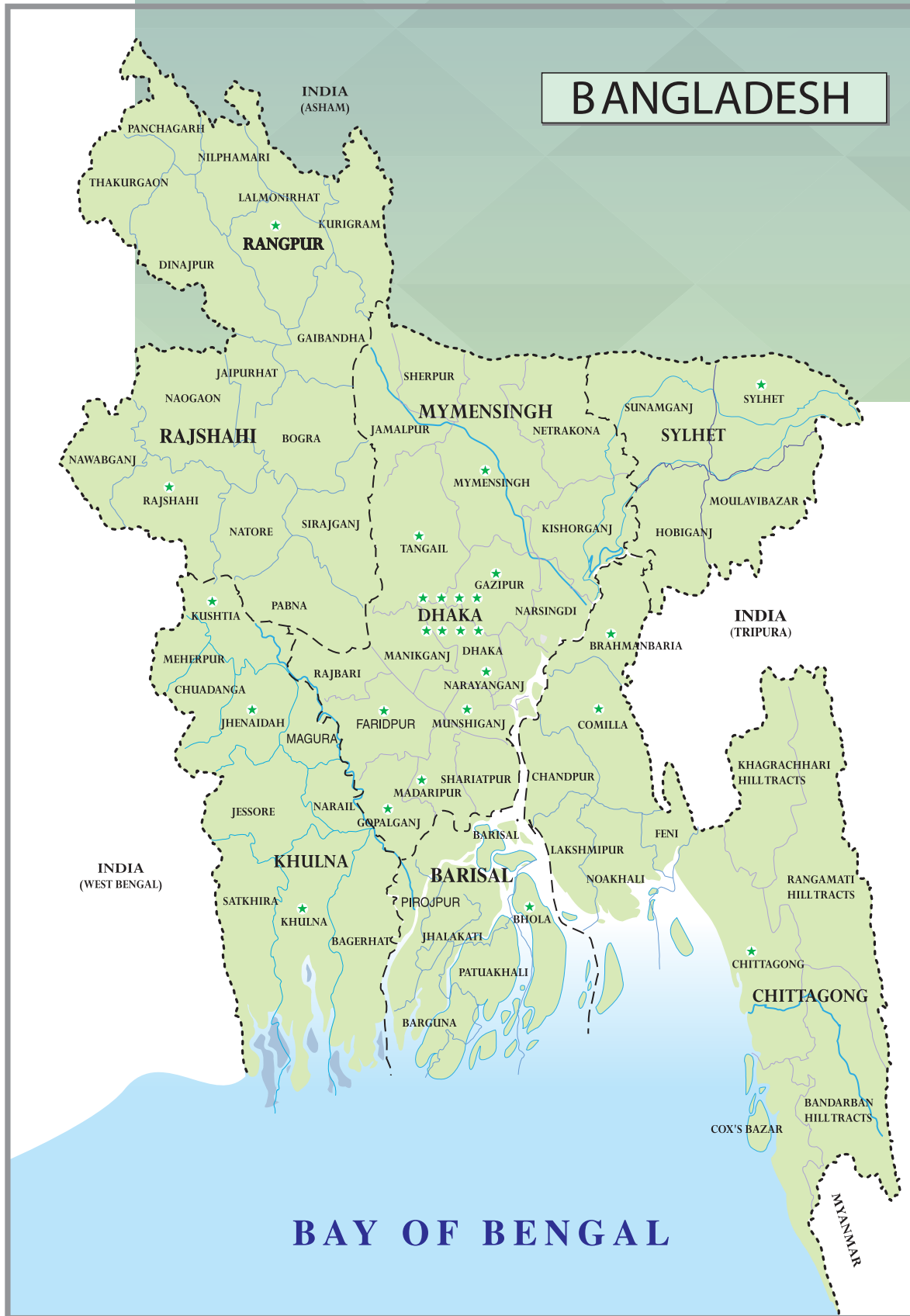
	31-Dec-2016		31-Dec-2015	
	USD	Taka	USD	Taka
15 Rent, taxes, insurance, electricity etc.				
Rent, rates and taxes	8,227	645,175	-	-
Insurance	28	2,172	-	-
Electricity and lighting	1,008	79,055	-	-
	9,262	726,402	-	-
16 Postage, stamp, telecommunication etc.				
Postage				
Telephone	5	414	-	-
	5	414	-	-
17 Stationery, printing, advertisements etc.				
Petty stationery	17	1,349	-	-
Publicity and advertisement	43	3,359	-	-
	60	4,708	-	-
18 Depreciation and repairs of Bank's assets				
Depreciation :				
Furniture and fixtures	244	19,184	-	-
Electrical appliance	169	13,278	-	-
	414	32,462	-	-
19 Other expenses				
Security and cleaning				
Entertainment	102	8,034	-	-
Travelling expenses	17	1,311	-	-
Conveyance	44	3,479	-	-
Other expense	2,280	178,815	-	-
	2,444	191,638	-	-

THE NETWORK & MANAGERS

‘ Though we are comparatively a new player in the financial market of the country, we are a strong believer in financial inclusion and are committed to deliver best customized financial services to the business community of the country. Our commitment for expansion of branch network in different regions, urban and rural, shall continue along with opening agent points in rural areas with modern technology to facilitate banking services to less privileged people. ’

ANNUAL REPORT
2016

Branch Location



The Branch Network & Managers

Barisal Division			01 Branch
District: Bhola			
Branch Name/ Date of opening	Manager Details	Address	Phone
Charfassion 25 October 2015	Mr. Md. Mahasin Sarder First Assistant Vice President Cell: 01770526555	Zilla Parisad Market Jinnagar, Charfassion, Bhola	(0492) 374067 (0492) 374007
Chittagong Division			03 Branches
District: Brahmanbaria			
Branch Name/ Date of opening	Manager Details	Address	Phone
Ashuganj 13 April 2017	Mr. Shihab Jahangir First Assistant Vice President Cell: 01714005649	Hazi Fazlul Haq Mansion Kachari Road, Ashuganj Sadar, Brahmanbaria	--
District: Chittagong			
Branch Name/ Date of opening	Manager Details	Address	Phone
Agrabad 27 November 2014	Mr. Mohammad Abu Toyab First Vice President Cell: 01823925323	Dar-E-Shahidi 69 Agrabad C/A Chittagong	(031) 2520449 (031) 2520450
District: Comilla			
Branch Name/ Date of opening	Manager Details	Address	Phone
Konkapoit 3rd August 2017	Mr. Md. Jamal Hossain Senior Executive Officer Cell: 01714320018	Konkapoit Bazar, Chouddagram, Comilla	--
Dhaka Division			16 Branches
District: Dhaka			
Branch Name/ Date of opening	Manager Details	Address	Phone
Aganagar 14 May 2015	Mr. Mohammad Najib Ullah Assistant Vice President Cell: 01713329470	Alam Tower East Aganagar, Keraniganj Dhaka	(02) 7761888 (02) 7762111
Ashulia 23 January 2014	Mr. Mohammad Mizanur Rahman Assistant Vice President Cell: 01716444180	Altab Plaza Jamgora, Ashulia, Savar Dhaka	--
Banglamotor 28 November 2016	Mr. Muhammad Amir Hossain Sarker Vice President Cell: 01715162664	Rupayan Trade Center 114, Kazi Nazrul Islam Avenue, Banglamotor, Dhaka	--
Gulshan 30 January 2014	Mr. Mohammad Haider Ali Sikder First Vice President Cell: 01711361803	Bengal House 75, Gulshan Avenue Gulshan, Dhaka	(02) 9860392 (02) 9860332 (02) 9860011 (02) 9860310
Mitford 02 October 2014	Mr. Md. Touhidur Rahman Assistant Vice President Cell: 01611449915	57-58 Mitford Road Dhaka	(02) 7343678 (02) 7343035

Motijheel 19 September 2013	Mr. Mohd. Asaduzzaman Vice President Cell: 01732660456	DCCI Building Ground floor 65-66, Motijheel C/A Dhaka-1000	(02) 9586686 (02) 9586687 (02) 9583806
Sheikh Kamal Sarani 01 September 2016	Mr. A H M Masud Murshed Vice President Cell: 01713229871	24/C, Sheikh Kamal Sarani Road 27 (old), 16 (new) Dhanmondi R/A, Dhaka	(02) 9119405 (02) 9119406
Uttara 18 December 2014	Mr. Atiqul Islam Akhand Vice President Cell: 01713329380	Singapore Plaza (1st Floor) House-17, Road-02(Section-03, Uttara Model Town, Dhaka	(02) 7914690 (02) 7914672 (02) 7914696

District: Faridpur

Branch Name/ Date of opening	Manager Details	Address	Phone
Kanaipur 16 March 2014	Mr. Md. Asfakur Rahaman Assistant Vice President Cell: 01914948576	Co-Operative Market Kanaipur Bazar, Kanaipur Faridpur	--

District: Gazipur

Branch Name/ Date of opening	Manager Details	Address	Phone
Mawna 31 October, 2016	Mr. Mohammad Sanowar Hossain Assistant Vice President Cell: 01712677460	Haji A. Salam Super Market (1st floor), Mawna Bazar, Sreepur, Gazipur	--

District: Gopalganj

Branch Name/ Date of opening	Manager Details	Address	Phone
Sheikh Fazilatunnesa Mujib Eye Hospital 05 June 2016	Sheik Kamal Hossain Principal Officer Cell: 01776336753	Rental Hostel (1st Floor) Sheikh Fazilatunnesa Mujib Eye Hospital Ghonapara, Gopalganj	--

District: Madaripur

Branch Name/ Date of opening	Manager Details	Address	Phone
Shibchar 29 November 2015	Mr. Abdul Wadud Principal Officer Cell: 01948604206	Ilias Ahmed Chowdhury Pouro Super Market (1st Floor), Shibchar Madaripur	--

District: Mushiganj

Branch Name/ Date of opening	Manager Details	Address	Phone
Shekher Nagar 24 March 2016	Mr. Mohammad Almas Ali Principal Officer Cell: 01675289818	Shekhar Nagar Baitul Mamur Jame Masjid Market (1st Floor), Shekharnagar, Sirajdikhan, Munshiganj	--

District: Narayanganj			
Branch Name/ Date of opening	Manager Details	Address	Phone
Kanchan 16 April 2015	Mr. Kazi Asif Mahbub Assistant Vice President Cell: 01977818707	Chan Plaza Kanchan Bazar Kanchan Pourosova,Rupgonj, Narayanganj	--

District: Tangail			
Branch Name/ Date of opening	Manager Details	Address	Phone
Shakhipur 13 November 2014	Mr. Muhammad Rofiqul Islam Assistant Vice President Cell: 01995258296	SMG Shopping Complex Dhaka Main Road Shakhipur, Tangail	--

Khulna Division			03 Branches
District: Jhenaidah			
Branch Name/ Date of opening	Manager Details	Address	Phone
Jinnahnagar 27 March 2014	Mr. S.M. Shahinoor Islam Principal Officer Cell: 01712979629	Jinnahnagar Bazar Durgapur, Maheshpur Jhenaidah	--

District: Khulna			
Branch Name/ Date of opening	Manager Details	Address	Phone
Khulna 31 March 2016	Mr. Md. Kayum Zaman First Vice President Cell: 01719632906	Islam Trade Centre 18 KDA Avenue, Khulna	--

District: Kushtia			
Branch Name/ Date of opening	Manager Details	Address	Phone
Bheramara 2nd February 2017	Mr. Md. Azizul Islam First Assistant Vice President Cell: 01715016891	Professor Para, Godown More, Bheramara, Kushtia	--

Mymensingh Division			01 Branch
District: Mymensingh			
Branch Name/ Date of opening	Manager Details	Address	Phone
Shambhugonj 10 October, 2016	Mr. Syed Yasir Hussain Assistant Vice President Cell: 01711362203	Saha Market (1st floor), Shambhugonj Bazar Mymensingh	--

Rajshahi Division			01 Branch
District: Rajshahi			
Branch Name/ Date of opening	Manager Details	Address	Phone
Rajshahi 20 October 2015	Mr. Md. Abdus Selim Assistant Vice President Cell: 01711107984	Chamber's Building (1st Floor), Station Road Ghoramara, Boalia, Rajshahi	(0721) 770428 (0721) 770429

Rangpur Division			01 Branch
District: Rangpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
Pirgonj 11 February 2016	Mr. Md. Abul Kalam Azad First Assistant Vice President Cell: 01716337301	Zaman Plaza, Thana Road, Pirgonj, Rangpur	(05227) 56208

Sylhet Division			01 Branch
District: Sylhet			
Branch Name/ Date of opening	Manager Details	Address	Phone
Amberkhana 17 November 2013	Mr. Dipon Chandra Roy First Assistant Vice President Cell: 01716690409	Amin Complex Waves, 80-A/1, Amberkhana, Sylhet	(0821) 715424

All the Branches of the Bank has been established with Online ATM facility in addition to enjoying facility through sharing Q-Cash branded largest Shared ATM/POS network and also NPSB network. In the meantime, the Bank has established 26 ATMs, i.e., 24 On-site and 2 Off-site ATMs in a Booth.

Division and District - wise Agent Details of Modhumoti Digital Banking

Dhaka Division			37 Agent Points
District: Dhaka			
Upazila: Nawabganj		Monitoring Branch: Shekher Nagar	04 Agent Points
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Churain Union Digital Centre 30-08-16	Md. Monjurul Islam +8801624940264	Churain Union Parishad, Nawabganj, Dhaka	monjo69@gmail.com
Barha Union Digital Centre 30-08-16	Md. Sohel Rana +8801918539221	Barha Union Parishad, Nawabganj, Dhaka	sohel9221@gmail.com
Agla Union Digital Centre 23-11-16	Sazzadur Rashid +8801821179444	Agla Union Parishad, Nawabganj Upazila, Dhaka	sazzadur.rashid@gmail.com
Galimpur Union Digital Centre 23-11-16	Kona Akter +8801912373222	Galimpur Union Parishad, Nawabganj Upazila, Dhaka	kona.akter0199@gmail.com
District: Faridpur			
Upazila: Faridpur Sadar		Monitoring Branch: Kanaipur	02 Agent Points
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Kaijuri Union Digital Centre 15-11-16	Md. Romjan Khan +8801713575727	Kaijuri Union Parishad, Sadar Upazila, Faridpur	romjakhan.ku@gmail.com
Krishnanagar Union Digital Centre 15-11-16	Md. Omar Faruque +8801717556772	Krishnanagar Union Parishad, Sadar Upazila, Faridpur	omarfaruque24@gmail.com
Upazila: Modhukhali		Monitoring Branch: Kanaipur	02 Agent Points
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Jahapur Union Digital Centre 15-11-16	Md Abu Jafar +8801711730154	Jahapur Union Parishad, Modhukhali Upazila, Faridpur	jafar7891@gmail.com
Raipur Union Digital Centre 15-11-16	Md. Rajon +8801711448062	Raipur Union Parishad, Modhukhali Upazila, Faridpur	uiscrajon@yahoo.com
District: Gopalganj			
Upazila: Gopalganj Sadar		Monitoring Branch: SFMEH	05 Agent Points
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Ulpur Union Digital Centre 30-10-16	Rasel Chowdhury +8801721745843	Ulpur Union Parishad, Gopalganj Sadar, Gopalganj	crasel176@yahoo.com
Majhigati Union Digital Centre 30-10-16	Avissek Biswas +8801737759881	Majhigati Union Parishad, Gopalganj Sadar, Gopalganj	abisek2297@gmail.com
Kajulia Union Digital Centre 30-10-16	Mukul Sheikh +8801736420510	Kajulia Union Parishad, Gopalganj Sadar, Gopalganj	mukulsheikh02@gmail.com
Raghunathpur Union Digital Centre 30-10-16	Nigamamanda Bose +8801912838643	Raghunathpur Union Parishad, Gopalganj Sadar, Gopalganj	nigambose@gmail.com
Kati Union Digital Centre 30-10-16	Md. Shafiqul Alam +8801712440338	Kati Union Parishad, Gopalganj Sadar, Gopalganj	kati.udc@gmail.com

**Upazila: Tungipara****Monitoring Branch: SFMEH****02 Agent Points**

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Borni Union Digital Centre 30-10-16	Rinku Mia +8801677720749	Borni Union Parishad, Tungipara, Gopalganj	rinkuislam2020@gmail.com
Patgati Union Digital Centre 30-10-16	Maynul Islam Opu +8801711515003	Patgati Union Parishad, Tungipara, Gopalganj	maynul_opu@gmail.com

District: Madaripur**Upazila: Shibchar****Monitoring Branch: Shibchar****08 Agent Points**

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Dattapara Union Digital Centre 08-03-16	Kawsar Munsif +8801771111008	Dattapara Union Parishad, Shibchar, Madaripur	dattaparaunionparishad @gmail.com
Umedpur Union Digital Centre 08-03-16	Md. Rubayet Hussain +8801735183853	Umedpur Union Parishad, Shibchar, Madaripur	umedpurup@yahoo.com
Kutubpur Union Digital Centre 30-03-16	Md. Karim Molla alias Karim Mia +8801728613647	Kutubpur Union Parishad, Shibchar, Madaripur	kutubpurup@yahoo.com
Khathalbari Union Digital Centre 28-04-16	Md. Suruj Miah +8801717459761	Khathalbari Union Parishad, Shibchar, Madaripur	suruj.bwsdi@yahoo.com
Banshkandi Union Digital Centre 28-04-16	Sahana Parvin +8801621940577	Banshkandi Union Parishad, Shibchar, Madaripur	sahanaakter4@gmail.com
Madborerchor Union Digital Centre 30-06-16	Md. Shohidul Islam +8801990733233	Madborerchor Union Parishad, Shibchar, Madaripur	shakil.aahamed33 @gmail.com
Shiruail Union Digital Centre 30-06-16	Md. Ruhul Amin +8801725362001	Shiruail Union Parishad, Shibchar, Madaripur	shiruailup@gmail.com
Bhadrason Union Digital Centre 30-06-16	Biplob Chandra Pal +8801718518999	Bhadrason Union Parishad Shibchar, Madaripur	bhadrasonuis21@gmail.com

Remembrance: Opening of Digital Banking



The Bank inaugurated Agent Banking operations from Boheratoil and Kakrajan UDC, Shakhipur, Tangail in 2016.

District: Tangail

Upazila: Delduar

Monitoring Branch: Shakhipur

08 Agent Points

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Pathrail Union Digital Centre 27-04-17	Asim Kumar Ghosh +8801713562313	Pathrail Union Parishad, Delduar Upazila, Tangail	asim.ghosh48@yahoo.com
Atia Union Digital Centre 27-04-17	Palash Chandra Mondol +8801714830346	Atia Union Parishad, Delduar Upazila, Tangail	mpalash76@yahoo.com
Dewli Union Digital Centre 27-04-17	Aklima Akter +8801740016478	Dewli Union Parishad, Delduar Upazila, Tangail	dewli_uisc@yahoo.com
Dubail Union Digital Centre 27-04-17	Liton Kumer Paul +8801915428687	Dubail Union Parishad, Delduar Upazila, Tangail	litonpaul533@yao.com
Elasin Union Digital Centre 27-04-17	Shariful Islam +8801733031466	Elasin Union Parishad, Delduar Upazila, Tangail	sharifulislamamit@gmail.com
Fazilhati Union Digital Centre 27-04-17	Zesmin Akter Talukder +8801716240171	Fazilhati Union Parishad, Delduar Upazila, Tangail	uiscjui@yahoo.com
Lauhati Union Digital Centre 27-04-17	Md. Jahangir Alam +8801742634944	Lauhati Union Parishad, Delduar Upazila, Tangail	lauhati_up@yahoo.com
Delduar Union Digital Centre 27-04-17	Md. Jowel Miah +8801671978840	Delduar Union Parishad, Delduar Upazila, Tangail	jewel978840@gmail.com

Upazila: Shakhipur

Monitoring Branch: Shakhipur

06 Agent Points

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Boheratoil Union Digital Centre 04-02-16	Md. Saddam Hosen +8801748104633	Boheratoil Union Parishad, Shakhipur, Tangail	saddam332@gmail.com
Kakrajan Union Digital Centre 04-02-16	Habibur Rahman +8801718291840	Kakrajan Union Parishad, Shakhipur, Tangail	habib.kakrajan@gmail.com
Jadobpur Union Digital Centre 07-03-16	Md. Rubel Rana +8801725111025	Jadobpur Union Parishad, Shakhipur, Tangail	rubelrana1025@gmail.com
Hatibandha Union Digital Centre 26-07-16	Golam Mostafa +8801724834830	Hatibandha Union Parishad, Shakhipur, Tangail	hatibanda.up5@gmail.com
Gazaria Union Digital Centre 31-08-16	Md. Liton +8801737114566	Gazaria Union Parishad, Shakhipur, Tangail	gazariaup@gmail.com
Dariapur Union Digital Centre 31-08-16	Mohammad Masum +8801713537347	Dariapur Union Parishad, Shakhipur, Tangail	info@masum.us

**Khulna Division****23 Agent Points****District: Bagerhat****Upazila: Mollahat****Monitoring Branch: SFMEH****07 Agent Points**

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Kulia Union Digital Centre 31-10-16	Molla Rezaul Karim +8801920638914	Kulia Union Parishad, Mollahat, Bagerhat	khokonmolla96@yahoo.com
Gaola Union Digital Centre 31-10-16	Bodruzzaman +8801723445307	Gaola Union Parishad, Mollahat, Bagerhat	bzaman44@gmail.com
Kudalia Union Digital Centre 31-10-16	Shamim Khan +8801630181463	Kudalia Union Parishad, Mollahat, Bagerhat	powermack.computer @gmail.com
Atjuri Union Digital Centre 31-10-16	Md. Zillur Rahman +8801718849675	Atjuri Union Parishad, Mollahat, Bagerhat	zizimmurrahman@gmail.com
Udaypur Union Digital Centre 31-10-16	Kishor Kumar Sarkar +8801911579200	Udaypur Union Parishad, Mollahat, Bagerhat	kishorkumarsarkar11 @gmail.com
Chunkhola Union Digital Centre 31-10-16	Sheikh Wobayedur Rahman +8801912770775	Chunkhola Union Parishad, Mollahat, Bagerhat	wobayedur.rahman @gmail.com
Gangni Union Digital Centre 31-10-16	Shamirul Islam +8801712174197	Gangni Union Parishad, Mollahat, Bagerhat	shaikhshamirul@yahoo.com

District: Khulna**Upazila: Batiaghata****Monitoring Branch: Khulna****05 Agent Points**

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Jalma Union Digital Centre 16-11-16	Sheuli Bachar +8801912261158	Jalma Union Parishad, Batiaghata Upazila, Khulna	sheulibachar@gmail.com
Batiaghata Union Digital Centre 16-11-16	Prianka Biswas +8801916485204	Batiaghata Union Parishad, Batiaghata Upazila, Khulna	priankabiswas2012 @gmail.com
Gongarampur Union Digital Centre 16-11-16	Sumon Mondol +8801952686165	Gongarampur Union Parishad, Batiaghata Upazila, Khulna	sumonmondol87@gmail.com
Amirpur Union Digital Centre 16-11-16	Md. Mahidul Islam +8801717249489	Amirpur Union Parishad, Batiaghata Upazila, Khulna	mahidulislam31@yahoo.com
Bhanderkote Union Digital Centre 16-11-16	Md. Monirul Islam +8801925216241	Bhanderkote Union Parishad, Batiaghata Upazila, Khulna	monirul.b1982@gmail.com

**Upazila: Dumuria****Monitoring Branch: Khulna****06 Agent Points**

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Kharnia Union Digital Centre 15-03-17	S Jahabur Rahman +8801914652536	Kharnia Union Parishad, Dumuria Upazila, Khulna	jahaburrahman@gmail.com
Dumuria Union Digital Centre 15-03-17	Md. Abdul Kader Biswas +8801713991636	Dumuria Union Parishad, Dumuria Upazila, Khulna	kader.dumuria@gmail.com
Rangpur Union Digital Centre 15-03-17	Lithu Mondal +8801710147536	Rangpur Union Parishad, Dumuria Upazila, Khulna	lithumondol1992@gmail.com
Sharafpur Union Digital Centre 15-03-17	Bipradas Kundu +8801712394155	Sharafpur Union Parishad, Dumuria Upazila, Khulna	bipra6.sarafpur@gmail.com
Sahas Union Digital Centre 15-03-17	Prokash Chandra Biswas +8801713914988	Sahas Union Parishad, Dumuria Upazila, Khulna	prokash1972@gmail.com
Vandarpara Union Digital Centre 15-03-17	Lab Gain +8801713920597	Vandarpara Union Parishad, Dumuria Upazila, Khulna	labgain.bd87@gmail.com

Upazila: Rupsha**Monitoring Branch: Khulna****05 Agent Points**

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Noihati Union Digital Centre 17-11-16	Md. Al Mamun Sk. Shimul +8801711928591	Noihati Union Parishad, Rupsha Upazila, Khulna	mr.amssbd@gmail.com
Tilok Salpo Bahirdia Union Digital Centre 17-11-16	Prodip Halder +8801787464551	T.S Bahirdia Union Parishad, Rupsha Upazila, Khulna	prodipt30@gmail.com
Sreefaltala Union Digital Centre 17-11-16	Md. Easir Arafat +8801911295220	Sreefaltala Union Parishad, Rupsha Upazila, Khulna	arafat7@yahoo.com
Ghatbhogh Union Digital Centre 17-11-16	Prodip Kumar Sharkar +8801842953098	Ghatbhogh Union Parishad, Rupsha Upazila, Khulna	prodipt20@gmail.com
Aichgati Union Digital Centre 17-11-16	Md. Ahsan Ahmed +8801913436403	Aichgati Union Parishad, Rupsha Upazila, Khulna	ahsan.uisc@gmail.com

Mymensingh Division	17 Agent Points
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District: Mymensingh

Upazila: Mymensingh Sadar	Monitoring Branch: Shambhugonj	10 Agent Points
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Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Sirta Union Digital Centre 26-12-16	Md. Hasanul Islam +8801727808443	Sirta Union Parishad, Sadar Upazila, Mymensingh	hasanuisc@gmail.com
Poran Gonj Union Digital Centre 26-12-16	Delowar Hossain +8801735711106	Poran Gonj Union Parishad, Sadar Upazila, Mymensingh	arzuniloy@yahoo.com
Borar Char Union Digital Centre 26-12-16	Mohammad Shirazul Islam +8801740847194	Borar Char Union Parishad, Sadar Upazila, Mymensingh	sirajul.islam.uisc1@gmail.com
Char Nilaxmia Union Digital Centre 26-12-16	Abdul Jalil +8801553913032	Char Nilaxmia Union Parishad, Sadar Upazila, Mymensingh	fakirj362@gmail.com
Boira Union Digital Centre 27-12-16	A K M Rezaul Karim +8801710500787	Boira Union Parishad, Sadar Upazila, Mymensingh	rezaulkarim355@gmail.com
Dapunia Union Digital Centre 27-12-16	Md. Ruhul Amin +8801713515725	Dapunia Union Parishad, Sadar Upazila, Mymensingh	mdruhul717@gmail.com
Ghagra Union Digital Centre 27-12-16	Md. Kamruzzaman +8801719377530	Ghagra Union Parishad, Sadar Upazila, Mymensingh	sumon.mim@gmail.com
Khagdahar Union Digital Centre 27-12-16	Md. Monirul Hoque Masud +8801742717151	Khagdahar Union Parishad, Sadar Upazila, Mymensingh	masud69.uisc@gmail.com
Austadhar Union Digital Centre 27-12-16	Md. Nahid Hasan +8801925028639	Austadhar Union Parishad, Sadar Upazila, Mymensingh	nahidhasan1uisc@gmail.com
Char Iswardia Union Digital Centre 27-12-16	Kamrul Hasan +8801879360302	Char Iswardia Union Parishad, Sadar Upazila, Mymensingh	kamrul.uisc2@gmail.com

Upazila: Tarakanda	Monitoring Branch: Shambhugonj	07 Agent Points
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Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Biska Union Digital Centre 25-04-17	Md. Suzan Mia +8801724372819	Biska Union Parishad, Tarakanda Upazila, Mymensingh	suzan01912@gmail.com
Tarakanda Union Digital Centre 25-04-17	Manik Mia +8801838352427	Tarakanda Union Parishad, Tarakanda Upazila, Mymensingh	manik2427@gmail.com
Kamaria Union Digital Centre 25-04-17	Juwel Mia +8801831036355	Kamaria Union Parishad, Tarakanda Upazila, Mymensingh	juwelmia018310@gmail.com
Rampur Union Digital Centre 25-04-17	Md. Faruk Ahmed +8801722907835	Rampur Union Parishad, Tarakanda Upazila, Mymensingh	farukahmed.uisc@gmail.com
Banihala Union Digital Centre 25-04-17	Md. Mozammel Hoq +8801750722283	Banihala Union Parishad, Tarakanda Upazila, Mymensingh	banihalaiup@gmail.com
Galagaon Union Digital Centre 25-04-17	Md. Ruhul Amin +8801737199541	Galagaon Union Parishad, Tarakanda Upazila, Mymensingh	ruhulamin.uisc41@gmail.com
Kamargaon Union Digital Centre 25-04-17	Md. Kamal Hossain +8801718946088	Kamargaon Union Parishad, Tarakanda Upazila, Mymensingh	kamalhossain217@gmail.com



Rajshahi Division

9 Agent Points

District: Rajshahi

Upazila: Godagari

Monitoring Branch: Rajshahi

01 Agent Point

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Deopara Union Digital Centre 09-03-17	Md. Mahafujul Haque +8801713701435	Deopara Union Parishad, Godagari Upazila, Rajshahi	sumon07dup@yahoo.com

Upazila: Paba

Monitoring Branch: Rajshahi

08 Agent Points

Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Darsonpara Union Digital Centre 09-03-17	Md. Mostafizur Rahman +8801741624495	Darsonpara Union Parishad, Paba Upazila, Rajshahi	rana.uisc1u@gmail.com
Huzuripara Union Digital Centre 09-03-17	Md. Ziaul Haque +8801724450418	Huzuripara Union Parishad, Paba Upazila, Rajshahi	ziaul.uisc@gmail.com
Damkura Union Digital Centre 09-03-17	Md. Nur-A-Salam +8801550009129	Damkura Union Parishad, Paba Upazila, Rajshahi	uisc.damkura@gmail.com
Horipur Union Digital Centre 09-03-17	Shariful Islam +8801714228400	Horipur Union Parishad, Paba Upazila, Rajshahi	4no.horipurup.pabaraj@gmail.com
Horogram Union Digital Centre 09-03-17	Rakibul Islam +8801728357040	Horogram Union Parishad, Paba Upazila, Rajshahi	roniuisc5@gmail.com
Harian Union Digital Centre 09-03-17	Md. Shahabuddin +8801938700502	Harian Union Parishad, Paba Upazila, Rajshahi	harianunion@gmail.com
Parila Union Digital Centre 09-03-17	Md. Alomgir Hossain +8801733294275	Parila Union Parishad, Paba Upazila, Rajshahi	alomgirudc9@yahoo.com
Borogachi Union Digital Centre 09-03-17	Md. Razu Ahmed +8801745931874	Borogachi Union Parishad, Paba Upazila, Rajshahi	razuahmed11@yahoo.com

Rangpur Division	7 Agent Points
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District: Rangpur

Upazila: Pirganj	Monitoring Branch: Pirganj	07 Agent Points
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Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Kumedpur Union Digital Centre 27-09-16	Md. Monowar Hossain +8801784581767	Kumedpur Union Parishad, Pirganj, Rangpur	kumedpurup.rang@gmail.com
Bara Dargah Union Digital Centre 27-09-16	Md. Sanjidul Islam +8801745183488	Bara Dargah Union Parishad, Pirganj, Rangpur	borodargahup2010@gmail.com
Shanerhat Union Digital Centre 27-09-16	Md. Mofazzol Hossain +8801738560200	Shanerhat Union Parishad, Pirganj, Rangpur	kholahati2011@gmail.com
Ramnathpur Union Digital Centre 27-09-16	Md. Shariful Islam +8801751205152	Ramnathpur Union Parishad, Pirganj, Rangpur	shariful2021@gmail.com
Chatra Union Digital Centre 02-10-16	Md. Nur Habib Parvej +8801732166770	Chatra Union Parishad, Pirganj, Rangpur	chatraup.rang@gmail.com
Madankhali Union Digital Centre 02-10-16	Md. Rezaul Karim +8801737720921	Madankhali Union Parishad, Pirganj, Rangpur	rezaulkarim877@gmail.com
Bhendabari Union Digital Centre 02-10-16	Sumon Kumar Mahonto +8801719463275	Bhendabari Union Parishad, Pirganj, Rangpur	sreesumon9@gmail.com

Sylhet Division	7 Agent Points
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District: Sylhet

Upazila: South Surma	Monitoring Branch: Amberkhana	05 Agent Points
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Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Kamal Bazar Union Digital Centre 31-05-16	Md. Moin Uddin +8801712302356	Kamal Bazar Union Parishad, Dakshin Surma, Sylhet	moinuddinapu@gmail.com
Tetli Union Digital Centre 31-05-16	Sheikh Md. Emran Ahmed +8801833071302	Tetli Union Parishad, Dakshin Surma, Sylhet	mdemran.online@gmail.com
Jalalpur Union Digital Centre 31-05-16	Bimol Kanti Paul +8801723236261	Jalalpur Union Parishad, Dakshin Surma, Sylhet	bimolpaul23@gmail.com
Daudpur Union Digital Centre 28-06-16	Md. Mahbubur Rahman +8801717926271	Daudpur Union Parishad, Dakshin Surma, Sylhet	uisc.daudpur@gmail.com
Boroikandi Union Digital Centre 28-07-16	Biplob Malakar +8801738111456	Boroikandi Union Parishad, Dakshin Surma, Sylhet	biplob_456@yahoo.com

Upazila: Sylhet Sadar	Monitoring Branch: Amberkhana	02 Agent Points
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Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Tuker Bazar Union Digital Centre 28-07-16	Md. Juned Ahmed +8801734358158	Tuker Bazar Union Parishad, Sylhet Sadar, Sylhet	uisc_juned@yahoo.com
Kandi Gao Union Digital Centre 28-07-16	Md. Jahed Islam +8801743076726	Kandi Gao Union Parishad, Sylhet Sadar, Sylhet	jahedislam587@gmail.com

Foreign Correspondent Bank Network

Country	Bank Name
Australia	Mizuho Bank, Ltd. Sydney Branch
Bahrain	KEB Hana Bank Mashreq Bank National Bank of Pakistan
Belgium	Belfius Bank Sa/Nv
Bhutan	United Bank of India
China	Bank Of Wenzhou (Formerly Wenzhou City Commercial Bank) Axis Bank Limited Shanghai Branch China Everbright Bank Bank Of Communications Bank Of Ningbo Industrial Bank Co.Ltd. Industrial Bank Of Korea (China) Limited Jiangsu Jiangyan Rural Commercial Co. Ltd Jiangsu Jiangnan Rural Commercial Co. Ltd (Formerly Jiangsu Wujin Rural Bank) Jiangsu Jingjiang Rural Commercial Co. Ltd Yinzhou Bank
Egypt	Mashreq Bank
France	Union De Banques Arabes ET Francaises (U.B.A.F)
Germany	ICICI Bank UK Plc Mizuho Bank, Ltd. Duesseldorf Branch National Bank of Pakistan, Frankfurt
Hong Kong	AB International Finance Ltd (A Subsidiary Company of AB Bank Limited, Dhaka, Bangladesh) PBL Finance (Hong Kong) Limited EBL Finance (HK) Limited Axis Bank Limited Toronto Dominion Bank MashreqBankPsc., Hong Kong Branch The Bank of New York Mellon, Hong Kong Branch
Iceland	NBI HF
India	AB Bank Limited- Mumbai Branch Axis Bank Limited Sonali Bank Kolkata ICICI Bank Limited Mashreq Bank, India United Bank Of India Indusind Bank Limited
Indonesia	Bank Of China, Jakarta Branch
Italy	Unicredit S.P.A. BancaUbae Spa BancaPopolareDell'emilia Romagna
Japan	U.B.A.F Union De Banques Arabes ET Francaises, Tokyo Branch KEB Hana Bank National Bank Of Pakistan Mizuho Bank, Ltd.

Country	Bank Name
Korea	U.B.A.F Union De Banques Arabes ET Francaises
	Busan Bank
	Industrial Bank Of Korea
	KEB Hana Bank
	Kookmin Bank
Kuwait	Shinhan Bank
	Mashreq Bank
Latvia	AS 'privatbank'
Malaysia	Mizuho Bank (Malaysia) Berhad
Mynmar	United Bank of India
Netherland	Deutsche Bank A.G. Amsterdam
Pakistan	Nib Bank Limited
	MCB Bank Limited
Qatar	United Bank Limited, Doha
	Mashreq Bank, Qatar
Russia	Vozrozhdenie Bank Russian Federation
Saudi Arabia	Bank Al-Jazira
	National Bank Of Pakistan
Singapore	U.B.A.F Union De Banques Arabes ET Francaises
	Axis Bank Limited
	ICICI Bank Limited, Singapore Branch
	KEB Hana Bank, Singapore Branch
	Mizuho Bank, Ltd. Singapore Branch
Spain	Caixabank, S.A.
Sri Lanka	Axis Bank Limited
	Commercial Bank Of Ceylon Plc
	United Bank of India
	United Bank of India
Switzerland	Habib Bank Ag Zurich
	UBL (Switzerland) AG/ United Bank A.G., Zurich
	BSI S.A
Taiwan	Mizuho Bank, Ltd., Taipei Branch
	The Bank Of New York Mellon, Taipei Branch
Thailand	Mizuho Bank, Ltd., Bangkok Branch
	Bank Of Ayudhya Public Company Limited
Turkey	Denizbank A.S.
UAE	Axis Bank Limited, Dific Branch (Regulated By Dfsa)
	Habib Bank Ag Zurich
	ICICI Bank Limited, UAE Branch
	Mashreq Bank Psc.
	NOOR Bank P.J.S.C
	NOOR Bank P.J.S.C
UK	Habib-UK Plc
	ICICI Bank UK PLC
	KEB Hana Bank
	Mashreq Bank Psc, London Branch
	United National Bank
Ukraine	PJSC 'Bank Credit Dnepr'
USA	Mashreq Bank Psc., New York Branch
	National Bank of Pakistan, New York Branch

The Executives

Managing Director & CEO

Mr. Md. Shafiqul Azam

Deputy Managing Director

Mr. Kazi Ahsan Khalil

Senior Executive Vice President

Mr. Sheikh Talibur Rahman

Mr. Khondaker Rahimuzzaman

Executive Vice President

Mr. Md. Shaheen Howlader

Mr. Sufi Tofail Ahamed

Senior Vice President

Mr. Javed Khan

Mr. Moklesur Rahman

Ms. Fahmida Saeed Saki

Mr. Shaikh Mohammed Shoieb

Mr. Md. Shafiqur Rahman

Vice President

Mr. Md. Zainul Abedin

Mr. Arif Hasan Khan

Mr. A H M Masud Murshed

Mr. Shah Md. Humayun Kabir

Mr. Atiqul Islam Akhand

Mr. Mohd. Asaduzzaman

Mr. R. M. Sariful Islam

Mr. Muhammad Amir Hossain Sarker

Mr. Biswas Arifur Rahman

First Vice President

Mr. Md. Kayum Zaman

Mr. Md. Mahboobur Rahman

Mr. Azim Salam Khan

Mrs. Hasi Rani Bepari

Mr. Mohammad Haider Ali Sikder

Mr. Md. Sharif Uddin Ahammed-Al Mahmud

Mr. Mohammad Abu Toyab

Mrs. Asma Ul Husna

Mr. Md. Humayun Kabir Bhuiyan

Mr. Md. Moniruzzaman

Mr. Md. Gias Uddin

Mr. Mohammad Faruk Hossain

Assistant Vice President

Mr. Md. Abdus Selim

Mr. K. M. Murshed Kabir

Mr. Mohammad Najib Ullah

Mr. Mohammad Mahmud Hasan

Mr. S. M. Imran Alam

Mr. Muhammad Imran Alam

Mr. Kawsar Ahamad

Mr. Md. Monirul Islam

Mr. Kazi Asif Mahbub

Mr. Md. Mojammel Hoque

Mr. Ashutosh Talukder

Mr. Md. Touhidur Rahman

Mr. Md. Abdullah Al Mamun

Mr. Mohammad Kamrul Anam Khan

Mr. S. M. Ashikur Rahman

Mr. Mohammad Abul Hasan Kabir

Mr. Mohammad Mizanur Rahman

Mr. Zahid Al Muntasir

Mr. Mohammad Sanowar Hossain

Mr. Md. Tofazzal Hossain

Mr. Md. Shahidul Islam

Mr. Md. Asfakur Rahman

Mr. Tanushyam Sikder

Mr. Kamrul Momin

Mr. Syed Yasir Hussain

Mr. Muhammad Rofiqul Islam

Mr. Md. Monir Hossain Bhuiyan

Mr. Md. Mustafizur Rahman

Notice of the Fourth Annual General Meeting

Notice is hereby given to all Members of Modhumoti Bank Limited that the Fourth Annual General Meeting of the Members of the company will be held on Thursday, the 21st September 2017 at 12:30 p.m. at Radisson Blu Water Garden Hotel Dhaka to transact the following businesses and adopt necessary resolutions:

AGENDA

- a) To receive, consider and adopt the Audited Financial Statements for the year ended on 31st December 2016 together with Directors' Report and Auditors' Report thereon.
- b) To declare dividend for the year ended on 31st December 2016.
- c) To elect/re-elect Director(s).
- d) To appoint Auditor(s) for the term until conclusion of the next Annual General Meeting and to fix their remuneration.
- e) To transact any other business with the permission of the Chair.

By order of the Board of Directors

September 06, 2017
Dhaka

Sd/-
Ashutosh Talukder
Company Secretary (Current Charge)

Notes:

- a. The Register of Members and Share Transfer Books of the Company shall remain closed from 6 September 2017 to 21 September 2017 (both days inclusive). The Members whose names appear in the Register of the Company shall attend the AGM and qualify for dividend.
- b. Any Member of the Company entitled to attend and vote at the general meeting may appoint a Proxy to attend and vote on his/her behalf. No person shall be appointed a Proxy who is not a Member of the Company and qualified to vote save that a company being a Member of the Company may appoint as its representative any person whether Member of the Company or not. The Proxy Form duly filled in and signed by the Member and stamped, must be submitted at the Registered Office of the Company at least 48 (forty eight) hours before the meeting.
- c. The Board of Directors has recommended cash dividend @ 10.00%, i.e., at the rate of Tk. 1.00 against per share of Tk. 10.00 each.
- d. Election of Directors shall be dealt in accordance with the provisions of the Articles of Association of the Company and the relevant rules/circulars of the regulatory authorities.
- e. The Board of Directors has recommended for re-appointment of M/s. A. Qasem & Co., Chartered Accountants, as External Auditors of the Bank.
- f. Members are requested to notify the change of address, if any, well in time.



Registered Office: Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000, Bangladesh
 Head Office: DCCI Building (4th Floor), 65-66 Motijheel C/A, Dhaka-1000

PROXY FORM

I/We, of
 (Address)
 being shareholder(s) of Modhumoti Bank Limited and entitled to vote hereby appoint Mr./Mrs./Miss
 of
 (Address)
 as my/our proxy to attend and vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Bank to be held on Thursday, the 21st September 2017 at 12:30 p.m at Radisson Blu Water Garden Hotel Dhaka and at any adjournment thereof and the poll that may be taken in consequence thereof.

As witness my/our hand this day of 2017.

(Signature of the Proxy)
 Date :

Revenue
 Stamp

Signature of the Shareholder(s)
 Registered Folio :
 No. of Shares held :
 Date :

Signature Verified

Authorized Signature

Notes:

1. A Shareholder entitled to attend and vote at the Fourth Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. Signature of the member must be in accordance with the specimen signature registered with the Company.



Attendance Slip

I/We hereby record my/our presence at the Fourth Annual General Meeting of Modhumoti Bank Limited on Thursday, the 21st September 2017 at 12:30 p.m at Radisson Blu Water Garden Hotel Dhaka.

Name of Shareholder(s)/ Proxy :
 Registered Folio No.:

Signature(s) of Shareholder(s)/ Proxy

HEAD OFFICE

DCCI Building, 2nd - 4th Floor, 65-66 Motijheel Commercial Area, Dhaka-1000
E-mail: info@modhumotibankltd.com, Phone: 02-958 3809, Fax: 02-9583808
www.modhumotibankltd.com