

| CONNECTING SUCCESS |

**ANNUAL REPORT**  
**2017**



## ANNUAL REPORT 2017

Modhumoti Bank Limited began its journey in the financial frontier of Bangladesh in 2013 to serve people from all classes. Since inception, the Bank has been focusing on convenience and accessibility to create superior customer experience. Over time, with steady focus on increasing profitability, inclusive growth, capital strength and value for the society, the Bank has emerged as one of the major forces in banking industry of the country.

The Bank has also been relentlessly working towards achievement of Sustainable Development Goal of the country by taking several steps under financial inclusion program. Despite being a private commercial bank, the Bank emphasizes on establishing Agent points in remote corners of the country, takes the heat of creating new entrepreneurs, creating new job opportunities; thus helping the economy to grow at steady pace.

The Bank executed agreement with global financial partner for financing SME customers, which also clearly bears the sign of its financial strength as well as transparency. Modhumoti Bank will continue its operation with all these on-going activities along with new innovative ideas for building a better Bangladesh.



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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 2017**

Dear Sir(s),

We are pleased to enclose a copy of Bank's Annual Report 2017 together with the audited financial statements including balance sheet as at 31st December 2017 and profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31st December 2017 along with notes thereto of Modhumoti Bank Limited for your kind information and record.

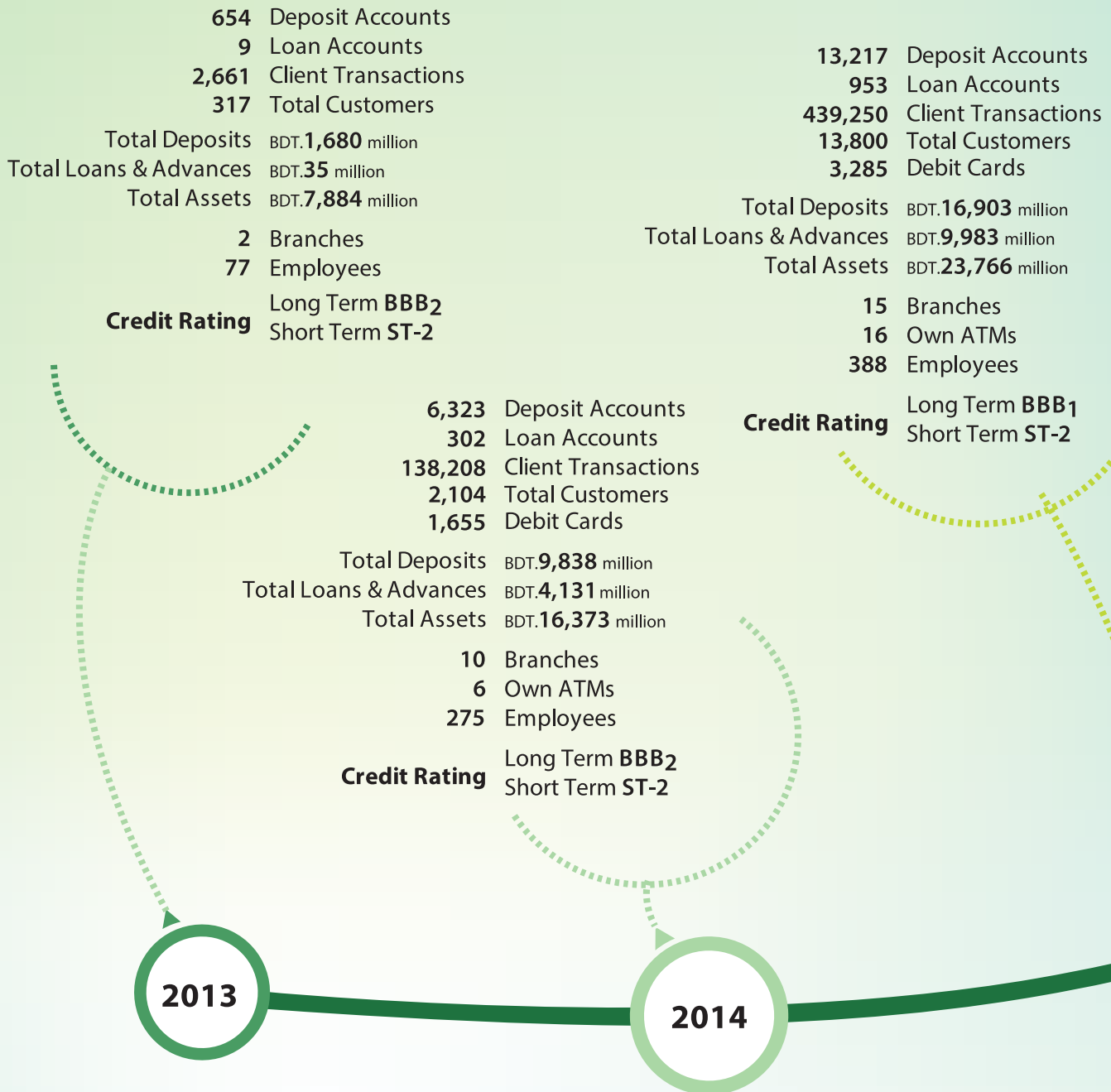
Best regards,

Yours truly,

Sd/-

**Ashutosh Talukder**  
Company Secretary (Current Charge)

# Growing over Years...

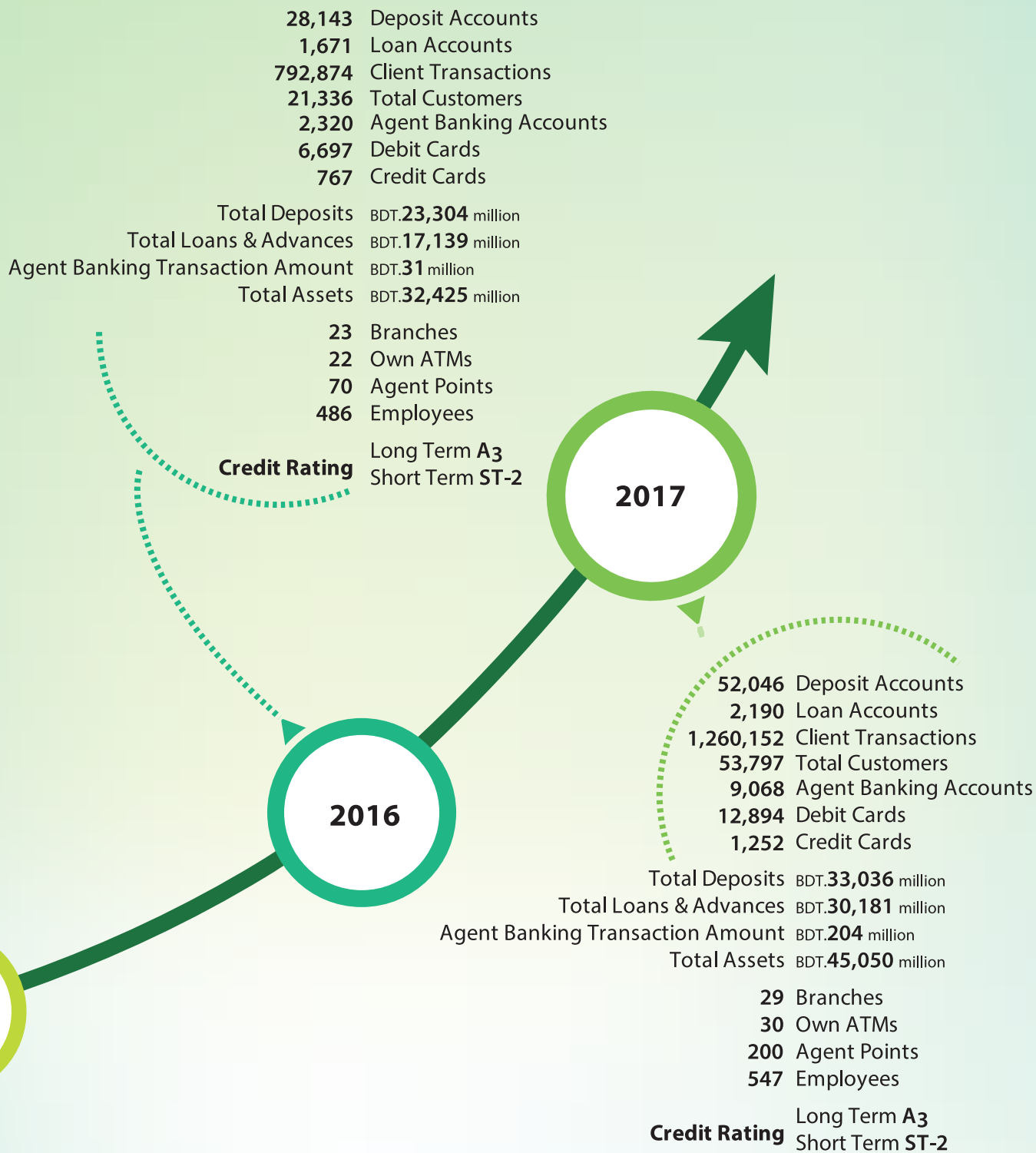


## Chronicles

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
Launching Ceremony	6 July 2013
Obtained Banking License	9 June 2013
Inauguration of Head Office at Motijheel, Dhaka	1 August 2013
Started banking operation	19 September 2013



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### Division-wise First Branch Opening

Barishal Division (Charfassion Branch, Bhola)	25 October 2015
Chattogram Division (Agrabad Branch, Chattogram)	27 November 2014
Dhaka Division (Motijheel Branch, Dhaka)	19 September 2013
Khulna Division (Jinnahnagar Branch)	27 March 2014
Mymensingh Division (Shambhuganj Branch, Mymensingh)	10 October, 2016
Rajshahi Division (Rajshahi Branch, Rajshahi)	20 October 2015
Rangpur Division (Pirganj Branch, Rangpur)	11 February 2016
Syhet Division (Amberkhana Branch, Sylhet)	17 November 2013



The Bank inaugurated its 100th Agent Point at Delduar, Tangail in 2017.

### 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
Fourth Annual General Meeting	21 September 2017

### Business Automation

Bank Ultimus Core Banking Software Roll out	19 September 2013
Internet Banking Service	19 September 2013
SMS Banking Service	24 November 2013
SWIFT Operation	9 December 2013
BACH (Automated Clearing House)	11 December 2013
Electronic Fund Transfer (EFT)	15 July 2014
Automation of Off-shore Banking	5 October 2015
Real Time Gross Settlement System (RTGS)	22 October 2015
Digital Banking (Agent Banking)	4 February 2016
AML Sanction Screening	17 October 2016
Central Trade Processing Unit (For facilitating Non-AD Branches)	11 May 2017
NID Verification with Election Commission	19 June 2017

### Cards & ADCs

Launched First On-site ATM Booth at Motijheel Branch	30 June 2014
Launched Debit Card through ITCL	17 April 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

### Value Added Services

Launched Privilege Banking service for freedom fighters	13 March 2014
Launched Priority Banking service at Gulshan Branch, Dhaka	1 September 2014
Opened Booth at Dhaka North City Corporation (DNCC)	14 June 2016
Launched Priority Banking Service at Agrabad Branch, Chittagong	25 September 2016
Opened Booth at Dhaka City College, Dhanmondi	5 January 2017
Opened Booth at Ideal College, Dhanmondi	6 June 2017
Opened Booth at American International University of Bangladesh	14 May 2017
Opened Booth at Dhaka South City Corporation (DSCC)	17 April 2018

### Off-shore Banking Operation

Obtained license for Off-shore Banking (OBU)	02 April 2015
Launched OBU	23 September 2015
Business Development Centre at Chittagong EPZ	18 February 2016

### 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)	04 February 2016
100th Digital Point (Agent Point) at Delduar, Tangail	27 April 2017
200th Digital Point (Agent Point) at Kotwalipara, Gopalganj	12 December 2017



The Bank inaugurated its 25th Branch at Ashuganj, Bramhanbaria in 2017.

## Major Events in 2017

### Branch opening

Bheramara Branch, Kushtia	02 February 2017
Ashuganj Branch, Bramhanbaria	13 April 2017
Konkapoit Branch, Comilla	03 August 2017
Mirpur Branch, Dhaka	07 December 2017
Naogaon Branch, Naogaon	26 December 2017
Shibpur Branch, Narshingdi	27 December 2017

### Celebration

First Anniversary of Modhumoti Digital Banking and Agent Conference	02 February 2017
International Women's Day 2017	08 March 2017
Bengali New Year 1423	14 April 2017
Celebration of the Fourth Anniversary of Bank	21 September 2017

### Significant Agreement

Agreement with Election Commission Bangladesh	19 February 2017
Agreement with Dhaka South City Corporation (DSCC)	23 October 2017
Agreement with Bangladesh Rural Electrification Board & a2i program	25 October 2017

### Business Partnership

MoU with Prescription Point Diagnostic & Health Care	29 March 2017
MoU with Asgar Ali Hospital	07 May 2017
MoU with DHL Express Bangladesh	6 June 2017
MoU with Sandhani Life Insurance Company Limited	16 July 2017
MoU with CAPM Venture Capital Limited & CAPM Advisory Limited	20 August 2017
MoU with Hotel Graver Inn International	04 December 2017

### Training & Workshop

Workshop on Trade Based Money Laundering	07 February 2017
Training on General Banking	25 February 2017
Training on General Credit	19 March 2017
Training on Loan Documentation & Monitoring	11 April 2017
Training on International Trade	24 April 2017
Training on Work Order Finance	18 June 2017
Workshop on Prevention of Money Laundering & Combating Financing Terrorism	08 October 2017



# Glimpse of the Fourth Annual General Meeting



# Notice of the **Fifth Annual General Meeting**

Notice is hereby given to all Members of Modhumoti Bank Limited that the Fifth Annual General Meeting of the Members of the company will be held on Thursday, the 27th September 2018 at 12:30 p.m. at Radisson Blu Dhaka Water Garden 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 2017 together with Directors' Report and Auditors' Report thereon.
- b) To declare dividend for the year ended on 31st December 2017.
- 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

Sd/-

**Ashutosh Talukder**

Company Secretary (Current Charge)

September 12, 2018  
Dhaka

## **Notes:**

- a. The Register of Members and Share Transfer Books of the Company shall remain closed from 12 September 2018 to 27 September 2018 (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.

## Annual Report 2017

# Scopes & Boundaries

It is our pleasure to present to our shareholders Annual Report 2017, which has been prepared not only to comply with regulatory obligations, but also aiming to communicate how effectively the Bank, as an organization, has been managed business in the reported year to deliver consistent value to its stakeholders. It encompasses the efforts the Bank has undertaken towards contributing to economic prosperity, environmental sustainability and social well-being for a sustainable tomorrow.

### Scopes and Boundaries

The Report covers the period between 1st January 2017 and 31st December 2017. The scopes of our Annual Report comprise of activities that have been carried out within the geographical boundaries of Bangladesh, but includes that of Off-shore Banking Unit (OBU). Modhumoti Bank does not have any operation in other countries.

Unless indicated otherwise, all data pertains to the Bank. Due approval has been obtained from the Board of Directors (Board) for all materials that significantly matters, such as Directors' Report, Financial Statements etc. The Director's Report to the Shareholders is prepared under section 184 of the Companies Act 1994, includes few additional statements that referred to the Notification dated 7th August 2012 issued by Bangladesh Securities and Exchange Commission (BSEC), which is commonly mentioned as 'Corporate Governance Guidelines.' In presenting the Report, checklist applicable for a banking company issued by the Institute of Chartered Accountants of Bangladesh (ICAB) has been followed, as much as possible.

In explaining the Company's operations and financial performance, financial information so disclosed has been extracted from the Audited Financial Statements for the financial year ended 31 December 2017 with relevant comparative information. The financial statements consistently comply with the requirements of:

Description of Report	External Assurance
Financial Statements Audit Report	A. Qasem & Co., Chartered Accountants, a member firm of Ernst & Young Global Limited
Provident Fund Financial Audit	A. Qasem & Co., Chartered Accountants
Credit Rating	Credit Rating Agency of Bangladesh Limited (CRAB)

### Comparability & Materiality

There have not been any significant changes to the scope, boundary and reporting basis since the last reporting date as of December 31, 2016. All the information presented in this report is on the same basis as the 2016 report in terms of the entities covered, the measurement methods applied and time frame used. Ratios used are comparable across the industry. The information provided covers all material matters relating to business strategy, risk and areas of critical importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication to our stakeholders.

### Availability of the Annual Report

The hard copy of the Annual Report is sent to all the shareholders prior to holding the Annual General Meeting, giving due period of notice. Separately, for the benefit of all stakeholders, our report has been made available in the website <http://www.modhumotibankltd.com>.

### Responsibility and Integrity of the Report

I, as a Managing Director & CEO of Modhumoti Bank Limited, acknowledge the responsibility to ensure the integrity of the disclosure contained in this Report presented herewith which comprise the discussion, analysis and disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements.

Best Regards,



**Md. Shafiu Azam**  
Managing Director & CEO





## Forward Looking Statement

Our motto is to materially deepen and broaden our reach, delivering differentiated services to the full range of customers – corporate, SME and retail, urban and rural, through innovation in products, processes and technology, empowering the communities we serve, to grow and prosper.

We intend to create a strong and sound footing for the Bank based on the fundamentals of our balance sheet and working on further strengthening our liquidity, capital and reserves, improve on quality and mix of assets & liabilities for maximizing shareholders value.

We target to achieve an ideal deposit mix by attracting 'low cost, no cost' deposits so that we may able to lend at a lower interest rate to the businesses, which would result creating more employment and income, increasing GDP, ultimately development of the country. With the objective of optimizing the Bank's funding mix, we would look forward to more diversified sources of fund.

We firm on improving loan work out strategies, introducing technology in various phases of loans and advances, strengthening monitoring and supervision activities to keep the loan portfolio clean as far as possible. Continuous monitoring will be done to restrict NPL at a tolerable level. Initiatives will be taken to increase recovery.

We aim to diversify risks for a balanced growth of lending by emphasizing more on small and medium sized enterprises and will continue our efforts to excel in risk management capabilities and developing appropriate financial risk modeling.

We focus on sustainable development, increasingly emphasizing on environmental management system in bank financed projects, maintaining strict compliance and good governance in norms and regulations to ensure long term sustainability.

To succeed with customer loyalty by providing higher standard of customer service based on customer centric, technology based secured banking products, maintaining operational efficiency and sustainable business growth by exerting best possible effort by opening more branches in rural and urban areas to spread the service net with focus on expanding Agent Banking operation, utmost priority would be given to achieve service excellence in 2018 for which hiring more skilled employees and development of existing ones as well as development of infrastructure especially on IT would be more focused. Strategic business and non-business specific policies would be reviewed periodically and changes would be adopted as well framing new policies for better functioning in the next days.

#### **Disclaimer**

This annual report contains forward looking statements which are based on assumptions, estimates, believes and future expectations. Forward looking statements may include but not limited to future plan, performance, growth of business, profitability and cash flow of the Bank which are subject to known and unknown risks, as a result, actual performance or results may be adverse or materially differ from original plan, assumptions, estimate or expectations expressed or implied in forward looking statements. Therefore, undue reliance should not be placed on such forward looking statements for making any decisions, transactions or investments with the Bank. Actual results may materially differ from those implied or expressed in forward looking statements for a number of factors which may include but not limited to the following:

- Changes in local and international political, economic, business and financial conditions including changes in fiscal, monetary and trade policies;
- Changes in local and international financial and capital markets, interest rate, forex rates, commodity prices;
- Changes in consumer behaviors, technology;
- Changes in confidence of customers, consumers, investors, depositors and borrowers;
- Changes in local and international legal and regulatory framework;
- Unforeseen natural disasters;
- Changes in market structure, competitive condition

The Bank does not guarantee in any way that the expressions made or implied in forward looking statements would be materialized. The Bank does not also take any responsibility to update, modify or revise any forward looking statement contained in this annual report irrespective of whether those are changed by any new events, information or future development or by any other factors.

# Highlights 2017

Figures in Million BDT



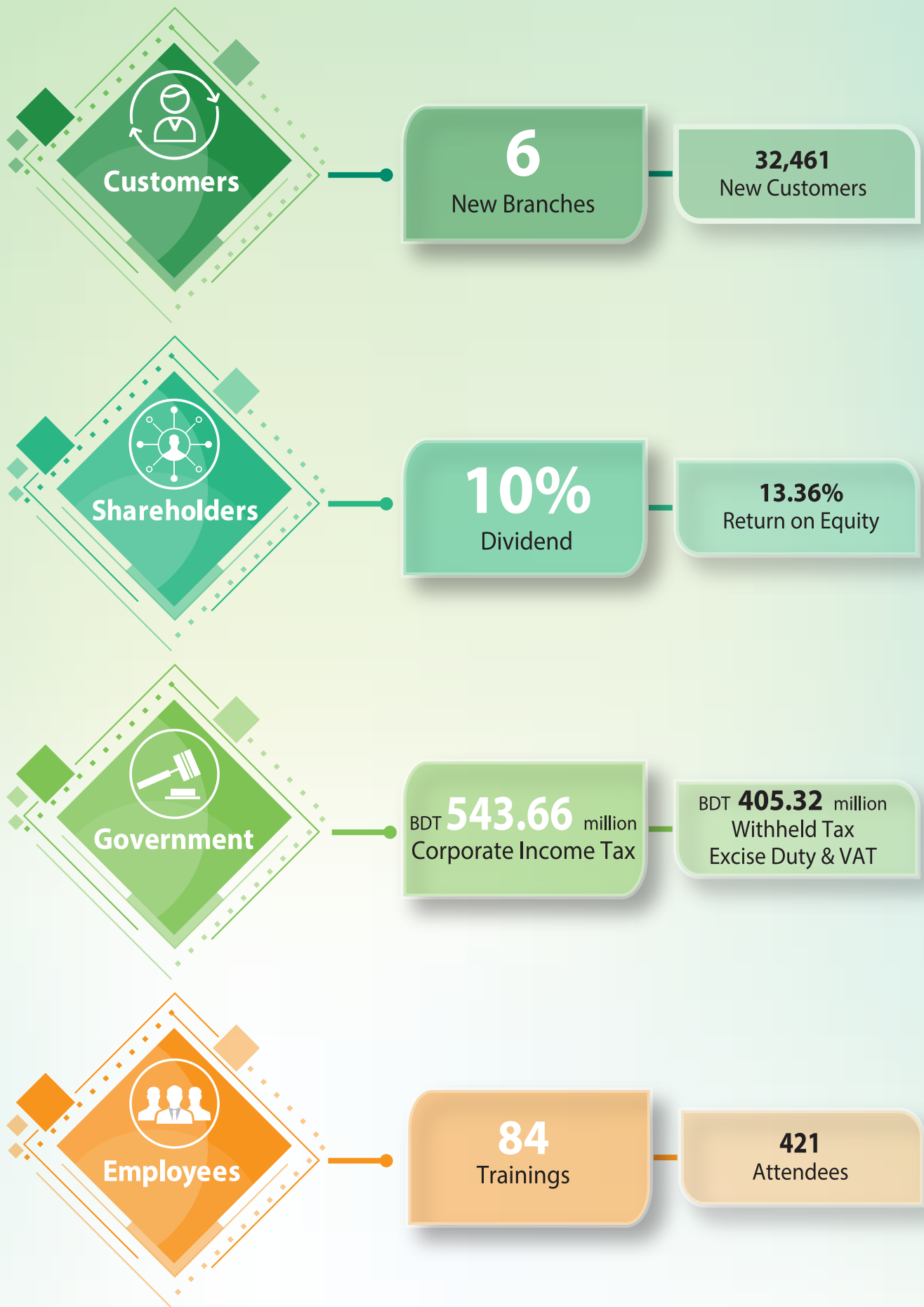


# Value Creation for Stakeholders

Figures in Million BDT

	2017	2016
<b>Customers</b>		
Total Number of Deposit & Advance Accounts	54236	29814
Interest paid to Customers	1,816	1,589
Loans & Advances	30,181	17,139
Deposits	33,036	23,304
Total Number of Branches	29	23
Total Number of Agent point	200	70
<b>Shareholders</b>		
Profit after Tax	746	462
Total Assets	45,050	32,425
Shareholders Fund	5,731	5,440
Dividend Payout	10%	10%
Earnings Per Share	1.65	1.02
<b>Employees</b>		
Total Number of Regular Employees	422	372
Total Staff Cost	394	307
Modhumoti Explore : Training hours	2072	592
Per Employee Operating Profit	3.47	2.38
<b>Government Institutions</b>		
Corporate Tax	544	308
Investment in Govt. Securities	4,307	3,947
Withholding Tax	405	288
<b>Business Parnters</b>		
Fees & Commissions	392	161
Payment to Service Providers	43	34
Total No. of Correspondent	151	132
<b>Community</b>		
CSR/Donation	19	34
Refinance to SME, Agri, Women	3	4
Utility Bill Collection	12	11

# Value Creation for Stakeholders in 2017



## Shareholders' Information

# Key Financial Data & Key Ratios

Figures in Million BDT

Particulars	2017	2016	2015	2014	2013
<b>Financial Performance</b>					
Authorized Capital	20,000	20,000	20,000	20,000	20,000
Paid-up Capital	4,520	4,520	4,520	4,520	4,520
Total Shareholders equity	5,731	5,440	5,525	4,900	4,578
Deposits	33,036	23,304	16,903	9,838	1,680
Loans and Advances	30,181	17,139	9,983	4,131	35
Investments	4,407	4,047	2,640	6,955	129
Property, Plant and Equipments	220	217	202	149	88
Total Assets	45,050	32,425	23,766	16,373	7,884
Total Liabilities	39,319	26,984	18,240	11,473	3,306
<b>Operational Performance</b>					
Interest income	3,101	2,365	1,417	881	256
Interest expenses	1,816	1,589	1,151	698	49
Net interest income	1,285	776	266	183	208
Investment income	518	555	1,163	535	-
Commission, exchange and brokerage	392	161	109	80	2
Other operating income	51	38	19	9	0
Total operating income	2,246	1,530	1,557	806	210
Total operating Expense	780	643	528	309	97
<b>Profit before provision and tax</b>	<b>1,466</b>	<b>887</b>	<b>1,029</b>	<b>498</b>	<b>113</b>
Provision for loans and assets	176	117	58	56	2
Provision for tax including deferred tax	544	308	206	136	54
<b>Profit after tax</b>	<b>746</b>	<b>462</b>	<b>765</b>	<b>306</b>	<b>57</b>
<b>Non-Funded Business Performance</b>					
Import	17,513	9,470	5,143	1,725	6
Export	9,368	5,033	1,933	484	-
Guarantee Business	5,316	4,402	856	820	150
Commercial Remittance	953	775	510	174	-
NRB Remittance	163	120	56	10	-
<b>Capital Measures</b>					
Total risk weighted assets	36,546	29,171	15,727	9,687	3,045
Core capital (Tier-I)	5,726	5,432	5,422	4,883	4,577
Supplementary capital (Tier-II)	398	232	123	66	2
<b>Total eligible capital</b>	<b>6,125</b>	<b>5,664</b>	<b>5,545</b>	<b>4,949</b>	<b>4,579</b>
Tier-I capital ratio	15.67%	18.62%	34.48%	50.41%	150.29%
Tier-II capital ratio	1.09%	0.79%	0.78%	0.68%	0.07%
<b>Capital adequacy ratio</b>	<b>16.76%</b>	<b>19.42%</b>	<b>35.26%</b>	<b>51.09%</b>	<b>150.36%</b>

## Shareholders' Information

### Key Financial Data & Key Ratios

Figures in Million BDT

Particulars	2017	2016	2015	2014	2013
<b>Credit Quality</b>					
Un-classified Loans	30,093	17,094	9,983	4,131	35
Non-performing loans (NPLs)	88.28	45.1	-	-	-
NPLs to total loans and advances	0.29%	0.26%	-	-	-
Provision for Classified Loans	12.10	6.22	-	-	-
NPL %	0.29%	0.26%	-	-	-
<b>Shareholders Information</b>					
Number of shareholders (Actual)	41	41	41	41	41
Number of Shares Outstanding (million)	452	452	452	452	452
Earnings per share (Taka)	1.65	1.02	1.69	0.68	0.13
Dividend:	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>5%</b>	-
Cash	10%	10%	10%	5%	-
Bonus	-	-	-	-	-
Net asset value per share (Taka)	12.68	12.04	12.22	10.84	10.13
<b>Operating Performance Ratios</b>					
Advance Deposit Ratios	90.87%	73.54%	59.06%	41.99%	2.07%
Cost of Fund	7.16%	8.17%	10.31%	12.26%	12.25%
Yield on Average Advance	10.59%	11.23%	13.47%	14.14%	12.91%
Return on Assets(ROA)	1.93%	1.65%	3.81%	2.53%	0.72%
Return on Average Equity(ROE)	13.36%	8.43%	14.67%	6.46%	1.24%
<b>Other Information</b>					
Number of Branches	29	23	15	10	2
Number of ATM	30	22	16	6	-
Number of Regular Employees	422	372	297	205	53
Number of Nostro Accounts	13	12	12	10	-
Number of Correspondents	151	132	114	94	28
Number of Agent point	200	70	-	-	-
Number of Deposit accounts	52,046	28,143	13,217	6,323	654
Number of Loan accounts	2,190	1,671	953	302	9
<b>Credit Rating:</b>					
Long Term	A <sub>3</sub>	A <sub>3</sub>	BBB <sub>1</sub>	BBB <sub>2</sub>	BBB <sub>2</sub>
Short Term	ST-2	ST-2	ST-2	ST-2	ST-2



# Credit Rating Report



## Continuing A<sub>3</sub> Long Term Rating for consecutive 2nd year

Credit Rating Agency of Bangladesh (CRAB) has upgraded the long term rating at 'A<sub>3</sub>' (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 2017 and other relevant information.

Particulars	Surveillance Rating	
	2017	2016
Long Term	A <sub>3</sub>	A <sub>3</sub>
Short Term	ST-2	ST-2
Outlook	Stable	Stable
Date of Rating	27 June 2018	8 June 2017
Validity	30 June 2019	30 June 2018

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.

## VALUE ADDED STATEMENT

The value added statement for the Bank shows how the value is created and distributed among different stakeholders of the Bank. Value added to the Bank stood at BDT 1,739.87 million as of December 31, 2017 as against BDT 1,126.93 million in 2016.

Figures in Million

Particulars	2017 Taka	%	2016 Taka	%
Interest income	3,100.80		2,365.22	
Investment income	518.27		554.58	
Commission, exchange and brokerage	391.82		161.03	
Other operating income	51.32		40.45	
	<b>4,062.21</b>		<b>3,121.28</b>	
<b>Less: Cost of services &amp; suppliers</b>				
Interest paid on deposits and borrowings etc.	1,816.11		1,589.34	
Rent, taxes, insurance, electricity etc.	131.76		110.34	
Legal expenses	0.54		0.28	
Postage, stamp, telecommunication etc.	25.76		19.30	
Stationery, printing, advertisements etc.	43.07		30.25	
Directors' fees and expense	1.83		1.63	
Repairs to bank's assets	9.68		9.23	
Other expenses	117.68		117.36	
	<b>2,146.43</b>		<b>1,877.73</b>	
<b>Value added by banking services</b>	<b>1,915.79</b>		<b>1,243.56</b>	
Non-banking income	-		-	
<b>Less: Provision for loans &amp; advances</b>				
Provision for loans and advances	105.92		71.33	
Provision for Off-Balance Sheet Items	70.00		45.29	
	<b>175.92</b>		<b>116.62</b>	
<b>Total value added</b>	<b>1,739.87</b>		<b>1,126.93</b>	
<b>Distribution of value addition</b>				
Employees as salary and allowances	403.08	23%	314.71	28%
Provided as dividend	452.00	26%	308.16	27%
Government as income tax	543.66	31%	307.94	27%
<b>Expansion &amp; Growth:</b>				
Statutory Reserve	257.96	15%	154.03	14%
Depreciation	47.00	3%	42.09	4%
Retained Earnings	36.17	2%	-	-
	<b>1,739.87</b>	<b>100%</b>	<b>1,126.93</b>	<b>100%</b>

## Economic Value Added Statement

Economic value added is a measure of profitability which takes into consideration the cost of total invested equity. Shareholders / equity providers are always conscious about their return on capital invested. As a commercial banking company, we are deeply concerned for delivery of value to all of our shareholders / equity providers.

Shareholders equity

Add: Cumulative provision for Loans, Off-Balance sheet exposure and Off-shore Banking Units

BDT in million		
2017	2016	2015
5,731.11	5,440.06	5,525.45
394.94	226.40	116.00
<b>6,126.05</b>	<b>5,666.46</b>	<b>5,641.45</b>

**Average shareholders' equity**

<b>5,896.26</b>	<b>5,653.95</b>	<b>5,299.65</b>
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### Earnings

Profit after taxation	746.22	462.33	764.93
Add: Provision for loans, Off-Balance Sheet exposure and Off-shore Banking units	168.54	110.40	58.44
Less: Waiver during the year	-	-	-
Less: Written-off during the year	-	-	-
	914.76	572.73	823.37

Average cost of equity (based on weighted average rate of shanchaypatra issued by the Government of Bangladesh) plus 2% risk premium

12.11%    12.17%    12.29%

Cost of average equity

714.03    688.09    651.33

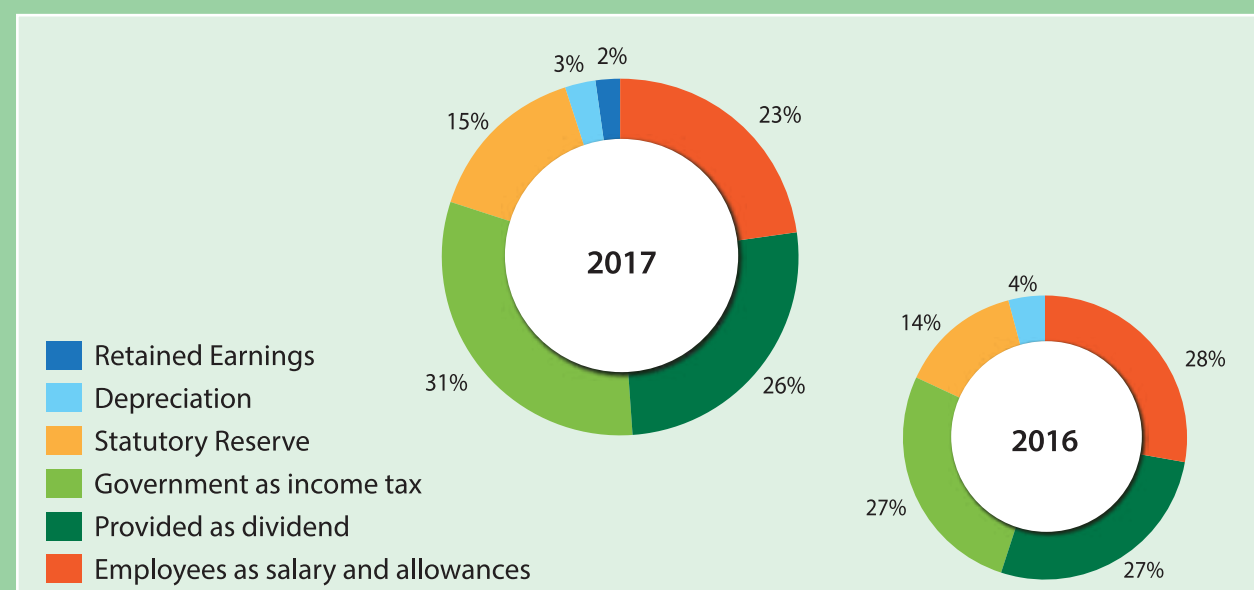
Economic value added

200.73    (115.36)    172.04

Growth over last year

274%    -167%    168%

## Distribution of VALUE ADDITION



# Horizontal Analysis: Balance Sheet

Figures in Million BDT

	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013
<b>PROPERTY AND ASSETS</b>									
<b>Cash</b>									
Cash in hand (including foreign currencies)	292.97	77.07%	165.46	52.78%	108.30	86.67%	58.02	443.92%	10.67
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2,242.98	20.33%	1,863.95	49.64%	1,245.62	93.36%	644.21	499.65%	107.43
	<b>2,535.95</b>	<b>24.96%</b>	<b>2,029.41</b>	<b>49.89%</b>	<b>1,353.92</b>	<b>92.80%</b>	<b>702.23</b>	<b>494.62%</b>	<b>118.10</b>
<b>Balance with other banks and financial institutions</b>									
In Bangladesh	7,128.39	-13.12%	8,204.92	-3.37%	8,490.75	130.54%	3,683.05	-49.04%	7,226.74
Outside Bangladesh	160.86	-64.80%	456.92	93.40%	236.25	29.42%	182.55	-	-
	<b>7,289.25</b>	<b>-15.85%</b>	<b>8,661.84</b>	<b>-0.75%</b>	<b>8,727.00</b>	<b>125.76%</b>	<b>3,865.60</b>	<b>-46.51%</b>	<b>7,226.74</b>
<b>Money at call on short notice</b>	-	-	-	-	<b>600.00</b>	-	-	-	-
<b>Investments</b>									
Government	4,307.06	9.13%	3,946.88	52.36%	2,590.41	-62.75%	6,954.98	5286.05%	129.13
Others	100.12	0.12%	100.00	100.00%	50.00	-	-	-	-
	<b>4,407.18</b>	<b>8.90%</b>	<b>4,046.88</b>	<b>53.27%</b>	<b>2,640.41</b>	<b>-62.04%</b>	<b>6,954.98</b>	<b>5286.05%</b>	<b>129.13</b>
<b>Loans and advances</b>									
Loans, Cash Credit, Overdrafts etc.	27,785.06	74.51%	15,921.34	61.48%	9,859.72	141.69%	4,079.52	11652.32%	34.71
Bills purchased and discounted	2,396.24	96.86%	1,217.26	887.06%	123.32	140.02%	51.38	-	-
	<b>30,181.30</b>	<b>76.10%</b>	<b>17,138.60</b>	<b>71.68%</b>	<b>9,983.04</b>	<b>141.67%</b>	<b>4,130.90</b>	<b>11800.33%</b>	<b>34.71</b>
<b>Fixed assets including premises, furniture and fixtures</b>	<b>219.99</b>	<b>1.55%</b>	<b>216.62</b>	<b>7.41%</b>	<b>201.68</b>	<b>33.96%</b>	<b>150.55</b>	<b>70.95%</b>	<b>88.07</b>
<b>Other assets</b>	<b>416.20</b>	<b>25.68%</b>	<b>331.16</b>	<b>27.64%</b>	<b>259.45</b>	<b>-54.54%</b>	<b>570.76</b>	<b>98.83%</b>	<b>287.05</b>
<b>Non - banking assets</b>	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>45,049.87</b>	<b>38.94%</b>	<b>32,424.51</b>	<b>36.44%</b>	<b>23,765.50</b>	<b>45.13%</b>	<b>16,375.02</b>	<b>107.70%</b>	<b>7,883.80</b>



# Horizontal Analysis: Balance Sheet

Figures in Million BDT

	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013
<b>LIABILITIES AND CAPITAL</b>									
<b>Liabilities</b>									
<b>Borrowings from other banks, financial institutions and its agents</b>	<b>5,326.62</b>	<b>69.92%</b>	<b>3,134.86</b>	<b>212.42%</b>	<b>1,003.40</b>	<b>-28.33%</b>	<b>1,400.00</b>	<b>-10.26%</b>	<b>1,560.00</b>
<b>Deposits and other accounts</b>									
Current Accounts and other Accounts	3,620.23	27.39%	2,841.76	204.52%	933.19	224.48%	287.60	332.50%	66.50
Bills Payable	316.17	-25.53%	424.58	262.45%	117.14	33.35%	87.85	127855.14%	0.07
Savings Bank Deposits	3,301.56	-24.15%	4,352.58	1136.98%	351.87	98.09%	177.64	746.32%	20.99
Special Notice Deposits (SND)	3,641.32	110.89%	1,726.61	-53.45%	3,709.29	118.28%	1,699.33	34371.70%	4.93
Fixed Deposits	22,157.15	58.74%	13,958.20	18.37%	11,791.93	55.45%	7,585.72	377.93%	1,587.21
Other Deposits	-	-	-	-	-	-	-	-	-
	<b>33,036.44</b>	<b>41.76%</b>	<b>23,303.74</b>	<b>37.86%</b>	<b>16,903.42</b>	<b>71.82%</b>	<b>9,838.13</b>	<b>485.71%</b>	<b>1,679.70</b>
<b>Other Liabilities</b>	<b>955.70</b>	<b>75.09%</b>	<b>545.85</b>	<b>63.81%</b>	<b>333.23</b>	<b>40.84%</b>	<b>236.60</b>	<b>255.24%</b>	<b>66.60</b>
<b>Total Liabilities</b>	<b>39,318.76</b>	<b>45.71%</b>	<b>26,984.45</b>	<b>47.94%</b>	<b>18,240.05</b>	<b>58.96%</b>	<b>11,474.73</b>	<b>247.06%</b>	<b>3,306.30</b>
<b>Capital/Shareholders' Equity</b>									
Paid up Capital	4,520.00	-	4,520.00	-	4,520.00	-	4,520.00	-	-
Statutory Reserve	716.80	56.22%	458.84	50.53%	304.82	175.48%	110.65	397.56%	22.24
Revaluation Reserve	3.95	-47.89%	7.58	-92.66%	103.31	505.15%	17.07	2799.06%	0.59
Foreign currency translation gain	0.69	398.37%	0.14	59852.38%	-	-	-	-	-
Surplus in Profit and Loss Account/ Retained Earnings	489.67	7.98%	453.49	-24.08%	597.33	136.51%	252.56	628.43%	34.67
<b>Total Shareholders' Equity</b>	<b>5,731.11</b>	<b>5.35%</b>	<b>5,440.06</b>	<b>-1.55%</b>	<b>5,525.45</b>	<b>12.76%</b>	<b>4,900.28</b>	<b>7.05%</b>	<b>4,577.50</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>45,049.87</b>	<b>38.94%</b>	<b>32,424.51</b>	<b>36.44%</b>	<b>23,765.50</b>	<b>45.13%</b>	<b>16,375.02</b>	<b>107.70%</b>	<b>7,883.80</b>

# Horizontal Analysis: Profit and Loss Account

Figures in Million BDT

	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013
Interest income	3,100.80	31.10%	2,365.22	66.94%	1,416.79	60.89%	880.58	243.75%	256.17
Interest paid on deposits and borrowings etc.	1,816.11	14.27%	1,589.34	38.07%	1,151.11	64.98%	697.71	1334.84%	48.63
<b>Net interest income</b>	<b>1,284.69</b>	<b>65.58%</b>	<b>775.89</b>	<b>192.04%</b>	<b>265.68</b>	<b>45.28%</b>	<b>182.87</b>	<b>-11.89%</b>	<b>207.54</b>
Investment income	518.27	-6.55%	554.57	-52.33%	1,163.26	117.41%	535.05	-	-
Commission, exchange and brokerage	391.82	143.32%	161.03	48.10%	108.73	35.94%	79.98	3206.04%	2.42
Other operating income	51.32	33.61%	38.41	99.57%	19.24	125.91%	8.52	161732%	0.01
<b>Total operating income (A)</b>	<b>961.42</b>	<b>27.51%</b>	<b>754.01</b>	<b>-41.61%</b>	<b>1,291.23</b>	<b>107.08%</b>	<b>623.55</b>	<b>25618.33%</b>	<b>2.42</b>
Salaries and allowances	2,246.10	46.81%	1,529.90	-1.74%	1,556.91	93.07%	806.42	284.07%	209.97
Rent, taxes, insurance, electricity etc.	393.55	28.23%	306.91	65.39%	185.57	99.52%	93.01	260.95%	25.77
Legal expenses	131.76	19.41%	110.35	9.32%	100.94	35.04%	74.75	163.55%	28.36
Postage, stamp, telecommunication etc.	0.54	95.25%	0.28	-24.35%	0.36	65.23%	0.22	266.67%	0.06
Stationery, printing, advertisements etc.	25.76	33.46%	19.30	63.92%	11.77	58.05%	7.45	810.47%	0.82
Managing Director's salary and fees	43.07	42.40%	30.25	-32.18%	44.60	58.79%	28.09	204.68%	9.22
Directors' fees	9.53	22.23%	7.80	-6.28%	8.32	-	8.32	67.93%	4.95
Auditors' fees	1.83	12.25%	1.63	26.32%	1.29	-16.48%	1.55	483.74%	0.27
Depreciation and repairs to bank's assets	0.25	-	0.25	-	0.25	-	0.25	-	0.25
Other expenses	56.69	10.45%	51.33	21.06%	42.40	79.39%	23.63	602.23%	3.37
	117.42	2.05%	115.06	-12.92%	132.13	84.93%	71.45	200.21%	23.80
<b>Total operating expenses (B)</b>	<b>780.40</b>	<b>21.34%</b>	<b>643.14</b>	<b>21.89%</b>	<b>527.64</b>	<b>70.91%</b>	<b>308.72</b>	<b>218.72%</b>	<b>96.86</b>
<b>Profit before provision (C=A-B)</b>	<b>1,465.60</b>	<b>65.30%</b>	<b>886.65</b>	<b>-13.85%</b>	<b>1,029.16</b>	<b>106.83%</b>	<b>497.59</b>	<b>340.37%</b>	<b>112.99</b>
Provision for loans and advances									
General provision	86.34	54.27%	55.97	17.74%	47.53	16.93%	40.65	11514.29%	0.35
Specific provision	5.88	-5.47%	6.22	-	-	-	-	-	-
Provision for Off-shore Banking unit	12.20	33.39%	9.15	5838.96%	0.15	-	-	-	-
Provision for off-balance sheet items	70.00	54.57%	45.29	321.28%	10.75	-28.33%	15.00	860.24%	1.56
Provision for Incentive of Good Borrowers	1.50	-	-	-	-	-	-	-	-
<b>Total provision (D)</b>	<b>175.92</b>	<b>50.85%</b>	<b>116.62</b>	<b>99.57%</b>	<b>58.44</b>	<b>5.01%</b>	<b>55.65</b>	<b>2810.40%</b>	<b>1.91</b>
<b>Total profit before tax (C-D)</b>	<b>1,289.68</b>	<b>67.49%</b>	<b>770.02</b>	<b>-20.68%</b>	<b>970.72</b>	<b>119.65%</b>	<b>441.94</b>	<b>297.85%</b>	<b>111.08</b>
Provision for taxation									
Current	545.87	77.03%	308.35	50.77%	204.51	54.82%	132.09	185.77%	46.22
Deferred Tax	(2.21)	445.12%	(0.41)	-129.18%	1.39	-62.05%	3.66	-54.57%	8.06
<b>Net profit after tax</b>	<b>543.66</b>	<b>76.55%</b>	<b>307.94</b>	<b>49.56%</b>	<b>205.90</b>	<b>51.67%</b>	<b>135.75</b>	<b>150.09%</b>	<b>54.28</b>
	<b>746.02</b>	<b>61.45%</b>	<b>462.08</b>	<b>-39.58%</b>	<b>764.83</b>	<b>149.79%</b>	<b>306.19</b>	<b>439.06%</b>	<b>56.80</b>

# Vertical Analysis: Balance Sheet

Figures in Million BDT

	2017	%	2016	%	2015	%	2014	%	2013
<b>PROPERTY AND ASSETS</b>									
<b>Cash</b>									
Cash in hand (including foreign currencies)	292.97	0.65%	165.46	0.51%	108.30	0.46%	58.02	0.35%	10.67
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2,242.98	4.98%	1,863.95	5.75%	1,245.62	5.24%	644.21	3.93%	107.43
	<b>2,535.95</b>	<b>5.63%</b>	<b>2,029.41</b>	<b>6.26%</b>	<b>1,353.92</b>	<b>5.70%</b>	<b>702.23</b>	<b>4.29%</b>	<b>118.10</b>
<b>Balance with other banks and financial institutions</b>									
In Bangladesh	7,128.39	15.82%	8,204.92	25.30%	8,490.75	35.73%	3,683.05	22.49%	7,226.74
Outside Bangladesh	160.86	0.36%	456.92	1.41%	236.25	0.99%	182.55	1.11%	-
	<b>7,289.25</b>	<b>16.18%</b>	<b>8,661.84</b>	<b>26.71%</b>	<b>8,727.00</b>	<b>36.72%</b>	<b>3,865.60</b>	<b>23.61%</b>	<b>7,226.74</b>
<b>Money at call on short notice</b>	-	-	-	-	<b>600.00</b>	<b>3%</b>	-	-	-
<b>Investments</b>									
Government	4,307.06	9.56%	3,946.88	12.17%	2,590.41	10.90%	6,954.98	42.47%	129.13
Others	100.12	0.22%	100.00	0.31%	50.00	0.21%	-	-	-
	<b>4,407.18</b>	<b>9.78%</b>	<b>4,046.88</b>	<b>12.48%</b>	<b>2,640.41</b>	<b>11.11%</b>	<b>6,954.98</b>	<b>42.47%</b>	<b>129.13</b>
<b>Loans and advances</b>									
Loans, Cash Credit, Overdrafts etc.	27,785.06	61.68%	15,921.34	49.10%	9,859.72	41.49%	4,079.52	24.91%	34.71
Bills purchased and discounted	2,396.24	5.32%	1,217.26	3.75%	123.32	0.52%	51.38	0.31%	-
	<b>30,181.30</b>	<b>67.00%</b>	<b>17,138.60</b>	<b>52.86%</b>	<b>9,983.04</b>	<b>42.01%</b>	<b>4,130.90</b>	<b>25.23%</b>	<b>34.71</b>
<b>Fixed assets including premises, furniture and fixtures</b>	<b>219.99</b>	<b>0.49%</b>	<b>216.62</b>	<b>0.67%</b>	<b>201.68</b>	<b>0.85%</b>	<b>150.55</b>	<b>0.92%</b>	<b>88.07</b>
<b>Other assets</b>	<b>416.20</b>	<b>0.92%</b>	<b>331.16</b>	<b>1.02%</b>	<b>259.45</b>	<b>1.09%</b>	<b>570.76</b>	<b>3.49%</b>	<b>287.05</b>
<b>Non - banking assets</b>	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>45,049.87</b>	<b>100.00%</b>	<b>32,424.51</b>	<b>100.00%</b>	<b>23,765.50</b>	<b>100.00%</b>	<b>16,375.02</b>	<b>100.00%</b>	<b>7,883.80</b>

# Vertical Analysis: Balance Sheet

Figures in Million BDT

	2017	%	2016	%	2015	%	2014	%	2013
<b>PROPERTY AND ASSETS</b>									
Cash									
<b>LIABILITIES AND CAPITAL</b>									
<b>Liabilities</b>									
<b>Borrowings from other banks, financial institutions and its agents</b>	<b>5,326.62</b>	<b>11.82%</b>	<b>3,134.86</b>	<b>9.67%</b>	<b>1,003.40</b>	<b>4.22%</b>	<b>1,400.00</b>	<b>8.55%</b>	<b>1,560.00</b>
<b>Deposits and other accounts</b>									
Current Accounts and other Accounts	3,620.23	8.04%	2,841.76	8.76%	933.19	3.93%	287.60	1.76%	66.50
Bills Payable	316.17	0.70%	424.58	1.31%	117.14	0.49%	87.85	0.54%	0.07
Savings Bank Deposits	3,301.56	7.33%	4,352.58	13.42%	351.87	1.48%	177.64	1.08%	20.99
Special Notice Deposits (SND)	3,641.32	8.08%	1,726.61	5.33%	3,709.29	15.61%	1,699.33	10.38%	4.93
Fixed Deposits	22,157.15	49.18%	13,958.20	43.05%	11,791.93	49.62%	7,585.72	46.32%	1,587.21
Other Deposits	-	-	-	-	-	-	-	-	-
<b>Other Liabilities</b>	<b>955.70</b>	<b>2.12%</b>	<b>545.85</b>	<b>1.68%</b>	<b>333.23</b>	<b>1.40%</b>	<b>236.60</b>	<b>1.44%</b>	<b>66.60</b>
<b>Total Liabilities</b>	<b>39,318.76</b>	<b>87.28%</b>	<b>26,984.45</b>	<b>83.22%</b>	<b>18,240.05</b>	<b>76.75%</b>	<b>11,474.73</b>	<b>70.07%</b>	<b>3,306.30</b>
<b>Capital/Shareholders' Equity</b>									
Paid up Capital	4,520.00	10.03%	4,520.00	13.94%	4,520.00	19.02%	4,520.00	27.60%	4,520.00
Statutory Reserve	716.80	1.59%	458.84	1.42%	304.82	1.28%	110.65	0.68%	22.24
Revaluation Reserve	3.95	0.01%	7.58	0.02%	103.31	0.43%	17.07	0.10%	0.59
Foreign currency translation gain	0.69	-	0.14	-	-	-	-	-	-
Surplus in Profit and Loss Account/ Retained Earnings	489.67	1.09%	453.49	1.40%	597.33	2.51%	252.56	1.54%	34.67
<b>Total Shareholders' Equity</b>	<b>5,731.11</b>	<b>12.72%</b>	<b>5,440.06</b>	<b>16.78%</b>	<b>5,525.45</b>	<b>23.25%</b>	<b>4,900.28</b>	<b>29.93%</b>	<b>4,577.50</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>45,049.87</b>	<b>100.00%</b>	<b>32,424.51</b>	<b>100.00%</b>	<b>23,765.50</b>	<b>100.00%</b>	<b>16,375.02</b>	<b>100.00%</b>	<b>7,883.80</b>



# Vertical Analysis: Profit and Loss Account

Figures in Million BDT

	2017	%	2016	%	2015	%	2014	%	2013
Interest income	3,100.80	76.33%	2,365.22	75.83%	1,416.79	52.32%	880.58	58.54%	256.17
Interest paid on deposits and borrowings etc.	1,816.11	44.71%	1,589.34	50.95%	1,151.11	42.51%	697.71	46.39%	48.63
<b>Net interest income</b>	<b>1,284.69</b>	<b>31.63%</b>	<b>775.89</b>	<b>24.87%</b>	<b>265.68</b>	<b>9.81%</b>	<b>182.87</b>	<b>12.16%</b>	<b>207.54</b>
Investment income	518.27	12.76%	554.57	17.78%	1,163.26	42.96%	535.05	35.57%	-
Commission, exchange and brokerage	391.82	9.65%	161.03	5.16%	108.73	4.02%	79.98	5.32%	2.42
Other operating income	51.32	1.26%	38.41	1.23%	19.24	0.71%	8.52	0.57%	0.01
<b>Total operating income (A)</b>	<b>961.42</b>	<b>23.67%</b>	<b>754.01</b>	<b>24.17%</b>	<b>1,291.23</b>	<b>47.68%</b>	<b>623.55</b>	<b>41.46%</b>	<b>2.42</b>
<b>Total operating income (A)</b>	<b>2,246.10</b>	<b>55.29%</b>	<b>1,529.90</b>	<b>49.05%</b>	<b>1,556.91</b>	<b>57.49%</b>	<b>806.42</b>	<b>53.61%</b>	<b>209.97</b>
Salaries and allowances	393.55	9.69%	306.91	9.84%	185.57	6.85%	93.01	6.18%	25.77
Rent, taxes, insurance, electricity etc.	131.76	3.24%	110.35	2.72%	100.94	2.48%	74.75	1.84%	28.36
Legal expenses	0.54	0.01%	0.28	0.01%	0.36	0.01%	0.22	0.01%	0.06
Postage, stamp, telecommunication etc.	25.76	0.63%	19.30	0.48%	11.77	0.29%	7.45	0.18%	0.82
Stationery, printing, advertisements etc.	43.07	1.06%	30.25	0.74%	44.60	1.10%	28.09	0.69%	9.22
Managing Director's salary and fees	9.53	0.23%	7.80	0.19%	8.32	0.20%	8.32	0.20%	4.95
Directors' fees	1.83	0.05%	1.63	0.04%	1.29	0.03%	1.55	0.04%	0.27
Auditors' fees	0.25	0.01%	0.25	0.01%	0.25	0.01%	0.25	0.01%	0.25
Depreciation and repairs to bank's assets	56.69	1.40%	51.33	1.26%	42.40	1.04%	23.63	0.58%	3.37
Other expenses	117.42	2.89%	115.06	2.83%	132.13	3.25%	71.45	1.76%	23.80
<b>Total operating expenses (B)</b>	<b>780.40</b>	<b>19.21%</b>	<b>643.14</b>	<b>15.83%</b>	<b>527.64</b>	<b>12.99%</b>	<b>308.72</b>	<b>7.60%</b>	<b>96.86</b>
<b>Profit before provision (C=A-B)</b>	<b>1,465.60</b>	<b>36.08%</b>	<b>886.65</b>	<b>33.21%</b>	<b>1,029.16</b>	<b>44.50%</b>	<b>497.59</b>	<b>46.01%</b>	<b>112.99</b>
Provision for loans and advances									
General provision	86.34	2.13%	55.97	1.38%	47.53	1.17%	40.65	1.00%	0.35
Specific provision	5.88	0.14%	6.22	0.15%	-	-	-	-	-
Provision for Off-shore Banking unit	12.20	0.30%	9.15	0.23%	0.15	-	-	-	-
Provision for off-balance sheet items	70.00	1.72%	45.29	1.11%	10.75	0.26%	15.00	0.37%	1.56
Provision for Incentive of Good Borrowers	1.50	0.04%	-	-	-	-	-	-	-
<b>Total provision (D)</b>	<b>175.92</b>	<b>4.33%</b>	<b>116.62</b>	<b>2.87%</b>	<b>58.44</b>	<b>1.44%</b>	<b>55.65</b>	<b>1.37%</b>	<b>1.91</b>
<b>Total profit before tax (C-D)</b>	<b>1,289.68</b>	<b>31.75%</b>	<b>770.02</b>	<b>30.34%</b>	<b>970.72</b>	<b>43.07%</b>	<b>441.94</b>	<b>44.64%</b>	<b>111.08</b>
Provision for taxation									
Current	545.87	13.44%	308.35	7.59%	204.51	5.03%	132.09	3.25%	46.22
Deferred Tax	(2.21)	-0.05%	(0.41)	-0.01%	1.39	0.03%	3.66	0.09%	8.06
<b>Net profit after tax</b>	<b>543.66</b>	<b>13.38%</b>	<b>307.94</b>	<b>7.58%</b>	<b>205.90</b>	<b>5.07%</b>	<b>135.75</b>	<b>3.34%</b>	<b>54.28</b>
	<b>746.02</b>	<b>18.37%</b>	<b>462.08</b>	<b>22.76%</b>	<b>764.83</b>	<b>38.00%</b>	<b>306.19</b>	<b>41.30%</b>	<b>56.80</b>

## Chairman's Message & CEO's Review



The Bank has been striving for gaining footholds towards earning sustainable and solid earnings which would take it forward in the coming years. 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.



## Chairman's Message

Bismillahir Rahmanir Rahim

### Respected Shareholders and Honorable Members of the Board of Directors

Assalamu Alaikum,

My great pleasure and honor to have the opportunity to report progress of Modhumoti Bank Limited to you on the occasion of the Fifth Annual General Meeting. 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 completion of another year. It is my pleasure to report that there are many positive sides of our performance in 2017.

### Bank's Performance in 2017

Modhumoti Bank Limited is operating with the aim to be a prominent player in the financial sector of Bangladesh. During 2017, we expanded our business in many ways. Our achievements are reflected not only in the financial statements but also on the confidence and trust of our customers and stakeholders. Despite high competition and challenges in 2017, the Management of the Bank continued to focus on its core business areas financing Corporates, SMEs, Agent Banking and other potential growth sectors. The external environment of favorable business, both local and global aided our growth. This trend is reflected in the indicators such as growth in public investment, agriculture, services, export, import and remittance and decline of inflation rate. We have even earned

the trust of global fund manager, since signed an agreement with Symbiotics Group to raise USD 10.5 million through senior debt, which is a leading global investment company dedicates to inclusive and sustainable finance in emerging frontier markets across over 60 countries and has invested USD\$2.8 billion. Under the term with Symbiotics S.A, we have already received USD5.5 million in 2017 and the balance is under process for financing through Off-Shore Banking Unit. This will help us immensely in expanding our global business position. Very few banks in Bangladesh have been able to make such access to foreign finance.

**Increasing profitability:** The Bank achieved operating profit of BDT 1465.71 million in 2017 over BDT 886.76 million in 2016 and net profit after tax registered to BDT 746.13 million increased from BDT 462.19 million in 2016. In 2017, Earning per share (EPS) was BDT 1.65 increased from BDT 1.02, whereas Net Asset Value (NAV) per share stood at BDT 12.68 from BDT 12.04.

**Growing size of the Balance Sheet:** Total deposits of the Bank stood at BDT 33,036.44 million in 2017 registering growth of 41.76 per cent. On the other hand, total Loans and Advances grew significantly to BDT 30,181.30 million which is 76.10 per cent increase over 2016. Total Assets of the Bank stood at BDT 45,049.87 million from BDT 32,424.51 million registering 38.94 per cent growth over the previous year.

**Increasing foreign exchange business:** The Bank facilitated import of BDT 17,513.31 million in 2017, export of BDT 9,637.68 million with growth of 84.94



per cent and 86.13 per cent respectively over 2016 through its 5 AD branches and Central Trade Processing Unit (CTPU) at Head Office, which explicitly shows the scope of improvement in the days to come. The Bank is also operating an Off-shore Unit.

In 2017, NRB remittance amounting to BDT 162.70 million has been channeled through the Bank by using various distribution channels increase of 35.76 per cent over 2016.

**Spreading footprint:** The Bank opened 6 new branches in 2017 in both urban and rural areas of the country. The Bank was able to establish agent points in a good number of unions, which are presently at 265 unions. 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.

**Continuing with upgraded credit rating:** The Credit Rating Agency of Bangladesh (CRAB) has rated the Bank since incorporation in 2013. The agency has been continuing awarded rating with A<sub>3</sub> status for consecutive second year for long term based on financials of 2017, which reflects improved resilience, innate strength and stability of the fundamentals of the Bank and ST-2 in the short term.

### Outlook and Challenge

The Bank has been striving for gaining footholds towards earning sustainable and solid earnings which would take it forward in the coming years. 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.

Despite liquidity imbalance and instability in interest rate, I am optimistic and have full confidence that the Management Team will beat the prevailing scenario and steer the Bank to a solid position. 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 for our clients. We have diversified and growing deposit and loans & advances portfolio. Trade finance, remittance and total assets are also continuously on the rise and the trend will continue in the coming years.

The Management has already declared 2018 as the year for achieving customer service excellence for which hiring more skilled employees and development of existing ones will be more focused. Skilled human resource is the key to run with success, for which without investing in human capital, sustainable success might not be achieved. I am sure that the Management has given efforts to properly

develop and build up capacity of human resources by conducting various kinds of training programs around the year. For maintaining a well-motivated team, the Bank has already adopted many employee-oriented policies including rewarding incentive and performance bonus, promotions and increments. The Bank has already established contributory provident fund and also been maintaining provision for gratuity since inception. The Board of Directors has approved gratuity policy. I am highly confident that the competent Management Team will take the Bank to a new heights and deliver expected results to the shareholders at the end of the year.

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, 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 etc. Innovative ideas should be given careful thought and whenever required the Bank must be prepared to accept and adopt it for its advantage.

### Note of Appreciations

I am immensely indebted to my colleagues for their continued supports and prudent counsel.

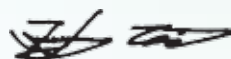
I would like to thank members of the Executive Committee, Audit Committee and Risk Management Committee for their commendable role in our quest for success. I express deep gratitude to all our customers, well-wishers, shareholders, regulators for their supports and invaluable guidance in our journey.

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 Managing Director & CEO 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 blessings upon us.

With warm personal regards,



**Humayun Kabir**  
Chairman  
The Board of Directors





## Managing Director & CEO's Review

Bismillahir Rahmanir Rahim

### Respected Shareholders and Honorable Members of the Board of Directors

Assalamu Alaikum,

I consider it immense pleasure and honor to stand before you with the on-going and upcoming activities and performance parameters of the Bank for the third time in a row for the year ended December 31, 2017.

Our Bank has once again demonstrated its dedication and commitment to all stakeholders who places their trust on us- shareholders, customers, employees and society, in general. The year 2017 has been a mixed year of achievements and challenges and with this; our beloved organization has completed glorious 5 years of operations starting its journey back in September 19, 2013.

The Bank, since inception, is committed to providing its customers a banking experience which is mutual beneficial, growing, lasting and sustainable. 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 for our honorable shareholders.

### Bird's Eye View on Bangladesh and World Economy

The macroeconomic trends transmitted a number of disquieting signals including increasing public debt burden, persisting weakness in the banking sector performance, sluggish capital market, lower growth in export earnings, and decline in remittance inflow. On the other hand, there are some milestone achievements. Major development

works are ongoing all over the country, creating new employment and developing infrastructure for doing business in a better and greater way. As a result, economy of the country is growing at a steady pace.

In summary, the noteworthy points are stated below, which are collected from many reliable sources:

- Considering the base year of 2005-06, the highest ever GDP growth 7.28 per cent was achieved in the year 2017 which is 0.17 per cent increase from the Year 2016.
- Industries sector grew at double digit 10.2 per cent consisting significant growth from the large and medium scale manufacturing industries 11.0 per cent.
- Leather and related products 53.4 per cent, Textile 21.2 per cent, Pharmaceuticals and Medicinal Chemical manufacturer 32.1 per cent, and manufacture of other non-metallic mineral products 32.3 per cent.
- Export earnings registered only 1.7 per cent growth in the year 2017. In particular, the RMG exports posted only 0.2 per cent growth, while leather and leather products grew by 6.3 per cent.
- Private investment remained stagnant as share of GDP (23.1 per cent) and on the other hand public investment increased marginally (0.7 per cent).
- Gross national savings as a share of GDP (29.6 per cent) declined compared to the Year 2016 (30.8 per cent).
- Per capita GNI increased to USD 1,610 in the Year 2017, 9.9 per cent increase over the Year 2016.

The upswing in global investment and trade continued in the second half of 2017. At 3.8 per cent, global growth in 2017 was the fastest since 2011. With financial conditions still supportive, global growth is expected to tick up to a 3.9 per cent rate in both 2018 and 2019. Advanced economies will grow faster than potential this year and next; euro area economies are set to narrow excess capacity with support from accommodative monetary policy, and expansionary fiscal policy will drive the US economy above full employment. Aggregate growth in the emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exporters after three years of weak performance.

Like other passing years, in 2017, the Bank's business continued to grow in slow but steady manner with a firm business motto. I would like to take the privilege to present the Key Performance Parameters of our Bank as below:

some of which are for the first time (e.g. Holding tax collection of DNCC and DSCC) among the 4th generation banks. At the end of 2017, the Bank had 52,046 deposit accounts, which were 28,143 in 2016.

Keeping in mind 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 2017, we continued operations through Corporate Banking, SME, Retail & Card and Agent Banking under which many products have already been launched. 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

Amount in Million BDT

Key Parameters	Year-2017	Year-2016	Net Result
Total Deposits	33,036.44	23,303.74	Increased 41.76 per cent
Total Loans & Advances	30,181.30	17,138.60	Increased 76.10 per cent
Total Assets	45,049.87	32,424.51	Increased 38.94 per cent
Total Shareholders' Equity	5,731.11	5,440.06	Increased 5.35 per cent
Import Business	17,513.31	9,469.67	Increased 84.94 per cent
Export Business	9,637.68	5,032.87	Increased 86.13 per cent
NRB Remittance	162.70	119.85	Increased 35.76 per cent
Operating Profit	1,465.71	886.75	Increased 65.29 per cent
Net Profit	746.22	462.33	Increased 61.41 per cent

Besides, in 2017, 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 505.89 million from treasury operation. Outstanding investment in Government security, which is comparatively safer, was BDT 4,306.84 million at the end of the year. The Bank's placement of funds with other banks and financial institutions was another source of income for BDT 646.82 million and outstanding stood at BDT 6,770 million at the end of the year.

The Bank with the help of prudent guidance of the Board of Directors achieved its success in 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 service providers (e.g. DESCO, TITAS, etc), Autonomous bodies and Sector Corporations,

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. During the Year 2017, number of Loan Accounts was 2,190 increased from 1,671 in the year 2016, which shows that we are expanding our loan portfolio not only to a number of corporate clients, but also to a number of SME clients throughout the country. I proudly here announce that, despite our limited resources, number of Agent points increased from 70 in the Year 2016 to 200 in the Year 2017 and still moving on. This shows that we are committed to spread the Banking activities to the far remote point of the country.

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.

Believing in Employees of the Bank and considering their contribution as a key driver for the success of the Bank, 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 2017, number of employees of the Bank stood at 422 increased from 372 in the Year 2016 to support opening 6 new Branches in the Year 2017.

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 tried to maintain highest ethical standards and professionalism for protecting the best interest of all the stakeholders.

### **Looking Forward**

Our motto is to materially deepen and broaden our reach, delivering differentiated service to the full range of customers - corporate and retail, urban and rural, through innovation in products, processes and technology, empowering the communities we serve, to grow and prosper. As a comparatively younger Bank, we are seeking to set new standards in customer experience, using technology and a service-oriented approach that makes banking simple, accessible anytime and from anywhere. We focus on solution, speedy service delivery; all backed by a service approach that feels personalized and is consistently offered across all customer segments. The Banking sector will continue to face serious challenges associated with global and local uncertainty which is not only economic but also increasing political and regulatory in nature.

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 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. 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.

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.

### **Acknowledgement**

I express my gratitude to our very capable and helpful 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.

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

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 take this opportunity to thank all employees for their wholehearted support in the build-out and growth of the bank and its several achievements over the last few years. We believe in equal opportunities for personal and professional growth for all, building a performance and knowledge based employee team, which strengthens our ability to deliver on our goals.

With best regards,

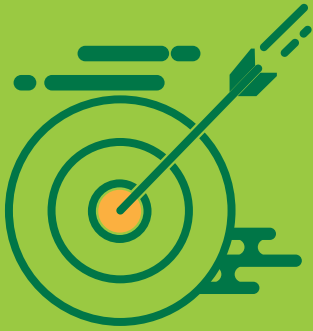


**Md. Shafiqul Azam**  
Managing Director & CEO

## Corporate Objectives, Values & Structure



The Bank has 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 through practicing standard principles in accordance with the guidelines by Bangladesh Bank.



## 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
- Teamwork
- Responsibility
- Transparency
- Innovation
- 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.

**32**  
Branches

**265**  
Agent Points

**01**  
OBU

**32**  
ATMs

**87,681**  
Customers

## Corporate Profile

Modhumoti Bank Limited has been established as a fourth generation private commercial bank of the country, a scheduled bank incorporated in Bangladesh as a Public Limited Company limited by shares under the Companies Act 1994 and Bank Companies Act 1991, promoted by prudent entrepreneurs having long sound background to serve the enterprises ranging from micro, small and medium enterprises and industries to large corporate houses keeping the tagline in mind, 'Your Access to Success.'

The Bank has 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 through practicing standard principles in accordance with the guidelines by Bangladesh Bank.

The Bank has developed various customized products for corporate, SMEs, agro-based, green-based enterprises as well as for retail customers for meeting financial needs of all segments to maximize its service net through establishing 32 branches and 1 off-shore banking unit as well as 265 Agent Points in UDCs under Agent Banking Operation with a view of financial inclusion.

Legal Status	Public Limited Company
Date and Place of Incorporation	4 June 2013, Dhaka, Bangladesh
Date of Commencement of Business	4 June 2013
Banking License No. and date of obtaining banking license from Bangladesh Bank	বিআরপিডি (পি-৩)৭৪৫(৬৪)/২০১৩-২৭৩৭ 9 June 2013
Date of Inception of Banking Operation	19 September 2013
Authorised Capital	BDT.20000.00 million
Paid-up Capital	BDT.4520.00 million
Face Value of Each Share	BDT.10.00
No. of Outstanding Shares	452 million
Shareholding Pattern	Wholly owned by the Sponsors
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
Chairman, Risk Management Committee of the Board	Mr. Mostafa Kamal
Managing Director & CEO	Mr. Md. Shaful Azam

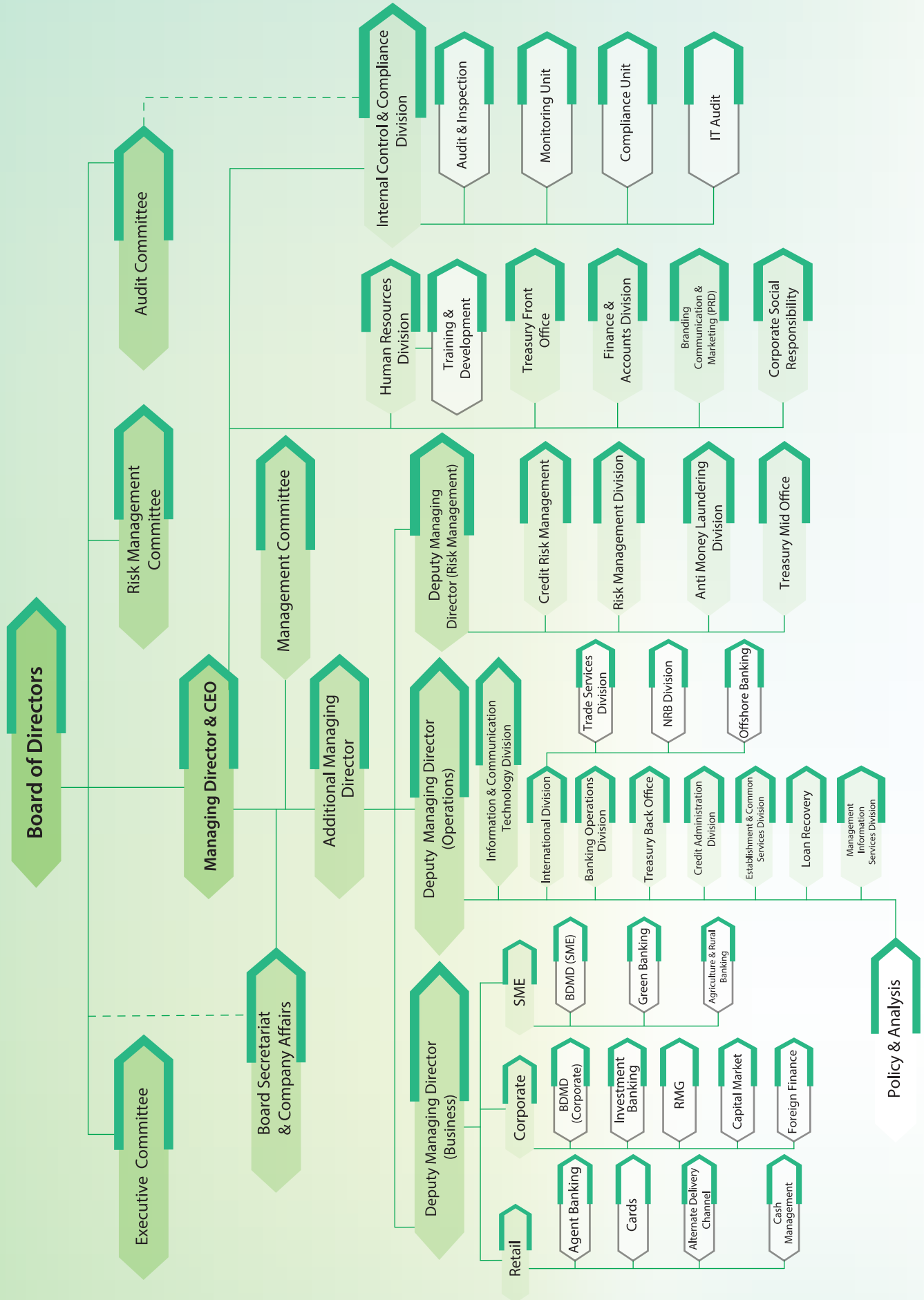
BIN	000001507 dated 14.12.2016
VAT Registration	19011088268-Area Code 190101
Tax-Payer Identification Number	718496557566/LTU/Dhaka

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, 2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> Floor 65-66 Motijheel Commercial Area, Dhaka-1000 Email: info@modhumotibankltd.com Phone: 02-958 3809, Fax: 02-4711 9350
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[www.modhumotibankltd.com](http://www.modhumotibankltd.com)

# Corporate Organogram





# 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  
Representing Meghna Flour & Dal Mills Limited

Mr. Md. Mahbubur Rahman  
Representing Mona Financial Consultancy & Securities Limited

Mr. Md. Didarul Alam, MP

Mrs. Syeda Sharmin Hossain  
Representing Sharmin Fashions Limited

Mr. Md. Shafiul 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. Nemaï 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.

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**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 was younger brother of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

Mr. Salahuddin is a successful businessman having vast experiences in navigation and shipping businesses. He is proprietor of Fardin Fish, Ajmeer Navigation and Khulna Shipping Lines. He is also a sponsor shareholder of Islami Commercial Insurance Company Limited.

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

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**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 of the Bank since inception. He is also a 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 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 and Arbitration, General Corporate Practice, Banking & Insurance Law, Energy, Power, Mining and Mineral Resources, Telecommunication, Real Estate, Mergers & Acquisitions, Law of Intellectual Property and also Criminal Law. He is 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 has been designated by Bangladesh as a Panel Member of the International Centre for Settlement of Investment Disputes (ICSID) Panels of Conciliators and of Arbitrators. He has been appointed as an Arbitrator to arbitral proceedings in commercial disputes.

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 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 the Editor of the first monthly English law magazine of Bangladesh, named 'Bangladesh Legal Times'. 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 of the Bank since inception.

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.

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Mr. Salahuddin Alamgir, CIP 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 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 (GCCCI) and also Member of SAARC Chamber of Commerce & Industry (SAARC CCI).

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.

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**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.

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**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.

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**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.

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**Shahana Yasmin**  
Director

Mrs. Shahana Yasmin was born in a respectable Muslim family in 1968 in Khulna. Her grandfather 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, Farzan Navigation and Haraj Market (2nd floor), Khulna.

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

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**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 with 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 also a Member of Kurmitola Golf Club, Baridhara Society and Gulshan Society, Dhaka.

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**A. Mannan Khan**  
Director

Mr. A. Mannan Khan, Chairman of Mango Teleservices Limited, was born on 3rd January 1966 at Singair, Manikgonj. He graduated from Tianjin University of China in Computer Engineering and post-graduation 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 solution 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, Manikgonj, 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 world-class 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.

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**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.

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**Manwar Hossain**  
Director

Mr. Manwar Hossain is a member of the Executive Committee of the Board of Directors of Modhumoti Bank.

As Group Managing Director, Mr. Manwar Hossain leads Anwar Group of Industries, a conglomerate with a 180 year legacy. Largely shaped by his father-the legendary business philanthropist Al-Hajj Anwar Hossain, Anwar Group is now recognized and the “Dun and Bradstreet” awarded most Diversified Business Conglomerate in Bangladesh.

Mr. Manwar Hossain began his business career in the group in 1994 after completing his BBA and MBA from the University of New Hampshire, USA.

Apart from the Anwar Group of Industries, Mr. Manwar Hossain is also Director of City General Insurance Company Ltd., BD Finance Securities Ltd., BD Finance Capital Holdings Ltd. He is also the chairman of Bangladesh Finance and Investment Company Ltd., a former Director of Bangladesh Commerce Bank Ltd and Vice Chairman of City Bank Ltd.

Mr. Manwar Hossain has played a vital role as Director of Dhaka Chamber of Commerce and Industry (DCCI). He leads the Steel and Cement Sectors of Bangladesh as the President of the “Steel Manufacturers of Association of Bangladesh” and Senior Vice President of “Bangladesh Cement Manufacturers Association (BCMA)”.

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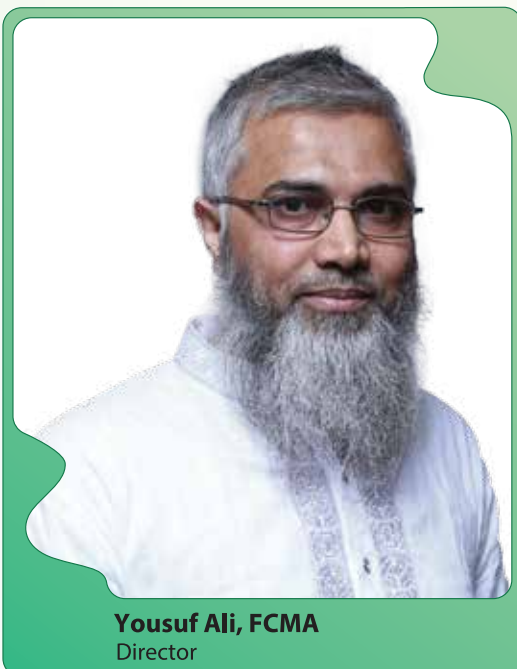


**Rezin Ahmmad Talukder**  
Director

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.

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**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.

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**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, Lakshmpur.

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

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**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 Bhatiary Golf & Country Club and Chittagong Club Limited. Mr Alam traveled widely across the globe.

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**Syeda Sharmin Hossain**  
Director

Mrs. Syeda Sharmin Hossain, representing Sharmin Fashions Limited, was born in a respectable Muslim family in 1984 at Dhaka.

Mrs. Hossain is a Director of Sharmin Group, one of the largest 100% export oriented garments industry in the country. She is also associated with many philanthropic activities and travelled many countries.

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**Md. Shaful Azam**  
Managing Director & CEO

Mr. Md. Shaful 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 around 27 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.

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# The Sponsors



Mr. Humayun Kabir



Mr. Shaikh Salahuddin



Barrister Sheikh Fazle Noor Taposh, MP



Mr. Noor-E-Alam Chowdhury, MP



Sharmin Apparels Limited  
Rep. by Mr. Mohammad Ismail Hossain



Sandhani Life Insurance Co. Limited  
Rep. by Mr. Nemaï Kumer Saha



Alhaj Anwar Hossain



Mr. Salahuddin Alamgir



Tanveer Oils Limited  
Rep. by Mr. Mostafa Kamal



Anwar Jute Spinning Mills Limited  
Rep. by Mr. Mafizuddin Sarker



Mr. Humayun Kabir



# The Sponsors



Mrs. Shahana Yasmin



Mrs. Sultana Jahan



S. Jute Industries Limited\*  
Rep. by Mr. Md. Abul Hossain



Mr. Mohammad Ali Talukder\*



P. N. Composite Limited  
Rep. by Mr. Tapan Kumar Saha



Mr. Abdullah Al Islam Jakob, MP



Power Generation Company Limited  
Rep. by Mrs. Tanjima Binthe Mostafa



Mr. Md. Irshad Ali



Niki Dyeing, Printing & Finishing Mills Limited  
Rep. by Mr. Md. Serajul Islam Bhiuyan



Mr. Mohd Jashim Uddin



Mr. Faiz Ahmed Khan



Mr. Syed Salman Masud



# The Sponsors



Crystal Apparels Limited  
Rep. by Mr. Md. Showket Hossain



Mr. Sheikh Fazle Shams



Barrister Rahat Khalil



Barrister Imranul Kabir



Barrister Khandaker Reza-E- Raquib



Dr. Golam Mohiuddin\*



Barrister Mejbahur Rahman



Barrister Khandoker Reza-e- Rabbi



Barrister Mohammad Mehedi  
Hasan Chowdhury



E. B. Solutions Limited  
Rep. by Mr. Rafiur Rahman Khan Yusufzai



Mr. Iqbal Aziz



Mr. Sk. Belal Uddin

# The Sponsors



Mona Financial consultancy & Securities Limited  
Rep. by Mr. Md. Mahbubur Rahman



Mr. Md. Didarul Alam, MP



Meghna Flour & Dal Mills Limited  
Rep. by Mr. Yousuf Ali



D & S Pretty Fashions Limited\*  
Rep. by Mr. Mohammad Ali Talukder



Mango Teleservices Limited  
Rep. by Mr. A. Mannan Khan



Azbal International Limited  
Rep. by Mrs. Ferdousi Islam



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



Mr. Hasanur Bari\*\*

\* Transferred entire shareholding.

\*\* Holds sponsor shares through transfer.

## The **Senior Management** & Committees



MD & CEO Mr. Md. Shaful Azam and DMD Mr. Kazi Ahsan Khalil

### **MANCOM**

- Chairman : Mr. Md. Shaful Azam, Managing Director & CEO
- Members : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Head of Business  
Mr. Md. Shaheen Howlader, SEVP and Head of SME & Retail  
Mr. Sufi Tofail Ahamed, EVP and Head of ICT Division  
Mr. Javed Khan, EVP and Head of Corporate & Member Secretary  
Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Service Division  
Mr. Md. Shafiqur Rahman, SVP and Head of Human Resources Division  
Mr. Md. Zainul Abedin, VP and Head of ICCD  
Mr. Biswas Arifur Rahman, VP and Head of Treasury  
Mr. Mohammad Nazmul Hossain, VP and Head of Finance and Accounts Division  
Mr. Ashutosh Talukder, FVP and Company Secretary (Current Charge)



## The **Senior Management** & Committees



### Asset Liability Committee, **ALCO**

- Chairman : Mr. Md. Shafiqur Rahman, Managing Director & CEO
- Members : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Head of Business  
Mr. Md. Shaheen Howlader, SEVP and Head of SME & Retail  
Mr. Javed Khan, EVP and Head of Corporate  
Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Service Division  
Mr. Md. Shafiqur Rahman, SVP and Head of Human Resources Division  
Mr. Biswas Arifur Rahman, VP and Head of Treasury & Member Secretary  
Mr. Mohammad Nazmul Hossain, VP and Head of Finance and Accounts Division  
Mr. Md. Mojammel Hoque, FVP, Risk Management Division



## The **Senior Management** & Committees



### Credit Evaluation Committee, **CEC**

Chairman	:	Mr. Kazi Ahsan Khalil, Deputy Managing Director & Head of Business
Members	:	Mr. Md. Shaheen Howlader, SEVP and Head of SME & Retail Banking
		Mr. Javed Khan, EVP and Head of Corporate & Member Secretary
		Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Service Division
		Mr. Arif Hasan Khan, SVP, Business Development and Marketing Division (Corporate)
		Mr. R.M. Sariful Islam, VP and Head of Credit Administration Division
		Ms. Hasi Rani Bepari, VP, Credit Risk Management Division

# The Executives

## **Managing Director & CEO**

Mr. Md. Shafiu Azam

## **Deputy Managing Director**

Mr. Kazi Ahsan Khalil

## **Senior Executive Vice President**

Mr. Md. Shaheen Howlader

## **Executive Vice President**

Mr. Sufi Tofail Ahamed

Mr. Javed Khan

Ms. Fahmida Saeed Saki

## **Senior Vice President**

Mr. Moklesur Rahman

Mr. Shaikh Mohammed Shoieb

Mr. Md. Shafiqur Rahman

Mr. Arif Hasan Khan

Mr. Mohammad Anas

## **Vice President**

Mr. Md. Zainul Abedin

Mr. Shah Md. Humayun Kabir

Mr. Atiqul Islam Akhand

Mr. Mohd. Asaduzzaman

Mr. R.M. Sariful Islam

Mr. Biswas Arifur Rahman

Mr. Md. Kayum Zaman

Mr. Azim Salam Khan

Mr. Noman Kabir

Mr. Mohammad Nazmul Hossain

Ms. Hasi Rani Bepari

## **First Vice President**

Mr. Md. Mahboobur Rahman

Mr. Mohammad Haider Ali Sikder

Mr. Mohammad Abu Toyab

Ms. Asma Ul Husna

Mr. Md. Humayun Kabir Bhuiyan

Mr. Md. Gias Uddin

Mr. Md. Moniruzzaman

Mr. Mohammad Faruk Hossain

Mr. K.M. Murshed Kabir

Mr. Md. Lychur Rahman

Mr. Md. Kawsar Ali Molla

Mr. Mohammad Najib Ullah

Mr. Mohammad Mahmud Hasan

Mr. S.M. Imran Alam

Mr. Muhammad Imran Alam

Mr. Md. Monirul Islam

Mr. Kazi Asif Mahbub

Mr. Md. Mojammel Hoque

Mr. Ashutosh Talukder

## **Assistant Vice President**

Mr. Md. Abdus Selim

Mr. Kawsar Ahamad

Mr. Md. Touhidur Rahman

Mr. Md. Abdullah Al Mamun

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. Tanushyam Sikder

Mr. Kamrul Momin

Mr. Md. Asfakur Rahaman

Mr. Syed Yasir Hussain

Mr. Md. Monir Hossain Bhuiyan

Mr. Md. Mustafizur Rahman

Mr. Md. Ataul Gani

Mr. Md. Shahidul Islam

Mr. S. M. Shahin Iqbal

Mr. Md. Abdur Rahim Khan

Mr. Dipon Chandra Roy

# Brief Report on Corporate Governance

Corporate governance is the mechanisms, processes and relations by which the entities are controlled and directed to bring transparency, accountability and professionalism in the management system of a corporate body that enhances the credibility and acceptability of the organization to the shareholders, employees, potential investors, customers, lenders, government and regulators and all other stakeholders. Governance structures and principles identify the distribution of rights and responsibilities among different participants in an organization and include the rules and procedures for making decisions in corporate affairs. In other words, corporate governance contributes to the efficiency of an organization enabling them to compete in a sustained way, maintaining integrity in the organization and also managing risk of the organization.

Banks, as a financial intermediary, do business with the money of other people. A bank keeps deposits and provides loans involving many parties and amount of loans of a bank is much higher than their capital. Thus, responsibilities of a bank-company are more crucial than those of other companies; because in case of a bank-company it is essential to earn and maintain confidence of the depositors as its business is mainly run with the depositors' money.

## Corporate Governance Framework

A bank through its Board and Board's Committees endeavors to strike and deliver the highest governing standard for the benefits of its stakeholders. In fact, corporate governance leads to good governance, which is also an integral part of sustainable economic development. The three important constituents of corporate governance are Board of Directors, Shareholders and lastly but essentially, the Management.

The Board of Directors performs very important role in the system of the corporate governance. The board is accountable to the stakeholders and directs and controls the Management. It stewards the company, sets its strategic aim and financial goals and oversees their implementation, puts adequate internal controls in place and periodically reports the activities and progress of the company in a transparent manner to all the stakeholders.

The important role of the shareholders is to hold the Board accountable for the proper governance of a company by enabling the Board to provide them periodically the required information in a transparent manner about activities and progress of the company.

The Management has the responsibility to undertake management of an organization in accordance with the direction provided by the Board, to put adequate control systems in place and to ensure their operation and to provide information to the board timely and transparently, which enables the Board to monitor accountability of the Management.

## Common Principles of Corporate Governance

Commonly accepted principles of corporate governance include:

- **Rights and equitable treatment of shareholders:** Organization should respect the rights of shareholders and help shareholders to exercise those rights by effectively communicating information that is understandable and accessible and encourage shareholders to participate in general meetings.
- **Interests of other stakeholders:** Organizations should recognize that they have legal and other obligations to all legitimate stakeholders.
- **Role and responsibilities of the Board:** The Board needs a range of skills and understanding to be able to deal with various business issues and have the ability to review and challenge management performance. It needs to be of sufficient size and have an appropriate level of commitment to fulfill its responsibilities and duties.
- **Integrity and ethical behavior:** Ethical and responsible decision making is not only important for public relations, but it is also a necessary element in risk management and avoiding lawsuits.
- **Disclosure and transparency:** Organizations should clarify and make publicly known the roles and responsibilities of Board and Management to provide shareholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of company's financial reporting. Disclosure on material matters should be disclosed timely to ensure that all investors have access to clear, factual information.

## Corporate Governance at Modhumoti Bank Limited

Modhumoti Bank Limited has been established with prudent personalities of the country 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. At Modhumoti Bank, due importance is given to major parameters of corporate governance

such as Board system and its independence, function of Board's sub-committees, internal control over financing reporting, transparency, disclosures and compliance etc. All our Banking activities are guided by these key principles of good governance. The Board of Directors of Modhumoti Bank plays pivotal role in bank-governance through their far sighted decision and visionary leadership that drive the Bank to keep sustainable growth.

### **The Board of Directors**

The Board of Directors of the Bank plays the pivotal role in bank governance through their choice of strategy and leadership to drive the company to growth path. The Board is responsible for both designing and implementing governance mechanism including appointment and supervision of respective Board Committees and Top Management. The onus of setting strategic aims and goals of the company is also on the Board. The Management is an extended wing of the Board executing policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The risk management and overall support functions of the Bank has been designed and kept fully independent from business to guard against any unforeseen events that undermine the brand value of the Bank.

Modhumoti Bank Limited is registered as a public limited company under Companies Act 1994, licensed by Bangladesh Bank under Bank-Company Act 1991 and amended thereafter and guided mainly by Bangladesh Bank in its corporate governance practices, since the Bank's shares are yet to be listed with any stock exchange. However, the Bank's corporate governance philosophy encompasses to not only regulators and legal requirements but also to various internal rules, policies, procedures and practices based on the best practices of local banks. Bangladesh Bank has issued circulars defining separate roles of the Board and Management as a guideline. Besides, Bangladesh Securities and Exchange Commission (BSEC) also have a guideline (code) which is to follow by listed banks.

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. Besides, election/ re-election of directors is required to be dealt following Companies Act 1994, Bank-Company Act 1991, as amended from time to time. At every annual general meeting; one-third of the directors shall retire. The retired directors may be re-elected, subject to complying rules/regulations of regulatory bodies in this regard. All the Directors of Modhumoti Bank Limited including the Chairman are Non-Executive directors except the Managing Director & CEO alike all other banks of the country. The Bank is yet to appoint any Independent Director.

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 leadership of Managing Director & CEO assumes responsibility for the day-to-day operations. The Managing Director & CEO is an ex-officio member of the Board.

Company Secretary (CS) of the Bank attends the meetings of the Board of Directors regularly and Head of Finance & Accounts Division/Chief Financial Officer (CFO) also attends the meeting when it is required, provided that the CFO and/or the CS do not attend such part of a meeting of the Board of Directors which involves consideration of an agenda relating to their personal matters.

### **Roles and Responsibilities of the Board of Directors**

The Board is responsible to set the vision, mission and policies of a bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources, as stipulated in Bangladesh Bank's BRPD Circular No. 11 dated 27 October 2013, wherein among others, following roles and responsibilities of the Board of Directors of a bank-company have been stated:

- a) Work-planning and strategic management;
- b) Credit and risk management;
- c) Internal control management;
- d) Human resources management and development;
- e) Financial management;
- f) Formation of Board committees;
- g) Appointment of Managing Director & CEO etc.

Directors have full freedom to carry out their coveted responsibilities. They attend Board meeting regularly and participate in the deliberation and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank, but they do not participate in or interfere into the administrative or operational or routine affairs of the Bank.



## Vision, Mission and Values

Vision, Mission and Values statements are crucial to communicating the 'who, what and why' for an organization to corporate management, employees and users of the services. These are developed by leaders with inspiring words to convey the purpose, direction and driving forces of an organization clearly and concisely. Modhumoti Bank, by creating clear, meaningful and reflective statements, powerfully communicate its intentions and motivate and inspire the employees to ensure proper understanding about the objectives of the organization following which they be able to make everyday decisions consistently.

### 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.

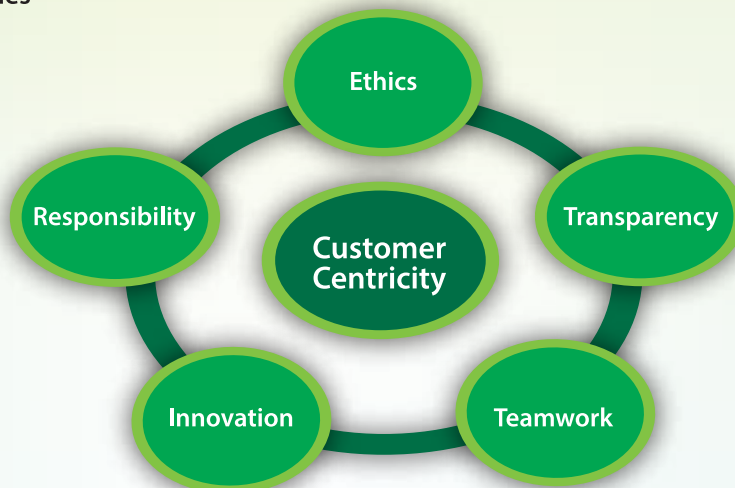
### Mission

- 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



### 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.

### **The Role and Responsibilities of the Chairman of the Board**

The Role and responsibilities of the Chairman of the Board of Directors of a bank-company is clearly stated in Bangladesh Bank's BRPD Circular No. 11 dated 27 October 2013, which the Bank's Chairman also follows:

- Plan for Board Meetings;
- Chair all Board Meetings, directing debate towards consensus;
- Ensure the Board receives appropriate, accurate, timely and clear information;
- Chair the AGM and other Shareholders' Meetings to foster effective dialogue with Shareholders;
- Ensure that the Board sets and monitoring implementation of the Bank's direction and strategy effectively;
- Act as the Bank's lead representative, explaining aims and policies to the Shareholders;
- Ensure no participation in or interference into the administrative or operational and routine affairs of the Bank;
- Provide overall leadership to the Board, setting vision and driving innovation, working closely with the CEO.
- Conduct (if required) on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board.

Directors are not eligible to any remuneration other than for attending any meeting of the Board and its Committee. The Chairman of the Bank is allowed to receive facilities in line with BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank.

### **Board meetings and attendance**

Meeting of the Board of Directors is held on a regular basis following minimum 7 days' Notice to every Directors specifying day, date, time and full address of the venue, but emergency meeting may be called as and when required. The Agenda to be transacted at the meeting along with Memorandum [Notes to the Agenda] are circulated prior to the meeting.

Supplementary items may be taken up for consideration with the permission of the Chairman and with the consent of the majority of the Directors present in the meeting. In the meeting, the Chairman of the Board of Directors allocates sufficient time for the Directors to consider each item of the agenda and allow them to discuss, inquire, and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities.

During the year 2017, a total 9 (nine) meetings of the Board were held and attendance of the Directors in these meetings was satisfactory. Directors who could not attend the meeting(s) were granted leave of absence by the Board. Chairmen of the committee(s) of the Board of Directors are enjoying full freedom to carry out their responsibilities.

### **Ownership Composition**

The Authorized Capital of Modhumoti Bank Limited is BDT. 20,000.00 (twenty thousand) million divided into 2,000 million ordinary shares of BDT. 10.00 each. The Paid-up Capital of the Bank was BDT. 4520.00 million divided into 452 million ordinary shares as of 31 December 2017. The Bank's shares are yet to be floated through initial public offering (IPO) nor listed with any stock exchange. Bangladesh Bank has allowed time extension for IPO till 2019. The Board members collectively represented 73.00 per cent of total outstanding paid-up capital of the Bank at the end of 2017, which was 71.24 per cent in 2016.

### **Directors' Shareholding Status**

Shareholding details of the Directors as of 31 December 2017 has been disclosed in the Notes to the Financial Statements.

### **Board's Committees and their Responsibilities**

Bangladesh Bank's BRPD Circular No. 11 dated 27 October 2013 allowed a bank-company to form three committees of the Board. Accordingly, the Board of Modhumoti Bank has formed Executive Committee of the Board of Directors consisting of seven members under the chair of Barrister Sheikh Fazle Noor Taposh, MP. The Board has also formed

an Audit Committee under the chair of Mr. Shaikh Salahuddin, Vice-Chairman of the Board and a Risk Management Committee under the 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 stated in the 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 also acts as secretary of the Committees and attends the meetings. Sometimes other Executives were invited to attend meetings when required.

### The Executive Committee

**Objective:** Executive Committee has been formed to assist the Board, deliberate urgent and important management issues including sanctioning loans and advances and such matters for execution of operations of the Bank between intervals of Board meeting. The Committee performs within the delegated power/terms of reference from time to time as set by the Board of Directors in the light of prevailing rules/regulations. None of them are the members of Audit Committee of the Board.

**Composition:** In compliance with BRPD Circular No.11 dated 27 October 2013, the Board of Directors constituted the Executive Committee (EC) of the Board with 7 (seven) members.

**No. of Meetings and Attendance:** A total of 15 (fifteen) meetings of the Executive Committee have been held during 01 January 2017 to 31 December 2017. Attendances at the meetings are shown below:

Name	Status in the Committee	Status with the Bank	No. of meetings attended
Mr. Sheikh Fazle Noor Taposh	Chairman	Director	15
Mr. Mostafa Kamal	Member	Director	8
Mr. Salahuddin Alamgir	Member	Director	15
Mr. Md. Ismail Hossain	Member	Director	13
Mr. Nemai Kumer Saha	Member	Director	13
Mr. Humayun Kabir	Member	Director	9
Mr. Manwar Hossain	Member	Director	11

### The Audit Committee

**Objective:** To assist the Board of Directors with regards to auditing of financial reports, internal controls and internal audits, and to select and work in co-ordination with the Bank's external auditors. The Audit Committee assists the Board in fulfilling its oversight responsibilities. The Committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

**Composition:** In compliance with Section 15Kha(2) of the Bank-Company Act 1991 (amended up to 2013), BRPD Circular No.11 dated 27 October 2013; the Board of Directors constituted the Audit Committee (AC) of the Board with 3 (three) members.

**No. of Meetings and Attendance:** The Audit Committee shall conduct at least four meetings in a year and may call meeting at any time as per requirement. A total of 4 (four) meetings of Audit Committee have been held during 01 January 2017 to 31 December 2017. Attendances at the meetings are shown below:

Name	Status in the Committee	Status with the Bank	No. of meetings attended
Mr. Shaikh Salahuddin	Chairman	Vice-Chairman	4
Mr. A Mannan Khan	Member	Director	4
Mr. Md. Mahbubur Rahman	Member	Director	4

### Major agenda covered in 2017:

- Reviewed Bangladesh Bank comprehensive inspection report;
- Reviewed Audit and Inspection reports prepared by the Internal Control and Compliance Division (ICCD) of the Bank as well as external auditors;
- Reviewed actions taken by the Management in regard to deficiencies raised in the Bangladesh Bank inspection report and by the internal audit and inspection team;

- Reviewed corrective measures taken by the Management in regard to lapses pointed out on the internal control and other issues as are raised by internal and external auditors and inspectors of the regulatory authority;
- Reviewed compliance status of audit objections and recommendations made by Bangladesh Bank inspectors, external and internal auditors;
- Reviewed Management Report on Financial Accounts of the Bank for the year ended on 31.12.2016

**Reporting:** The Audit Committee has a duty to report its performance to the Board of Directors and produce and publish its report at the Bank's Annual Report.

The Audit Committee actively reviews appropriateness of the accounting policies, annual internal audit plan, audit reports, risk management of the Bank and Bank's technological needs. It also oversees the discharge of responsibilities of the external auditors. The Committee reports on its activities to the Board of Directors time to time by ratifying Minutes to the Board on a regular basis. If any significant deviation(s) was/were come to the notice of the Committee including the following findings, inform the Board of Directors of the Bank immediately upon receiving such findings:

- a. Report on conflicts of interests;
- b. Suspected or presumed fraud or irregularity or material defect in the internal control system;
- c. Suspected infringement of laws, including securities related laws, rules and regulations;
- d. Any other matter, which should be disclosed to the Board of Directors immediately.

**Reporting of Internal Auditors to the Audit Committee:** Internal Control & Compliance Division has 03 units, (i) Audit & Inspection Unit, (ii) Monitoring Unit and (iii) Compliance Unit, who are performing the following core activities:

- Conducting comprehensive/surprise/special audit & inspection on branches and divisions/units of Head Office;
- Monitoring and reviewing the operational performance of various branches through examination of Quarterly Operations Report (QOR), Loan Documentation Checklist (LDCL), Departmental Control Function Checklist (DCFCL) etc. as part of risk management.
- Collecting compliance of the inspection/audit reports & complying regulatory requirements including directives of Bangladesh Bank.

### The Risk Management Committee

**Objective:** To play an effective role in mitigating impending risks arising out from business and reviewing strategies and policies for adopting changes by the Board to carry out responsibilities efficiently. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the Risk Management Committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified. The Risk Management Committee shall conduct at least four meetings in a year and may call meeting at any time as per requirement. The Committee may call the CEO, CRO/Head of Risk Management Division or any other Executive to attend the Committee meeting.

**Composition:** In compliance with Section 15Kha(3) of the Bank-Company Act 1991 (amended up to 2013), BRPD Circular No. 11 dated 27 October 2013; the Board of Directors constituted the Risk Management Committee with 3 (three) members.

**No. of Meetings and Attendance:** The RMC held 4(four) meetings during 2017 having detailed discussions and reviewed session with the CEO as well as CRO/Head of RMD regarding their findings, observations and recommendations on many issues of bank affairs that need to be improved. Attendances at the meetings are shown below:

Name	Status in the Committee	Status with the Bank	No. of meetings attended
Mr. Mostafa Kamal	Chairman	Director	4
Mr. Md. Didarul Alam	Member	Director	4
Mr. Rezin Ahmmad Talukder	Member	Director	2



### **Major agenda covered in 2017:**

- Reviewed comprehensive risk management report and minutes of the meetings of the management level risk management committee;
- Reviewed Stress Testing Report (Quarterly Basis);
- Reviewed Risk Based Capital Adequacy Report in line with Basel-III (Quarterly Basis);
- Reviewed Statement on ICAAP under Supervisory Review Process;
- Reviewed Leverage Ratio, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) etc;

### **Annual Appraisal of the Board's Performance**

At Modhumoti Bank, the Board sets and approves business target at the beginning of each year and monitors the status of the same periodically to ensure achievement of the target. The Board's performance is mostly dependent on the achievement (under or over) of business target. Besides, the performance reports of supporting committees of the Board are also placed in the Board meeting. Shareholders evaluate performance of the Board at Annual General Meeting (AGM) through evaluation of financial position and performance of the Bank, its adequacy and effectiveness of internal control system and overall governance mechanisms. The shareholders also ask questions and make queries to the Board of Directors during AGM and the Chairman of Board gives a patient hearing and response to their queries.

### **Policy on Induction of Directors**

The policy on training of Directors includes providing information on the latest update related to banking business such as relevant laws, policy guidelines, circulars, notifications, directives, rules and regulations issued by the regulatory authorities; so that they could effectively discharge their responsibilities as a Director of the Bank. They also may participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional and corporate governance issues.

### **Roles and Responsibilities of Managing Director & CEO**

Managing Director & CEO has been given many responsibilities at the BRPD Circular Letter No.18 dated 27 October 2013 issued by Bangladesh Bank, core responsibilities of which is stated below:

- In terms of the financial, business and administrative authorities vested upon him by the Board of Directors, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- The CEO shall ensure compliance of the Bank-Company Act 1991 and other relevant laws and regulations in discharging routine functions of the bank.
- The CEO shall include clearly any violation from Bank-Company Act 1991 and/or other relevant laws and regulations in the "Memo" presented to the meeting of the Board or any other Committee(s) engaged by them.
- The CEO shall report to Bangladesh Bank on issues which are in violation of the Bank Company Act 1991.
- The recruitment, promotion and all other staff issues of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy as approved by the Board of Directors.

### **Annual Evaluation of the MD & CEO by the Board**

The Board makes annual evaluation of MD & CEO through various reports like financial position and performance report of the Bank, knowing update of various assignments given by the Board to the CEO and the Management from time to time and doing variance analysis of budget with actual result and steps taken by CEO to achieve the budgeted target. Among the financial parameters; NPL ratio, growth of loan & deposit, cost to income ratio, loans write off and its recovery, capital adequacy ratio, advance deposit ratio etc.

During 2017, the Board reviewed the overall business performance of the Bank and observed with satisfaction that there is significant growth in terms of profitability, deposit growth, growth of quality loans & advances, foreign remittance.

### **Benefits provided to Directors and Managing Director**

Directors are not eligible to any remuneration other than for attending any meeting of the Board and its Committee. The Chairman of the Bank is allowed to receive facilities in line with BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank. Directors are allowed for re-imbusement of their expenses in

accordance with provisions stated in BRPD Circular No. 11, dated 27 October 2013 and BRPD Circular Letter No. 11 dated 04 October 2015 issued by Bangladesh Bank.

The Managing Director enjoys salary & allowances and other facilities according to his service contract duly approved by Bangladesh Bank.

### **The Management and its Committees**

Management Team is headed by the Managing Director & CEO Mr. Md. Shafiu Azam, who has long banking experience. The functions of the Board and the Management are clearly defined and sharply bifurcated. The Management implements and acts within the policies and manuals approved by the Board. A clearly defined organizational structure with definite lines of responsibility and delegation of powers to different echelons of the management are in place in the Bank. The Management enjoys full freedom in conducting the business of the Bank within the scope of the policy guidelines of the Board and the regulatory bodies. However, the Board and the Management work in unison for the continued well being of the Bank. To streamline the functions of different divisions / departments of the Bank, the Management has already formed many Committees to identify and mitigate risks associated with the business and handle operations smoothly as advised by Bangladesh Bank from time to time. The Key Management Committees are: ALCO, Credit Evaluation Committee, Central Compliance Unit, All Risk Committee, Investment Committee, Basel Implementation Committee and so on.

### **Appointment of External Auditors and restriction of their service involvement**

The Shareholders of the Bank in its Fourth AGM held on 21 September 2017 re-appointed M/s. A. Qasem & Co., Chartered Accountants as external auditor of the Bank for the year 2017. They were appointed initially at the Third AGM of the Bank held on 28 September 2016. No partner or employees of the external audit firms possess any share of the Bank. The statutory auditor is not allowed to involve in the following services of the Bank:

- Appraisal or valuation services or fairness opinions;
- Design and implementation of financial information systems;
- Book-keeping or other services related to the accounting records or financial statements;
- Broker-dealer services;
- Actuarial services;
- Internal audit services;

### **Related Party Transactions**

The detail information regarding Related Party Transactions as of 31 December 2017 has been presented in the Notes to the Financial Statements.

### **Human Capital**

Employees are treated as Human Capital at Modhumoti Bank since our people suffice the added value to organization in respect of both skill value and economic value. It is our people who are the differentiator for the organization and absolute basis for competitive advantage. To this effect, the Bank has constantly taken initiatives to sharpen employees' knowledge and skills through continuous training and development and acquire employees embodying a set of skills which ultimately generates a stock of productive capital for our organization.

We strongly believe that employees are required to work in a team to run a system smoothly and efficiently. Our efficient work force acted as the fundamental pillar to elevate the Bank at today's height of success and beyond. We are always concerned with upgrading our entire workforce to the next level of skill and efficiency through internal & external training and it is a continuous process. In line with its expansion plans, Modhumoti Bank plans to acquire talents from the market to meet the customers' ever-increasing demand and to support the ever changing business scenario.

## Directors' Report



The financial statements are prepared, compared, evaluated and analysed 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.

# Directors' Report

The Board of Directors of Modhumoti Bank Limited takes pleasure in welcoming you all to the Fifth Annual General Meeting and presenting Annual Report as well as audited financial statements of the Bank for the year ended 31 December 2017 along with the Auditors' Report thereon.

The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994, BSEC Corporate Governance Guidelines issued on 07 August 2012 and also under consideration of guidelines of Bangladesh Bank and other applicable rules and regulations.

The financial statements are prepared, compared, evaluated and analysed 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 International Accounting Standard (IAS), International Financial Reporting Standards (IFRS) and meeting other legal & regulatory requirements.

Before going into detail performance of the bank, let's start with the status of global and local economy in brief.

## Global Economy in brief

The year 2017 will likely be remembered as the turning point for the global economy as synchronized economic recovery took place amid political uncertainties, rising geopolitical tension coupled with the slow climb seen in most commodity prices. The last decade has been punctuated by a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008–2009, followed by the European sovereign debt crisis of 2010–2012 and the global commodity price realignments of 2014–2016. As crisis-related fragilities and the adverse effects of other recent shocks gradually subside, the world economy has strengthened. Towards the end of 2016, global economic activity began to see a modest pickup, which extended into 2017.

*The financial statements are prepared, compared, evaluated and analysed considering the prevailing business environment, opportunities and in the challenging context of economic environment and banking industry.*

Region	Estimate		Projection	
	2016	2017	2018	2019
World Output	3.2	3.7	3.9	3.9
Advanced Economies	1.7	2.3	2.3	2.2
Euro Area	1.8	2.4	2.2	2.0
Emerging Market and Developing Economies	4.4	4.7	4.9	5.0
Commonwealth of Independent States	0.4	2.2	2.2	2.1
Emerging and Developing Asia	6.4	6.5	6.5	6.6
ASEAN-5 5/	4.9	5.3	5.3	5.3
Emerging and Developing Europe	3.2	5.2	4.0	3.8
Latin America and the Caribbean	-0.7	1.3	1.9	2.6
Low-Income Developing Countries	3.6	4.7	5.2	5.3

After a long period of stagnation, global economic growth is estimated to have reached 3.7 per cent in 2017, a significant acceleration compared to growth of 3.2 per cent in 2016, and the highest rate of global growth recorded since 2011. At the global level, world gross product (WGP) is forecast to expand at a steady pace of 3.9 per cent in 2018 and 2019. As forecasted by IMF, advanced economies are now projected to grow by 2.3 per cent in 2018 and 2.2 per cent in 2019 whereas emerging market and developing economies (EMDEs) are expected to grow by 4.9 per cent in 2018 and 5 per cent in 2019.



The distribution of recent economic gains remains unevenly spread across countries and regions. Developing economies remain the main drivers of global growth. In 2017, East and South Asia accounted for nearly half of global growth, as both regions continue to expand at a rapid pace. The Chinese economy alone contributed about one-third of global growth during the year. However, stronger economic activity has not been shared evenly across countries and regions, with many parts of the world yet to regain a healthy rate of growth.

The composition of global demand has shifted more towards investment over the last years. Gross fixed capital formation accounted for roughly 60 per cent of the acceleration in global economic activity in 2017. This improvement, however, is relative to a very low starting point, following two years of exceptionally weak investment growth, and a prolonged period of lackluster global investment activity.

### Global unemployment defied economic growth

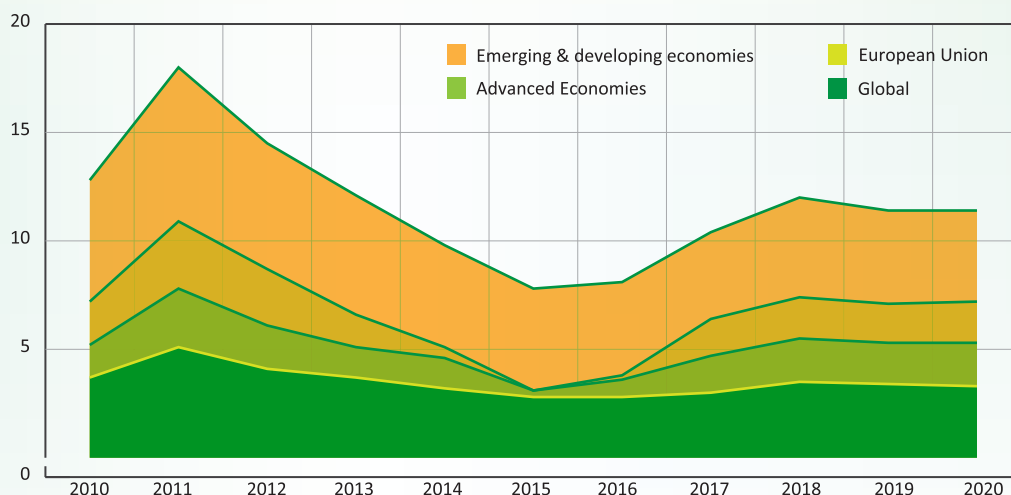
The latest developments in global unemployment are also mixed. Though the global economy grew 3.6 per cent in 2017, after hitting a six-year low of 3.2 per cent in 2016, the global economy is still not creating enough jobs and eventually the unemployment rate increased by 10 bps in 2017. According to the ILO's new estimation, based on improved data sets and methodologies, the global unemployment rate is expected to fall slightly to 5.5 per cent in 2018 (from 5.6 per cent in 2017), marking a turnaround after three years of rising unemployment rates. However, with a growing number of people entering the labor market to seek employment, the total number of unemployed is expected to remain stable in 2018, above 192 million. In 2019, the global unemployment rate is expected to remain essentially unchanged, whereas the number of unemployed is projected to grow by 1.3 million.

In 2017, about 42 per cent of workers, or 1.4 billion, worldwide were estimated to be in vulnerable forms of employment. This share was expected to remain particularly high in developing and emerging countries, at above 76 per cent and 46 per cent, respectively. Worryingly, the number of people in vulnerable employment is projected to increase by 17 million in each of 2018 and 2019.

### Global Inflation seems to be the byproduct of economic growth

In line with the global economic growth, global inflation continued its upward trend in the year 2017. According to IMF, Global inflation was recorded at 3.00 per cent which is 20 basis point higher than 2016.

The rise is mainly due to higher energy prices in the wake of a recovery in crude oil prices. IMF projected that global inflation might be hiked up by 50 basis points to record at 3.50 per cent in the year 2018.



*In line with the global economic growth, global inflation continued its upward trend in the year 2017. According to IMF, Global inflation was recorded at 3.00 per cent which is 20 basis point higher than 2016.*

## Global FDI plummeted drastically

Global flows of foreign direct investment (FDI) fell by 16 per cent in 2017 to an estimated US\$1.52 trillion, from a revised US\$1.81 trillion in 2016, according to the UNCTAD Global Investment Trends Monitor. A slump in FDI flows to developed countries (-27 per cent) was the principal factor behind the global decline. A strong decrease in FDI flows was reported in Europe (-27 per cent) as well as in North America (-33 per cent), mainly due to a return to prior levels of inflows in the United Kingdom and the United States after spikes in 2016. This decline was tempered by 11 per cent growth inflows to other developed economies, principally Australia. FDI to developing economies remained stable, at an estimated US\$653 billion, 2 per cent more than the previous year. Flows rose marginally in developing Asia and Latin America and the Caribbean, and remained flat in Africa. Developing Asia regained its position as the largest FDI recipient region in the world, followed by the European Union and North America. In the world's transition economies, FDI declined by 17 per cent to an estimated US\$55 billion, mainly due to a drop in the Russian Federation and lackluster inflows across most of the Commonwealth of Independent States (CIS).

## Global Economic Outlook 2018

The upswing in global investment and trade continued in the second half of 2017. At 3.8 per cent, global growth in 2017 was the fastest since 2011. With financial conditions still supportive, global growth is expected to pick up to a 3.9 per cent rate in both 2018 and 2019. With broad-based momentum and expectations of a sizable fiscal expansion in the United States over this year and the next, global growth is now projected at 3.9 per cent for 2018–19, a 0.2 percentage point upgrade for both years relative to the October 2017 forecast.

Emerging and developing Asia will grow at around 6.5 per cent over 2018–19, broadly the same pace as in 2017. The region continues to account for over half of world growth. In emerging and developing Europe, where growth in 2017 is now estimated to have exceeded 5 per cent, activity in 2018 and 2019 is projected to remain stronger than previously anticipated, lifted by a higher growth forecast for Poland and especially Turkey. The growth forecast for the United States in 2018 has been revised up given stronger than expected activity in 2017, higher projected external demand, and the expected macroeconomic impact of the tax reform, in particular the reduction in corporate tax rates and the temporary allowance for full expensing of investment.

The medium-term global outlook is also clouded by geopolitical tensions, notably in East Asia and the Middle East. Political uncertainty also gives rise to reform implementation risks or the possibility of reoriented policy agendas, resulting from the upcoming elections in several countries (such as Brazil, Colombia, Italy, and Mexico).

## Bangladesh Economy in brief

For Bangladesh, Year 2017 was a mixed year of achievements and challenges. Though some macro indicators reflect the positive trends, the overall strength of the economy was weakening due to a number of developments toward the second half of the year. One of the major achievements of the economy was a 7.28 per cent economic growth in FY 2016-17 breaking the 6 per cent cycle that continued for a decade or so. Like previous years, major boost of growth has come from the industrial sector followed by the services sector.

Riding on the annual economic growth of 6 per cent and above during the last decade, for the first time in history, Bangladesh has fulfilled the eligibility criteria set forth by the United Nations (UN) to be recognized as a developing country. World Bank recognized Bangladesh as a low-middle income country in July 2015 and now the United Nations recognized it as a developing country in March 2018.

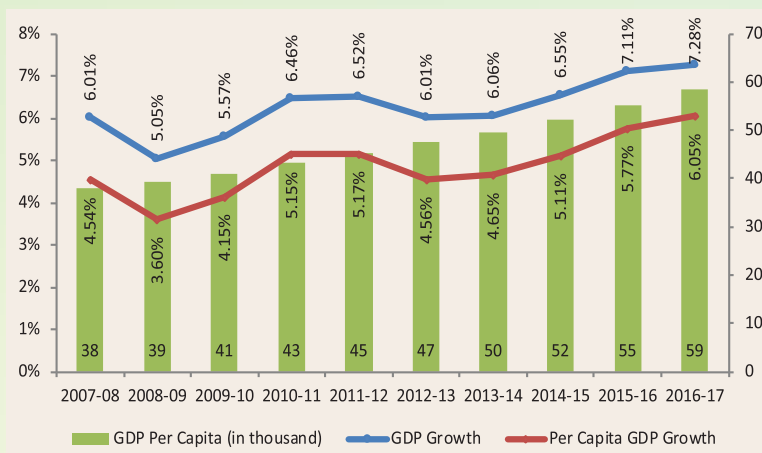
Though Bangladesh has placed significant emphasis on the growth rate of its gross domestic product, the quality and distributional aspects of GDP growth have been overlooked. Incremental benefit from such growth has accrued to the rich rather than

*World Bank recognized Bangladesh as a low-middle income country in July 2015 and now the United Nations recognized it as a developing country in March 2018.*

the poor. It is disturbing to note that top 10 per cent possess 38 per cent of Bangladesh's total income while the bottom 10 per cent only has 1 per cent of the total income of the country. High growth is yet to be translated into generation of enough income for the poor, creation of employment, access to quality education and better healthcare for all, and above all, reducing income inequality.

### GDP Growth

Bangladesh broke all records to register 7.28 per cent GDP growth in the last fiscal year (FY 2016/17). Investment is a major impetus to Bangladesh's growth. Target was set to increase investment to 32.7 per cent of GDP in FY 2016-17, keeping in mind the need for a growing economy. In FY 2016-17, investment as a share of GDP went up to 30.5 per cent, a marginal increase from 29 per cent in FY 2015-16. However, the private sector's investment has been almost stagnant since FY 2015-16 hovering around 23 per cent. The major boost has come from the public sector that saw an increase to 7.4 per cent in FY 2016-17 from 6.7 per cent in FY 2015-16. Though GDP growth was recorded at 7.28 per cent, per capita GDP growth was merely 6.05 per cent.



### Inflation

In line with GDP growth rate of the country, CPI inflation (12-month moving average) increased from 5.43 per cent in

January 2017 to 5.70 per cent in December 2017, slightly exceeding the target of 5.50 per cent. Though average inflation has been slightly off target, food inflation is showing an increasing rate in the last year, mainly because of influx of refugees from Myanmar, agricultural loss due to two rounds of flood and an uptick in food prices in the global market. Consistent with the previous years, inflation rate in the urban areas was higher than that of the rural areas.

### Export and Import

The growth of exports (FOB) earnings showed a sharp decline to 1.7 per cent in FY2017, from 8.9 per cent in FY2016 whereas imports grew by 9 per cent in FY2017, up from 5.9 per cent growth registered in FY2016. Export earning was recorded at USD34.02 billion whereas import payments increased to USD43.49 billion in FY 2017, resulting in an overall trade deficit of USD9.47 billion. This trade deficit is expected to increase in the current year because of import of materials for major infrastructure projects such as the Padma Bridge and the Metro Rail and rising price of oil in the world market.

### Foreign Exchange Reserve

Bangladesh's foreign exchange reserves rose to \$33.23 billion by the end of December, 2017 \$1.13 billion more than that of the previous year (2016). The reserves were up nearly 3.4 per cent from a year earlier, and are sufficient to cover about 10 months' worth of imports for the country of 160 million people. Recently, Bangladesh Bank sold USD1.1 billion to meet the increasing demands for foreign currency in the local market.

### Remittance

During the fiscal year 2016-17, workers' inward remittance flow was recorded at BDT. 12,769 million which is 14.47 per cent lower than BDT. 14,931 million recorded in previous fiscal year. The inflow of remittance was immensely slow for the low oil prices

**Bangladesh's foreign exchange reserves rose to \$33.23 billion by the end of December, 2017 \$1.13 billion more than that of the previous year (2016).**

which hit the income of the Middle Eastern countries where most Bangladeshi migrants work. Moreover, migrant workers sent their hard-earned money to their near and dear ones through the illegal channel to get higher rates than those offered by banks. The outlook of remittance inflow is optimistic in the current fiscal year as the fuel price is expected to rise.

### **Foreign Direct Investment (FDI)**

The foreign direct investment (FDI) is considered as one of the major sources of employment generation, technology transfer, and managerial capacity building, and increasing market efficiency in any country.

The growth of Bangladesh's FDI inflow was around US\$ 308- 356 million for long fifteen years (1980 – 1995) which started with an amount of US \$ 0.090 million in 1972. Afterwards this concept has been changed into a reverse position and government start encouraging foreign direct investment from 1990s. A series of policy incentives, investment sovereignty has been offered to the FDI investors including tax holiday for several years, duty free facility for importing capital machinery, 100 per cent foreign ownership, 100 per cent profit repatriation facility, reinvestment of profit or dividend as FDI, multiple visa, work permit to foreign executives, permanent resident or even citizenship for investing a specific amount, Export Processing Zone (EPZ) facility, and hassle free exit facility, etc.

In comparison with the year 2016, FDI net inflows in 2017 declined by 7.77 per cent to record at USD2151.56 million which was USD2332.72 million in the year 2016.

### **Bangladesh Economic Outlook 2018**

The year 2018 will be a turning point for Bangladesh in many ways. Bangladesh will prepare to graduate from the least developed country status in 2018. It will also continue its efforts toward becoming a middle-income country. Additionally, it will continue to implement the sustainable development goals (SDGs). These will hinge on a number of factors such as accelerated resource mobilization, higher investment, efficiency in infrastructure implementation, skilled human resources and strong institutional set up.

The government has set a target of 7.4 per cent GDP growth for the current fiscal year. The Global Economic Prospects, a flagship report of the World Bank Group, said activity in Bangladesh would grow at an average of 6.7 per cent a year over fiscals 2018-2020, benefiting from strong domestic demand and strengthening exports. Remittances are expected to rebound as growth firms up in Gulf Cooperation Council countries. Growing imports of foods and capital machinery may further put pressure on the foreign exchange rate.

This fiscal year will be challenged by banking sector vulnerabilities, infrastructure deficiencies, uncertainties in the run up to elections, and the slow pace of structural reforms. Main downside risks to the outlook for Bangladesh include fiscal slippages and a setback in implementation of reforms to improve corporate and financial sector balance sheets.

### **Brief Review on Banking Sector in Bangladesh**

Banking sector in Bangladesh is affected by a range of factors: regulations, overall macro-economic condition, monetary policy stance by Central Bank, business environment and legal framework etc. Political as well as macro-economic stability helped the country in achieving above 7 per cent GDP growth in a row for last three years. Industry played the primary role followed by the services sector to contribute higher growth. Despite visible signs of growth and improvements in macro economy, the banking sector continued to display its weakness. Government borrowing through savings certificate at a much higher rate is also crowding out bank's opportunity to invest in treasury securities in absence of vibrant credit demand. While the banking sector is struggling with many odds, new challenges continue to appear in new form.

*Banking sector performance indicators showed some improvements up to December'2017, as reflected in non-performing loan, liquidity condition, risk weighted asset ratio and profitability.*



Cybercrime is one such element that emerged as a new threat for the banks in Bangladesh in the year 2017.

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 2017. The lending rate reduced to single digit in December'2017 (9.35 per cent) whereas the deposit rate reduced to 4.91 per cent which lead to an interest spread of 4.44 per cent which is lower than regulatory limit of 5 per cent. A lending rate and deposit rate at the end of Dec'17 is depicted in the following table:

	Lending Rate	Deposit Rate	Interest Spread
All Banks	9.35	4.91	4.44
SOBs	8.38	4.36	4.02
SPBs	8.72	5.90	2.82
PCBs	9.67	5.29	4.38
FCBs	8.19	1.67	6.52

Higher credit growth compared to deposit growth, nudged call money rates from 3.7 per cent in December 2016 to 4.0 per cent in December 2017. The fall in spreads between lending and deposit rates continued in the first quarter of FY2018. Spread decreased to 4.44 per cent as of December 2017, which was 4.84 per cent in December 2016. Profitability indicators of the banking sector showed improvement in 2017. ROE for private commercial banks increased from 11.09 per cent in 2016 to 12.01 per cent in 2017, aided by higher credit growth. ROE for SCBs turned positive to 3.45 per cent in 2017, from the negative territories over the last three years.

Banking sector performance indicators showed some improvements up to December'2017, as reflected in non-performing loan, liquidity condition, risk weighted asset ratio and profitability. During Q2FY18, overall NPL edged down, facilitated by domestic private commercial banks' management of their assets. Bank's profitability remains stable, return on equity (ROE) increased modestly, although return on asset (ROA) remains unchanged.

Gross NPL of private commercial banks (PCBs) declined from 6.0 per cent in Sep'17 to 4.9 per cent in Dec'17 and provisioning remained adequate. NPLs in SCBs remained elevated at 26.5 per cent in December 2017, despite some recent progress. The system-wide net NPL went down by 0.7 percentage point during this quarter to 9.3 per cent. Capital to risk weighted asset ratio (CRAR) for private commercial banks continued its upward trend and remained well capitalized in December'2017. Although capital position of SCBs has declined modestly, the overall capital position of the banking system edged up and remained stable at end-December 2017.

Private sector credit growth, at 18.1 per cent in December 2017, remains around a five-year high, exceeding the deposit growth hovering around 10-11 per cent. Although system-wide advance deposit ratio (ADR) has remained below the maximum regulatory ceiling, ADRs in a few of the PCBs indicate some exuberance in lending.

Bank Group	Year-on- year growth of deposit, % (excluding interbank)		Year-on- year growth of advances, % (excluding interbank)		Advance Deposit Ratio (ADR)	
	Dec. 17	Sep. 17	Dec. 17	Sep. 17	Dec. 17	Sep. 17
SCBs	6.50%	7.00%	12.70%	9.80%	54.60%	52.40%
SBs	10.30%	8.50%	6.00%	4.70%	77.30%	78.30%
PCBs	12.60%	12.40%	19.90%	21.30%	84.70%	84.50%
FCBs	8.10%	10.30%	21.60%	13.80%	69.70%	65.00%
All	10.60%	10.70%	18.10%	18.10%	75.90%	74.80%

**Gross NPL for private commercial banks (PCBs) declined from 6.0 per cent in Sep'17 to 4.9 per cent in Dec'17 and provisioning remained adequate. NPLs in SCBs remained elevated at 26.5 per cent in December 2017, despite some recent progress.**

Overall liquidity has steadily moderated during the last three quarters, but liquidity condition in the banking system remained broadly stable in December 2017. Excess liquidity, the excess of SLR as per cent of total demand and time liabilities (TDTL), has moderated in recent months, suggesting the need for adhering to a prudent asset-liability management and aligning the credit growth in line with the deposit growth.

BDT in Billion

Bank Group	CRR			SLR		
	CRR requirement	Balance with BB in local currency	Excess(+)/shortfall (-) in reserve	SLR	SLR eligible liquid assets of banks	Excess(+)/shortfall (-) of SLR
SCBs	172.60	178.80	6.20	341.90	844.00	502.10
SBs	17.40	18.00	0.60	0.00	0.00	0.00
PCBs (other than Islamic)	290.20	303.80	13.60	580.50	786.50	206.00
Private Banks (Islamic)	132.40	207.40	75.00	112.10	213.10	101.00
FCBs	27.60	37.50	9.90	53.80	178.60	124.80
All	640.30	745.50	105.20	1088.30	2022.10	933.80

In 2017, among various initiatives, Bangladesh Bank has issued guidelines on agent banking operations, agricultural & rural credit policy and program for the FY 2017-18 and operating guidelines for Two-Step Loan fund under the Foreign Direct Investment Promotion Project, revised provision requirements for loan losses of banks, amended guidelines on credit card operations of banks, instructed banks to set up help desk to assist foreign investors, brought about a number of changes in foreign exchange regulations to make foreign exchange operations easier as well as more disciplined, and provided instructions for prevention of money laundering, terrorist financing and proliferation financing.

### Risk and concerns for banking industry

The banks were suffered with excess liquidity for most of the period of 2017, but the year ended with a reversal situation. Liquidity crunch has experienced in early 2018, though the Government and the regulators have already come forward to resolve the crisis. Bangladesh Bank has allowed time extension to bring down AD Ratio within the new regulatory limit. Upper limit for keeping funds by government bodies with private banks have also been relaxed. But commitment by the state-owned banks in providing funds to private banks might get hamper, if government borrowing from banking sector goes high, which may affect liquidity scenario to some extent.

Maintaining ongoing stability in political and economic activities may be a challenge at the end of 2018, since national parliamentary election is expected to be held, which may become a reason of declining demand for credit by private sector if political parties are failed to maintain harmony, for which negative impact may occur in private sector including banking industry. Growth of investment and business activities may not be explored as expected in such situation. Decline in export or wage earners' remittance may also affect balance of payment.

Banks are now under process of implementation of Basel III, additional amount is required to deploy in maintaining capital adequacy. Since many banks are already under pressure of capital shortfall, which may increase in coming years.

### Review on Performance of Modhumoti Bank

#### Brief History

Modhumoti Bank Limited continued to transform challenges into opportunity and grew sustainably, which has been incorporated with Authorized Capital of BDT. 20,000.00 million in 2013 as a public limited company with a vision to lead the banking industry by excelling in customer services, use of updated technology and to offer full range of highest quality products and services with a scope of customization for serving enterprises ranging from micro, small and medium enterprises and industries to large corporate houses. The Bank started operation on 19 September 2013 with paid-up capital of BDT. 4,520.00 million. Total Equity and capital reached to BDT. 5,731.11 million

*The banks were suffered with excess liquidity for most of the period of 2017, but the year ended with a reversal situation. Liquidity crunch has experienced in early 2018, though the Government and the regulators have already come forward to resolve the crisis.*



The Bank celebrated its Fourth Anniversary in 2017.

and BDT. 6,124.82 million respectively as on December 31, 2017. The Bank's shares are yet to be listed with any stock exchange.

Meanwhile the Bank has developed various customized products for corporate, SMEs, agro-based, green-based enterprises as well as for retail customers for meeting financial needs of all segments to maximize its services net. The Bank opened 29 branches and 1 off-shore banking unit and also 200 Agent Points in Union Digital Centres (UDCs) under Agent Banking Operation till 2017. At present the Bank has real-time online banking network through 32 branches in both urban and rural areas having smart IT-backbone. Besides traditional delivery points, the bank has 32 ATMs of its own, also sharing with other partner banks and consortium throughout the country. Presently the Bank does not have any subsidiary company, but forming one for conducting fund management activities under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 is under process.

### Principal activities in brief

The principal activities of the Bank include conventional banking and related businesses. The range of banking business comprises deposit mobilization, cash deposit and withdrawal, extending credit facilities to corporate, micro small and medium enterprise (MSME), retail business, trade financing, project financing, organizing syndication deals, lease & hire purchase financing, issuance of credit card, remittance services and many other financial activities including participation in money market as well as capital market within the framework of regulatory guidelines. Besides, the Bank has been operating agent banking services through Union Digital Centres under arrangement with a2i of Prime Minister's Office. Core competencies may be classified into two segments interest earning activities in the form of providing loans and advances and investment activities.

**Interest earning activities:** The Bank has almost every loan products that a conventional bank in Bangladesh have in their portfolio, covering SME financing, RMG financing, project finance, trade Financing, overdraft facility & cash credit, home loan, car loan, lease finance, personal loan, Agro loan and so forth.

**Fee-based activities:** The Bank facilitates its valued clients in their local and foreign trade activities i.e. import and export business and also provides financial guarantees to different individuals and organizations which is also important source of commission earning of the Bank.

**Remittance activities:** The Bank facilitates inward and outward remittance facilities to expatriates, different organizations and individuals through branches, agents and correspondences.

*The Bank opened 29 branches and 1 off-shore banking unit and also 200 Agent Points in Union Digital Centres (UDCs) under Agent Banking Operation till 2017. At present the Bank has real-time online banking network through 32 branches in both urban and rural areas.*





The Bank inaugurated its 26th Branch at Konkapoit, Chouddagram, Comilla in 2017.

#### Investment activities:

- **Money market** : The Bank invests in the treasury bills & bond which is considered as secured investment and ensures a certain amount of return of the Bank. Considering the liquidity position, the Bank also participates in the call money market;
- **Capital market** : The Bank has participation in capital market through small scale direct investment.

#### Branch Network

Modhumoti Bank stepped up slowly in branch networking & expansion, as such total branches stood at 29 at the end of 2017, which is presently 32 with on-site ATM facility, obviously lower than many other competitive banks. But in 2017, the Bank was able to establish agent points in a good number of unions, which are presently at 265 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.

#### Offshore Banking Unit

Being first amongst the fourth generation commercial banks of the country, Modhumoti Bank has started its offshore banking operation as a separate business unit officially at the end of third quarter of 2015 by opening a dedicated Booth at Chittagong Export Processing Zone (CEPZ). 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. Presently OBU offers trade finance facilities in the form of Bill Discounting under UPAS LC and short term financing in FC. The Bank's OBU earned Operating Profit of USD 0.3627 million in 2017 registering 151 per cent growth, since it was USD 0.1445 million in 2016.

#### Products and Services

The Bank is conscious on competition in banking sector, as such have thrust of serving better. We are in continuous endeavour to develop and design products and services for

*The Bank is conscious on competition in banking sector, as such have thrust of serving better. We are in continuous endeavour to develop and design products and services for our existing and potential clients.*





our existing and potential clients. The Bank introduced a number of products and services since inception, both asset and liability in nature, to attract and serve wide range of customers from individuals to corporate and SMEs and even public sector to reach all client segments across the country, backed by sophisticated technology, i.e. NPSB network, BEFTN, EMV Chip based debit and credit cards and various lucrative deposit and loan products to cater to the financial requirements of our valued clients.

The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at a reasonable cost. We have strong conviction of applying information technology in our operation for ensuring prompt and accurate service to our customers. All the products and services of the Bank have been operated under state-of-the-art technological support and facilities. We have already implemented SMS alert service and limited internet banking service, which would be wider in near future. The Bank expanded to 31 ATM Booths, 5 Bill Collection Booths and provided customers' access to over 6,000 ATMs in different commercially important locations of the country. 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.

Alike many other banks, we 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. We also have developed customized depository accounts for institutional depositors having privilege interest rate in addition to traditional SND account. In our basket, we also have specific product for SME customers to meet their need of capital investment and working capital requirement. Besides, we have active participation in money market, presently within financial arena, but already started offering corporate clients foreign exchange as well as forward deals.

#### **Segment/sector wise product performance**

In 2016 total outstanding of loans and advances of Modhumoti Bank Limited was BDT. 17,138.60 million, which rose to a total of BDT. 30,181.30 million at the end of 2017 depicting around 76 per cent growth. Analysis on performances from different point of view on corporate lending vis-à-vis total lending of the Bank as on 31.12.2017 is presented in the tables below:

*We 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. We also have developed customized depository accounts for institutional depositors.*

## Major types of credit exposures

Amount in Million BDT

Sln.	Types	2017	2016
1	Agriculture, fishing, forestry and dairy firm	136.90	146.33
2	Industry (Other than working capital)	5,200.83	3,585.24
3	Working capital financing	7,312.46	6,148.05
4	Export credit	1,440.31	407.51
5	Import credit	3,279.81	767.41
6	Commercial credit	1,255.36	2,123.32
7	Constructions	2,816.92	1,141.73
8	Transport and Communication	688.40	662.21
9	Consumer Credit	347.58	323.58
10	Others	7,702.72	1,833.21
	<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>

## Geographical distribution of credit exposures

Amount in Million BDT

	Name of Division	2017	2016
Region Based	Barishal	51.41	21.04
	Chattogram	1,843.68	1,784.51
	Dhaka	27,117.76	14,483.32
	Khulna	851.86	633.06
	Mymensingh	33.16	-
	Rajshahi	64.54	85.64
	Rangpur	116.85	22.78
	Sylhet	102.04	108.26
	<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>
Country Based	Domestic	30,181.30	17,138.60
	Overseas	-	-

## Major industry-wise distribution of exposures

Major industry-wise credit exposure of the bank as of December 31, 2017 was as below:

Amount in Million BDT

Sln.	Sector/Industry	2017	2016
1	Agriculture	137.50	146.30
2	Industry	11,168.30	8,502.60
3	Constructions	2,720.50	1,141.70
4	Power, Gas, Water & Sanitary Services	1,329.10	269.40
5	Transport, Storage & Communication	688.40	662.20
6	Trade Services	5,339.80	1,838.20
7	Housing Services	1,563.70	621.90
8	Banking & Insurance	3,918.60	1,199.30
9	Professional & Misc. services	3,315.40	2,757.00
	<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>

## Residual contractual maturity breakdown of the whole portfolio

Amount in Million BDT

Particulars	2017	2016
On demand	545.48	369.98
Less than three months	7,615.06	4,362.68
More than three months but less than one year	9,255.80	6,217.23
More than one year but less than five years	8,836.03	3,688.09
More than five years	3,928.93	2,500.62
<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>

*The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at a reasonable cost.*

## Financial Performance Highlights

As a result of vigorous efforts over the period, the capital and reserve has reached to BDT. 6,124.82 million as on December 31, 2017, while total assets has increased to BDT 45,049.87 million. 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 2017, the loans and advances stood at BDT. 30,181.30 million in contrast of deposits of BDT. 33,036.44 million. The investment portfolio of the Bank stood at BDT. 4,407.18 million. The operating profit of the Bank for the year 2017 was BDT1,465.71 million, whereas Net Profit after tax stood at BDT. 746.13 million.

Despite all challenges, Modhumoti Bank managed its portfolio efficiently with very minimal NPL. The Bank is maintaining good asset quality, enhancing service excellence, and rationalizing cost for establishing itself as the sound financial institution in the industry. A brief review is given below:

Figures are in million BDT

Particulars	2017	2016
Paid-up capital	4,520	4,520
Total capital	6,125	5,664
Capital surplus	2,125	1,664
Total assets	45,050	32,425
Total deposits	33,036	23,304
Total loans and advances	30,181	17,139
Total contingent liabilities and commitments	14,249	7,251
Advance deposit ratio (ADR)	90.87%	73.54%
Percentage of classified loans against total loans and advances	0.29%	0.26%
Profit after tax and provision	746.13	462.19
Amount of classified loans	88.29	45.12
Provisions kept against classified loans	12.10	6.22
Provision surplus/(deficit) against classified loans	0.20	0.49
Cost of fund	7.16%	8.17%
Interest earning assets	41,712.92	29,373.02
Non-interest earning assets	3,336.95	3,051.49
Return on investment (ROI)	1.74%	1.52%
Return on assets (ROA)	1.93%	1.65%
Income from investment	518	555
Capital adequacy	16.76%	19.42%
Earnings per share	1.65	1.02

## Capital Strength

Capital Management Framework is important for a bank, as it serves to ensure required capital in line with risk profile, regulatory requirement, and 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 eagerness;
- 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;

**In 2016 total outstanding of loans and advances of Modhumoti Bank Limited was BDT. 17,138.60 million, which rose to a total of BDT. 30,181.30 million at the end of 2017.**





The Bank inaugurated its 27th Branch at Mirpur, Dhaka in 2017.

- 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 into 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-I capital of the Bank as of December 31, 2017 was BDT. 5,726.47 million which is 93.50 per cent of total regulatory capital and rest 6.50 per cent from Tier-II capital. Tier-1 capital comprised 78.93 per cent from paid up capital, 12.52 per cent from statutory reserve and rest 8.55 per cent from retained earnings of the Bank. Tier-2 capital is BDT. 398.35 million which is 6.50 per cent of total regulatory capital and the major contributors are general provision on loans and advances including Off-Balance sheet exposures.

Figures in million BDT

Particulars		2017	2016
Tier-I Capital:	Paid-up capital	4,520.00	4,520.00
	Statutory Reserve	716.80	458.84
	Retained Earnings	489.67	453.49
	<b>Sub-Total</b>	<b>5,726.47</b>	<b>5,432.33</b>
Tier-II Capital	General Provision	394.94	22640
	Revaluation Reserves	8.54	8.54
	Regulatory Adjustments	(5.12)	(3.41)
	<b>Sub-Total</b>	<b>398.35</b>	<b>231.53</b>
<b>Total Regulatory Capital</b>		<b>6,124.82</b>	<b>5,663.86</b>

*As a result of vigorous efforts over the period, the capital and reserve has reached to BDT. 6,124.82 million as on December 31, 2017, while total assets has increased to BDT 45,049.87 million.*





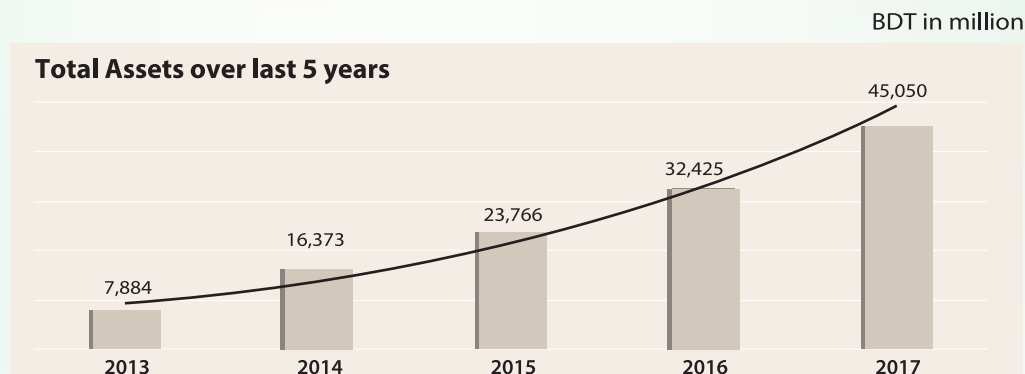
The Bank inaugurated a Revenue Collection Booth at Dhaka South City Corporation, Zone-2 (Khilgaon) premises in early 2018.

The Capital to Risk weighted Asset Ratio (CRAR) stood at 16.76 per cent as on December 31, 2017, which was 19.42 per cent as on December 31, 2016 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 36,546.38 million whichever is higher i.e. BDT. 4000.00 million has to be maintained. Accordingly, we have an excess capital of BDT. 2,124.82 million as of December 2017.

## Reviewing Balance Sheet

### Assets Portfolio

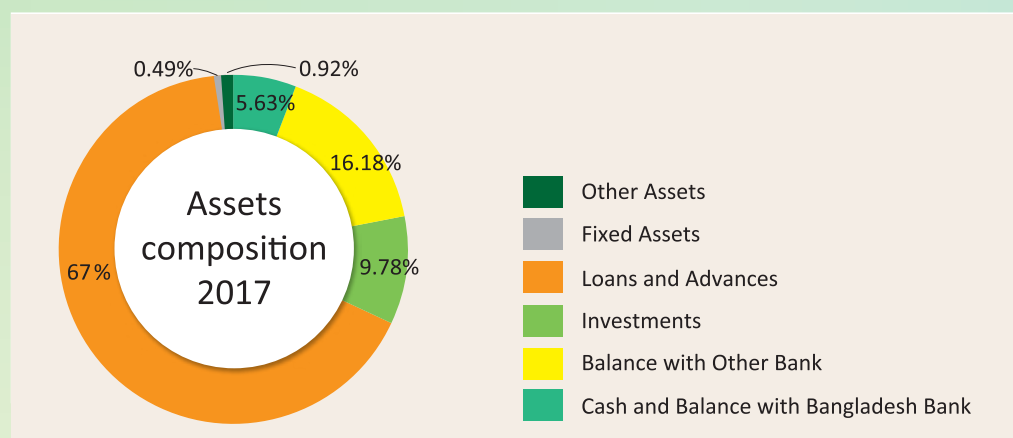
Total assets of the Bank increased by 38.94 per cent to BDT. 45,049.87 million in the year 2017 from BDT. 32,424.51 million of December 2016. The swell in assets was mainly driven by the growth of credit of the Bank. The economy witnessed a satisfactory growth scenario in credit compared to deposit mobilization. The growth scenario of assets is depicted as follows:



*The CRAR stood at 16.76 per cent as on December 31, 2017, which was 19.42 per cent as on December 31, 2016 as against minimum requirement of 10 per cent.*

### Assets composition

Each component of assets composition of the balance sheet contributes to profitability and creditability in the long run of the Bank.



Figures in million BDT

Particulars	2017	2016	2015	2014
Cash and Balance with Bangladesh Bank	2,535.95	2,029.41	1,353.92	702.23
Balance with Other Bank	7,289.25	8,661.84	8,727.00	3,865.60
Investments	4,407.18	4,046.88	2,640.41	6,954.98
Loans and Advances	30,181.30	17,138.60	9,983.04	4,130.90
Fixed Assets	219.99	216.62	201.68	148.63
Other Assets	416.20	331.16	259.45	570.76
<b>TOTAL :</b>	<b>45,049.87</b>	<b>32,424.51</b>	<b>23,765.50</b>	<b>16,373.10</b>

#### Cash and Balance with Bangladesh Bank & its agent

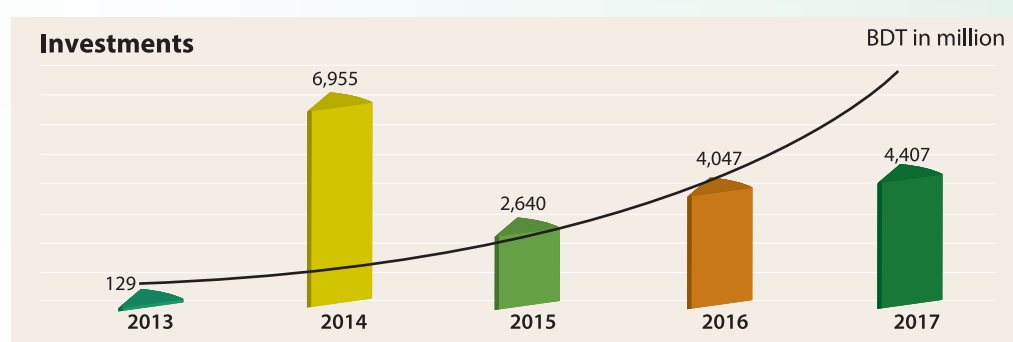
The position of Cash and Balance with Bangladesh Bank was BDT. 2,535.95 million in 2017 of which BDT. 292.97 million in the form of cash and rest BDT. 2,242.98 million held with Bangladesh Bank & its agent banks as against BDT. 2,029.41 million in 2016 of which 165.46 million in the form of cash and rest BDT. 1,863.95 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. 7,289.25 million in 2017 of which BDT. 7,128.39 million in Bangladesh and BDT. 160.86 million in outside Bangladesh maintained with nostro accounts, as against 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.

#### Investment

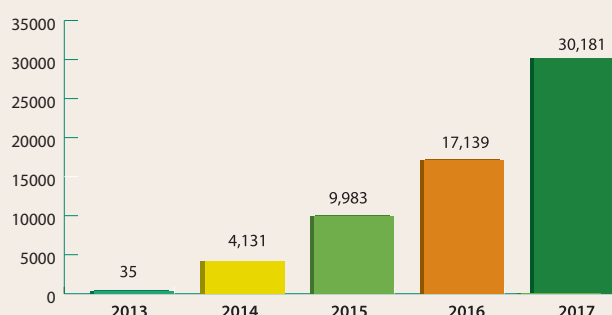
The investment portfolio of the Bank in 2017 was BDT. 4,407.18 million as against BDT. 4,046.88 million in the year 2016. The portfolio increased by 9.00 per cent during the year 2017 due to purchase of Government Treasury Bills, Bangladesh Government Treasury Bonds, Prize Bonds and preference shares 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.



**The investment portfolio of the Bank in 2017 was BDT. 4,407.18 million as against BDT. 4,046.88 million in the year 2016. The portfolio increased by 9.00 per cent during the year 2017.**

## Loans and Advances over last 5 years

Figures in million BDT



## Loans and Advances

The Bank opts to produce selective & good borrowers/ projects with dedicated quality customer services and to offer competitive advantages. In the year 2017, the loans and advances stood at BDT. 30,181.30 million registering growth by 76.10 per cent as against BDT. 17,138.60 million of the year 2016. The yield on advances of the Bank decreased to 10.59 per cent over the year from the level of 12.18 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 0.29 per cent of total loans were recorded non-performing in 2017, which (NPL) was 0.26 per cent in 2016 & 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.

## Non-Performing Assets (NPAs)

Amount in Million BDT

Particulars	2017	2016
Gross Non Performing Assets (NPAs) in Amount	88.29	45.10
Non-performing assets to outstanding loans and advances	0.29%	0.26%

## Movement of Non-Performing Assets (NPAs):

Amount in Million BDT

Particulars	2017	2016
Opening balance	45.10	0.00
Additions	43.19	45.10
Reductions	0.00	0.00
Closing balance	88.29	45.10

## Fixed Assets and Other Assets

The aggregate amount of fixed assets of the Bank was BDT. 219.99 million in 2017, compared to BDT. 216.62 million in 2016 demonstrating a slight growth of 1.56 per cent.

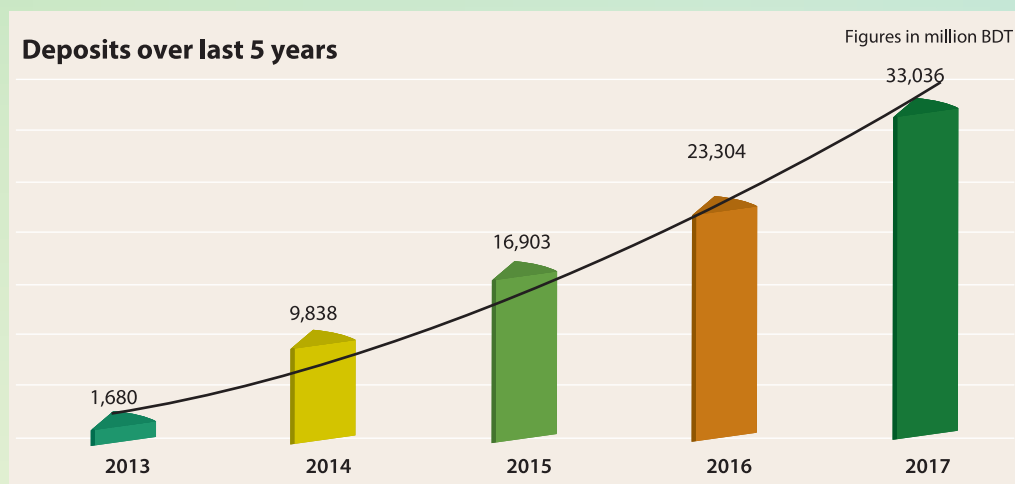
## Liabilities

Total liabilities of the Bank excluding shareholders' equity registered growth of 45.71 per cent with a total volume of BDT. 39,318.76 million in 2017, which was BDT. 26,984.45 million in 2016.

## Borrowings from other Banks, Financial Institutions and Its Agents

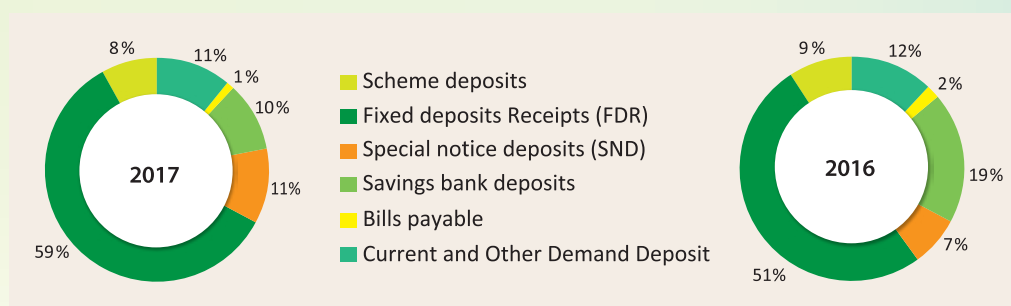
The borrowing represented call borrowing, REPO of Treasury Bills and refinances against SME loans from Bangladesh Bank (Central Bank) etc. The borrowings were mainly used for Bank's liquidity, purchasing Treasury Bills / Bonds as a Primary Dealer (PD) Bank, which were devolved on the Bank in excess of CRR & SLR requirements.

*The loans and advances stood at BDT. 30,181.30 million registering growth by 76.10 per cent as against BDT. 17,138.60 million of the year 2016. The yield on advances of the Bank decreased to 10.59 per cent over the year from the level of 12.18 per cent of previous year.*



## Deposits

Deposit is considered as vault of investments. Mobilization of deposit assists to build national economy. 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. The Bank 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.



## Deposit Mix

The total deposit of the Bank stood at BDT. 33,036.44 million in the year 2017 as compared to BDT. 23,303.74 million in 2016. Competitive interest rate, smart 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 lucrative deposit schemes to cater to the requirements of small and medium savers. The deposit mix of the Bank as on December 31, 2017 was as follows:

Figures in million BDT

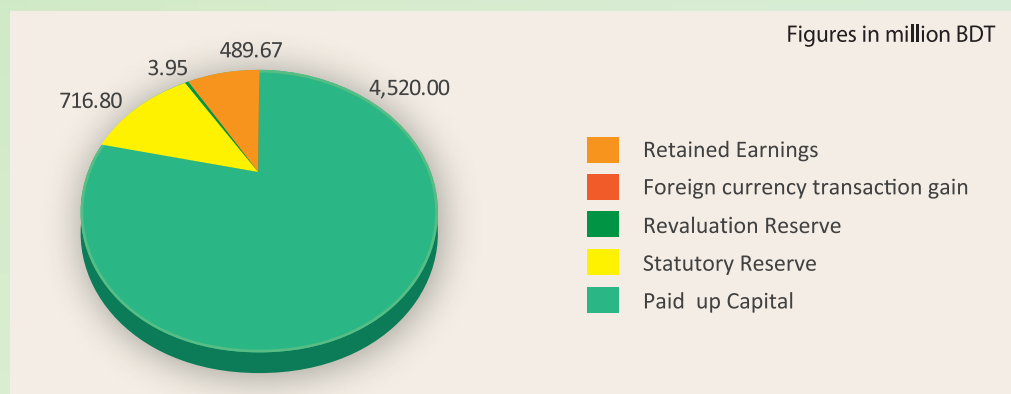
Year	2017		2016		2015 %	
	Amount	%	Amount	%	Amount	%
Current and Other Demand deposit	3,620.23	11	2,841.76	12	933.19	6
Bills payable	316.17	1	424.58	2	117.14	1
Savings Deposit	3,301.56	10	4,352.58	19	351.87	2
Special Notice Deposit	3,641.32	11	1,726.61	7	3,709.29	22
Fixed/ Term Deposit	19,632.37	59	11,942.26	51	10,539.70	62
Scheme Deposit	2,524.78	8	2,015.94	9	1,252.23	7
<b>Total</b>	<b>33,036.44</b>	<b>100</b>	<b>23,303.74</b>	<b>100</b>	<b>16,903.42</b>	<b>100</b>

**The total deposit of the Bank stood at BDT. 33,036.44 million in the year 2017 as compared to BDT. 23,303.74 million in 2016.**



## Shareholders' equity

Total shareholders' equity includes paid up capital, statutory reserve retained earnings and other reserves. Shareholder equity of the Bank stood Tk.5,731.11 million in 2017 as against Tk.5,440.06 million in 2016 registering growth of 5.35 per cent. The composition of shareholders' equity stated below:



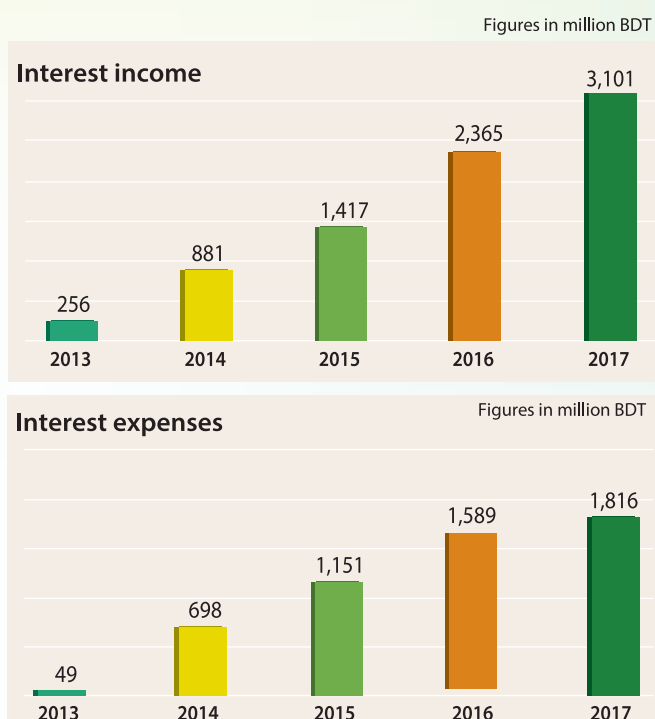
## Analysis of income statement of MMBL

Figures in million BDT

Particulars	2017	2016	2015	2014
Interest Income	3,100.80	2,365.22	1,416.79	880.58
Interest Expenses	1,816.11	1,589.34	1,151.11	697.70
Net Interest Income	1,284.69	775.89	265.68	182.88
Investment Income	518.27	554.57	1,163.26	535.05
Commission and other fee base income	443.14	199.44	127.97	79.98
Operating Income	2,246.10	1,531.94	1,556.91	806.43
Non-Interest Expenses	780.39	645.19	527.64	308.72
Profit before provision	1,465.71	886.76	1,029.27	497.71
Net profit after tax	746.22	462.33	764.93	306.31
Return on Equity (RoE)	13.36%	8.43%	14.67%	6.46%
Earnings per share (EPS)	1.65	1.02	1.69	0.68
Net Assets Value per share (NAV)	12.68	12.04	12.22	10.84
Cost Income Ratio	34.74%	42.12%	33.89%	38.28%

## Interest Income

Bank's interest Income, mostly from loans, increased by 31.10 per cent and stood at BDT. 3,100.80 million during the year 2017 compared to that of 2,365.22 million in the year 2016. Interest income consists of interest earned from loans and advances was BDT. 2,447.88 million and interest received on placement of FDR/SND and call placement with other banks and financial institutions was BDT. 652.91 million. The principal contributor of earnings is generated mainly from interest on loans and advances.



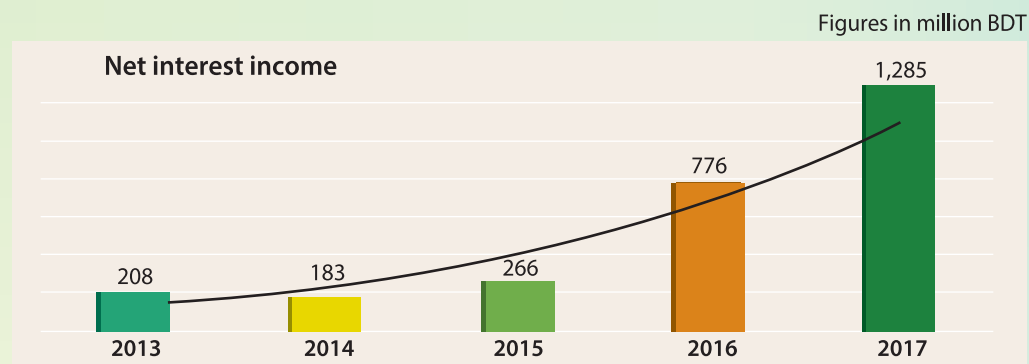
**Shareholder equity of the Bank stood Tk.5,731.11 million in 2017 as against Tk.5,440.06 million registering growth of 5.35 per cent.**

## Interest Expenses

During 2017, total interest expenses were BDT. 1,816.11 million as against BDT. 1,589.34 million in 2016. Among interest expenses, the Bank paid mostly to depositors, which was BDT. 1,555.60 million in 2017 against BDT. 1,500.42 million in 2016 and interest paid on borrowings was BDT. 260.51 million in 2017 against BDT. 88.92 million in 2016.

## Net Interest Income

Net Interest Income (NII) was BDT. 1,284.69 million during 2017, with a growth of BDT. 508.80 million or 65.58 per cent as compared to that of 2016 which has an enormous impact on achieving significant business progress. The growth was mainly due to increase in operational efficiency & cost effectiveness that has been achieved both from the creditable interest income and reduced interest expenses.



## Investment Income

In 2017, Bank's income from investment was BDT. 518.27 million as compared to BDT. 554.57 million in the previous year. Bank's investment income is generated from interest/discount earned on treasury bills/bonds, commercial papers and gain on trading of government security.

## 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. 391.82 million in 2017 from BDT. 161.03 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. 51.32 million in 2017 from BDT. 38.41 million in 2016. 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 were increased by 21.34 per cent in 2017 which was 22.28 per cent in the year 2016. 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 six new Branches along with ATM booths, expanded IT infrastructure and opened 200 Agent points etc. during the year 2017. 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.

Overall bank rent, utility bills, insurance premium, printing & stationary, repair, maintenance, office security, advertisements and business promotion expenses experienced a usual growth during 2017.

**Net Interest Income (NII) was BDT. 1,284.69 million during 2017, with a growth of BDT. 508.80 million or 65.58 per cent as compared to that of 2016.**

The productivity of the employee continued to grow which is evident from the following ratio:

Particulars	2017	2016	2015	2014
Income per employee	9.63	8.39	9.12	7.34
Expenses per employee	6.15	6.00	5.65	4.91
Profit before provision per employee	3.47	2.38	3.47	2.43
Profit before tax per employee	1.77	1.24	2.58	1.49
Assets per employee	106.75	87.16	80.02	79.87

### Vehicles Cost

The total number of the vehicles of the Bank is 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 official duties. The total expenditure for vehicles was BDT.09 million in the year 2017 as against BDT. 2.19 million in the year 2016.

### 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. 19.14 million to carry on various CSR activities during 2017, which was BDT. 34.45 million in 2016.

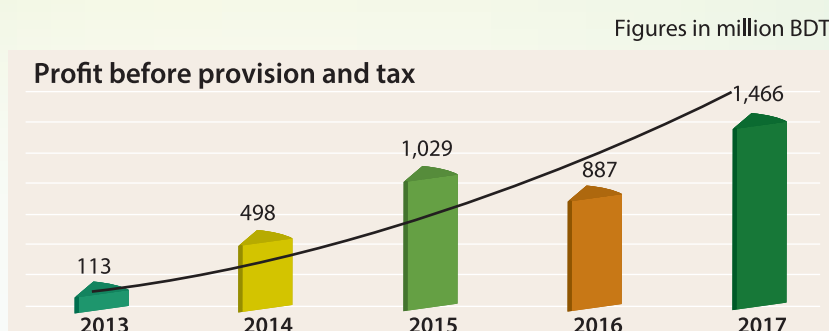
### Director's Remuneration

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 2017, a total of BDT. 1.832 million has been paid as Directors' Fees, which was BDT1. 632 million in 2016.

Managing Director receives salary, allowances and other facilities according to his service contract. The details information regarding Managing Director's Salary and Fees is presented in Notes annexed to the Financial Statements.

### Profit before provision and tax

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 2017 was at BDT. 1,465.71 million from BDT. 886.76 million in the previous year.

### Provision for classified loans

The provision against classified loans was made BDT 5.88 million during 2017 which was 6.22 million of previous year. The provision adequacy ratio was 100.33 percent.

Figures in million BDT

Particulars	2017	2016
NPL ratio of MMBL	0.29%	0.26%
Industry average of NPL ratio	9.31%	9.23%
Industry average of 4 <sup>th</sup> generation bank	1.16%	0.28%
Adequacy ratio	100.33%	100.00%

*The Bank has spent amounting BDT. 19.14 million to carry on various CSR activities during 2017, which was BDT. 34.45 million in 2016.*

## Movement of specific provisions for NPAs:

Amount in Million BDT

Particulars	2017	2016
Opening balance	6.22	0.00
Provision made during the period	5.84	6.22
Write off	0.00	0.00
Write back of excess provisions	0.00	0.00
Closing balance	<b>12.06</b>	<b>6.22</b>

## General Provision

Provision against unclassified loans was made to the tune of BDT. 170.04 million during 2017 as against BDT. 110.04 million of previous year. General provision requirement of BDT. 70.00 million on off-balance sheet outstanding has been provided. 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 2017 was BDT. 543.66 million against BDT. 307.94 million in the year 2016.

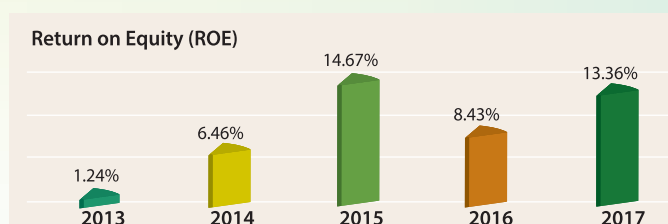
## Profit after Tax

The Bank posted a Net Profit after tax at BDT. 746.13 million in the year 2017, which was BDT. 462.19 million in the year 2016. The profit after Tax has been increased because of high concentration on core banking business in 2017.

Year	Profit before provision and tax	Profit after Tax
2017	1,465.71	746.13
2016	886.76	462.19
2015	1,029.27	764.93
2014	497.71	306.30
2013	113.10	56.91

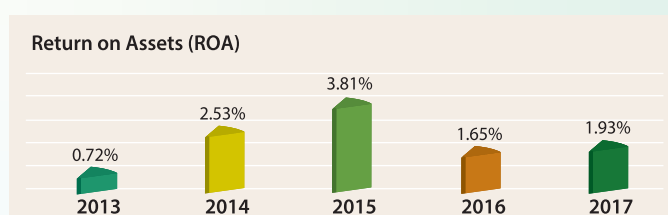
## Return on Equity

During the year, Return on Equity (RoE) of the Bank was 13.36 per cent in 2017 while it was 8.43 per cent in the year 2016.



## Return on Assets

To the contrary, Return on Assets (RoA) of the Bank stood at 1.93 per cent in 2017 while it was 1.65 per cent in the previous year.



## Net Assets Value (NAV) Per Share

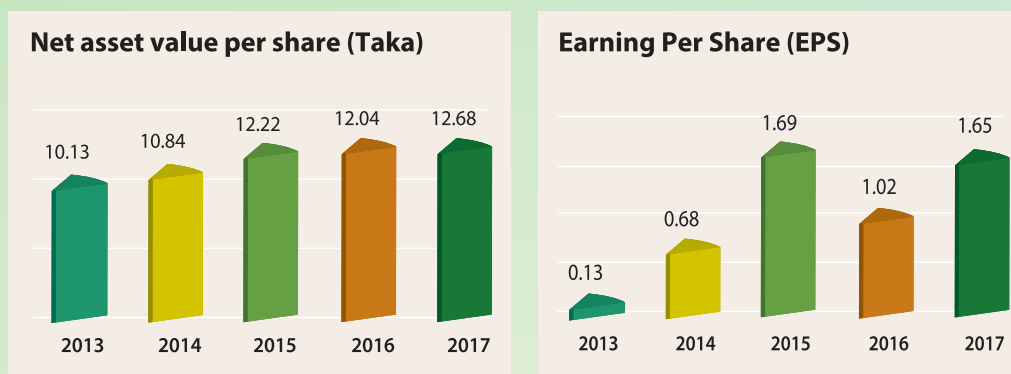
NAV per share stood at BDT. 12.68 at the end of 2017 whereas it was 12.04 in the previous year.

## Earnings per Share (EPS)

During the year 2017, Earning per share (EPS) of the Bank was BDT. 1.65, while it was BDT. 1.02 in the year 2016. The EPS was increased by 61.76% due to increased profitability during the year compared with the previous year.

*During the year, Return on Equity (RoE) of the Bank was 13.36 per cent in 2017 while it was 8.43 per cent in the year 2016.*





### Statutory Reserve

The Bank transferred 20 per cent of the profit before tax BDT. 257.96 million to statutory reserve and dividend during the year as per Section 24 of the Bank Company Act, 1991. The total amount of statutory reserve stood at BDT. 716.80 million as on 31st December, 2017.

### Performance and Profitability

#### Quarterly and Annual Financial performance

Following table presents quarterly information of four quarters of the Bank during 2017 along with annual reflection, which has been shown below:

Figures in BDT Million

Particulars	Q-1	Q-2	Q-3	Q-4	Annually
A) Net interest income	267.66	333.74	333.05	350.24	1,284.69
B) Non-interest income	298.48	191.88	203.55	267.51	961.42
C) Operating income (A+B)	566.14	525.62	536.60	617.75	2,246.11
D) Operating expenses	172.61	197.31	193.33	217.15	780.40
<b>E) Operating profit (C-D)</b>	<b>393.53</b>	<b>328.31</b>	<b>343.27</b>	<b>400.60</b>	<b>1,465.71</b>

### Brief History of Capital and utilization thereof

The Bank has been incorporated on 4 June 2013 with paid-up capital of BDT. 4320.00 million, but raised BDT. 200.00 million on 10 June 2013 through issuing further capital as approved by Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), for which paid-up capital stood at BDT. 4520.00 million divided into 452 million of ordinary shares of BDT 10.00 each while the Bank has been started operation on 19 September 2013. The Capital is utilized for procuring fixed assets, maintaining CRR and for operation of banking business. The Bank's shares are yet to be floated through initial public offering (IPO) nor listed with any stock exchange. Bangladesh Bank has allowed time extension for IPO till 2019.

### Contribution to the National Exchequer

Modhumoti Bank is one of the largest tax payers in the country's banking sector and it regularly fulfils its direct and indirect tax obligations in time. This has a significant impact on our government treasury. During the period January-December 2017, the Bank made provisions of BDT. 543.87 million for corporate tax. Beside this, during the year under report, Modhumoti Bank paid BDT. 384.63 million as corporate tax, BDT. 328.81 million as source and other tax, BDT. 45.69 million as VAT and BDT. 30.82 million as excise duty to the government exchequer. In total, Modhumoti Bank contributed BDT. 789.95 million to the exchequer through paying tax and VAT on its income and collecting revenue on behalf of the government.

**Modhumoti Bank paid BDT. 384.63 million as corporate tax, BDT. 328.81 million as source and other tax, BDT. 45.69 million as VAT and BDT. 30.82 million as excise duty to the government exchequer.**

Figures in million BDT

SL No.	Particular	Year	Contribution
a	Corporate Tax,	2017	789.95
b	withholding tax, VAT and excise duty	2016	466.34

### 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 2017 and other relevant information. According to last rating, status of the Bank is A<sub>3</sub> for long term, which was A<sub>3</sub> in last year also and continuing ST-2 for short term and outlook stable. Three years rating is stated hereunder:

Particulars	Credit Rating		
	Year-2017	Year-2016	Year-2015
Long Term	A <sub>3</sub>	A <sub>3</sub>	BBB <sub>1</sub>
Short Term	ST-2	ST-2	ST-2
Outlook	Stable	Stable	Stable
Date of Rating	27 June 2018	8 June 2017	26 May 2016
Validity	30 June 2019	30 June 2018	30 June 2017

### Appropriation of Profit

Profit after Tax (PAT) stood at BDT. 746.13 million. Profit available for distribution comprising of last year's retained earnings and net profit for the year 2017, among shareholders is BDT. 489.67 million after mandatory transfer of statutory reserve.

Figures in million BDT

Particulars	2017	2016
Profit after tax	746.13	462.19
Retained earnings carried forward from previous year	1.50	145.33
Profit to be appropriated	747.63	607.52
Transfer to statutory reserve	257.96	154.03
Net profit after appropriation/Retained surplus	489.67	453.49
Dividend	452.00	452.00
Retained Earnings to be carried forward	37.67	1.49
Dividend Payout Ratio	92.31%	99.67%

### Declaration of Dividend

The Bank puts maximum care on the principle of sharing good achievements with respected shareholders of the Bank. Accordingly, the Board of Directors in its 35th meeting held on 2nd August 2018 has recommended 10.00 per cent cash dividend for distribution amongst the shareholders for the year 2017, i.e., BDT. 1.00 against a share of BDT. 10.00. The Dividend per share for the last five years is shown below:

Year	Dividend in %	Form	Amount in BDT million	Remarks
2017	10.00	Cash	452.00	Recommended by Board
2016	10.00	Cash	452.00	--
2015	10.00	Cash	452.00	--
2014	5.00	Cash	226.00	--
2013	--	--	--	Operation started in September 2013

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

## Accounting Records and Reporting

The Bank is accountable for maintaining adequate accounting records and effective system of risk management as well as preparation of financial statements including relevant schedules, which have been maintaining accordingly. Proper books of account as required by law have been kept by the Bank, which has also been examined by the external auditors.

**Adoption of IAS and IFRS:** Institute of Chartered Accountants of Bangladesh (ICAB) adopted the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Bangladesh Securities & Exchange Commission (BSEC) 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.

Financial statements of the Bank for the year ended 31st December 2017 have been prepared in accordance with International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS), as applicable in Bangladesh, following the 'First Schedule' (section 38) of the Bank Companies Act 1991, BRPD Circular no. 14 dated 25 June 2003 and other Circulars of Bangladesh Bank, The Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and any departure there-from has been adequately disclosed.

**Application of Accounting Policies and Accounting Estimates:** Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.

**True and Fair view of Financial Statements:** The Management is responsible for preparation of financial statements of the Bank that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as Management determines necessary to enable the preparation of financial statements of the Bank free from material misstatement, whether due to fraud or error has been taken, which is also been properly addressed in Notes annexed to financial statements. The external auditors i.e. M/s. A. Qasem & Co, Chartered Accountants also provided their opinion that the financial statements of the Bank has given a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Going Concern of Bank's Business:** After reviewing the company's present and potential business growth, it is observed that the company has adequate resources to continue to operate in the foreseeable future and no significant doubts upon the Bank's ability to continue as a going concern. The financial statements of the Bank have been prepared on the assumption that the Bank is a going concern and will continue in operation for the foreseeable future.

**Disclosure of Related Party Transactions:** The related party transactions have been identified considering accordingly, and also disclosed, details of which have been presented in the Notes annexed to Financial Statements.

### Review on Internal Control System

Since activities of a bank involves with diversified & complex financial activities, high risks are associated with every activities, so issue of establishing an effective internal control system, good governance, transparency in all financial activities and accountability towards its stakeholders and regulators have become significant to ensure smooth performance of the banking industry throughout the world. Internal Control is a continuous process developed in combination of policies & procedures in order to provide safe & sound operations within the organization which also helps to achieve its goals and objectives. Internal control provides only reasonable assurance, not absolute assurance, with regard to achievement of the organization's objectives.

*The external auditors provided their opinion that the financial statements of the Bank has given a true and fair view of the financial position of the Bank as at 31 December 2017.*

*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.*

## **Control Environment**

The control environment is the foundation on which an effective system of internal control is built and operated in an organization that strives to (1) achieve its strategic objectives, (2) provide reliable financial reporting to internal and external stakeholders, (3) operate its business efficiently and effectively, (4) comply with all applicable laws & regulations, and (5) safeguard its assets. Control environment of the Bank has been designed to protect the interest of all the stakeholders of the Bank in the best possible way.

## **Risk Management**

Risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite. 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. 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.

Effective risk management is fundamental to the business activities of the bank. 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 Bank has a Comprehensive Risk Management Policy for addressing risks including six core risks according to guidelines issued by Bangladesh Bank and Basel III framework, which assigns accountability and responsibility for the management and control of risk. Apart from these, the Bank has Risk Appetite Framework which defines the risk management strategy of the Bank.

The Board of Directors of the Bank has overall responsibility for managing risks. There is a Board's Risk Management Committee comprising three members from the Board of Directors. 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 of Management, 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).

## **Credit Risk Management**

Credit risk is one of six core risks of banking business, which refers to the probability of loss due to a borrower's failure to make payments on any type of debt. Credit risk management is the practice of mitigating losses by understanding adequacy of a bank's capital and loan loss reserves at any given time – a process that has long been a challenge for financial institutions. Pursuant to Bangladesh Bank's guideline, we have revised the Credit Risk Management Manual in 2017 to assess and mitigate the credit risk in more effective and befitting manner.



The guideline provided broad based policy on the core principles for identifying, measuring, managing and controlling credit risk. Multi-angular analysis has been exercised in preparing the guideline to make credit operations compatible with the highest standard of industry best practices and by incorporating credit appraisal principles. A well-defined process for credit approval is being followed in the Bank, through which a good number of credit risk officers (credit analysts) having adequate knowledge, experience and background exercise their prudence in assessing, approving and managing credit risk, wherein Credit Evaluation Committee at Head Office also assists the Management through reviewing necessity and recommend for approval if satisfied. Business delegation for approval by the Management is also specified and proposals beyond such authority are being placed with ample analysis before the Executive Committee of the Board and the Board of Directors as the case may be.

### **Internal Control & Compliance**

Modhumoti Bank has continuously taking efforts to establish an effective organizational structure to maintain strong internal control culture by complying with Bangladesh Bank guidelines and implementing the Bank's ICC policies through the resources of the ICC Division. Our control system has been designed in such a way, so that compliance with all the relevant requirements is maintained in each activity of the Bank. The Board of Directors and the Senior Management has good intention on developing a high ethical and moral standard to ensure strong compliance culture. Internal Control & Compliance Division (ICCD) of the Bank is comprised of 03 (three) interrelated wings/units, namely i) Audit & Inspection Unit, ii) Monitoring Unit and iii) Compliance Unit. This Division independently verifies that all the branches/divisions are conducting their business in compliance with all approved risk management and internal control policies. If deviations are found, they are reported and got corrected to mitigate risk on a continuous basis. Thus, ICCD ensures the Board that the Bank is operating in compliance with all approved and established policies. Alongside, the Board of Directors, its Executive Committee, Audit Committee, Risk Management Committee, Management Committees, and Management Units also keep constant watch in risk management, whether the ICC Division contributes making the job more effective and successful.

**Audit & Inspection Unit :** This department conducts comprehensive/surprise/special inspection on branches and different divisions/units of Head Office in line with the yearly audit plan as approved by the Board of Directors. The division chalks out a year-long Audit Plan at the beginning of a year covering branches and divisions of the Head office in line with ICC guidelines of Bangladesh Bank.

**Monitoring Unit :** It monitors and reviews the operational performance of various branches through Quarterly Operation Reports (QORs), Loan Documentation Checklists (LDCLs), Departmental Control Function Checklists (DCFCLs) etc. as part of their off-site supervision activities. If any major deviation is found, this department recommends the Head of ICCD for sending inspection team to the concerned branch for thorough review. Besides, they prepare Memo for the Audit Committee of the Board and subsequently communicate their instructions to the branch/division for prompt implementation.

**Compliance Unit :** The primary responsibility of this department is to ensure full compliance of the regulatory requirements including directives of Bangladesh Bank, National Board of Revenue (NBR), Bangladesh Securities & Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms (RJSC), Ministry of Finance etc. as applicable to run banking business.

### **Self-Assessment/Monitoring**

While conducting comprehensive/surprise/special inspection on different branches, the Audit & Inspection Unit evaluates, assesses and gives risk rating of the branches in the reports and submits to the Audit Committee of the Board for their further evaluation and recommendation. Furthermore, according to the provision of DOS Circular Letter No.17/2012 of Bangladesh Bank, the Bank requires to report to Bangladesh Bank stating its self-assessment (on the effectiveness of anti-fraud internal controls) activities.

*Modhumoti Bank has continuously taking efforts to establish an effective organizational structure to maintain strong internal control culture by complying with Bangladesh Bank guidelines.*

## ICT Risk Management

Having more updated Information Technology in banks has more scope of creating great contribution to improve operational efficiency, transparency, speed and accuracy in banking transactions. Technological development of a bank can tremendously increase its customer service as well as trust worthiness to the stakeholders towards the bank. The adoption of technology in the banking industry demands a bank to ensure that the ICT related risks are properly identified and mitigated through a prudent ICT risk management strategy.

Modhumoti 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 analysing 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) to mitigate risk;
- \* Deployment of chip based credit card;
- \* Periodic ICT Audit and inspection (internal and external) in different divisions and branches.

## Anti-Money Laundering and combating Terrorist Financing

Modhumoti Bank Limited is aware to become compliant on anti-money laundering and combating terrorist financing issues as per guidelines of Bangladesh Bank since inception in 2013. In the very first year, AMLCFT Division as well as Central Compliance Unit at Head office was formed. Besides, Chief Anti Money Laundering Compliance Officer (CAMLCO), Deputy CAMLCO and BAMLCO were nominated. The compliance activities started in a structured way. A manual has already been prepared entitled 'Money Laundering and Terrorist Financing Risk Management Guidelines' following Bangladesh Bank guidelines in this context.

AMLCFT Division of the Bank has been continuously taking necessary steps to make it compliant as per the legislations, guidelines and that of the compliance of circulars. S-3 (Sanction Screening Software) was installed in the year 2014 and since 2015 different training sessions/workshops are being conducted for the bank officials with special focus on Trade Based Money Laundering. The Bank still continue this for the newcomers and freshers.

In 2017, the Bank has signed an agreement with Election Commission of Bangladesh in relation with access in NID Database with some particular field; which gives the Bank opportunity to verify NID of the customers who have opened/ comes to open bank accounts. In 2017, another success is that; the Bank has arranged publicity of AML/CFT awareness for the customers through delivering Leaflet and sticking Posters in the premises at the branch level. AMLCFT Division issues well-balanced circulars to guide the bank officials with necessary instructions and also take follow-up actions from time to time.

## Sustainable Finance Approach

'Sustainable Finance' is comparatively a new phenomenon in 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 banking and selection of

*The Bank is gradually implementing various ICT related security solutions to ensure further security of the threat factors.*



The Bank has established 32 ATMs so far, introduced debit and credit card, internet and SMS banking facilities.

borrowers in such a way so that the Bank can contribute in the Sustainable Development Goals (SDGs) to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity. Bangladesh Bank has already provided a guidelines and circulars for all banks and financial organizations which include the Environmental & Social Risk Management.

As instructed by Bangladesh Bank, the Bank has established Sustainable Finance Unit in 2017 dissolving the Green Banking Cell and CSR Desk of the Bank as per the SFD Circular No.02, dated December 01, 2016 duly approved by the Board's Risk Management Committee. The Unit is working to implement the green banking activities and ensuring the corporate social responsibility.

### **Green Banking Initiatives**

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.

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 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).

*As instructed by Bangladesh Bank, the Bank has established Sustainable Finance Unit in 2017 dissolving the Green Banking Cell and CSR Desk.*





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

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. We have already established 32 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 gradually.

### **Corporate Social Responsibility**

Corporate Social Responsibility is a bank's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical so that stakeholders are not negatively impacted for the activities of the Bank. The stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organizations, local communities, environment and society at large. In this respect, the Bank has a well defined policy titled 'Corporate Social Responsibility (CSR) Policy of Modhumoti Bank Limited' with some specific objectives prepared in the light of Bangladesh bank's guidelines. Our approach continues to focus on two key priorities: contributing to sustainable economic growth and being a responsible company.

The Bank stepped for establishing corporate governance inside the Bank since inception through doing business complying rules and regulations of the country and also abiding social and industrial norms with a vision of establishing a compliant bank in all terms over the period. 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. The Bank keeps an eye open on development of our employees too, as such 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 contributed towards medical treatment, even 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 since inception through doing business complying rules and regulations of the country and also abiding social and industrial norms.*





The Bank reviewed business performance from time to time in presence of Branch Managers and Head Office Executives.

Our system of corporate governance provides the basis for the responsible management, transparency of processes and compliance to regulatory bodies with a focus on sustainable value creation. Since the inception, the Bank actively participated in many endeavour as part of the CSR activities of the Bank. Sustainable Finance Unit of the Bank looks after the CSR activities of the Bank including reporting in the prescribed format to Bangladesh Bank in timely manner.

### Corporate Governance

Governance structures and principles identify the distribution of rights and responsibilities among different participants in an organization (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and include the rules and procedures for making decisions in corporate affairs. 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 primary objectives of corporate governance are to safe-guard stakeholders' interest on a sustainable basis. Good governance is manifested through adherence to ethical business norms, a firm commitment to values and compliance with applicable laws and regulations, while enhancing shareholders value.

### Corporate Governance Framework

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. 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 and engaging prudent Management. The Board is responsible to endorse the organization's strategy and devise policy and also form assistive committees and 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. Bangladesh Bank has issued circular defining separate roles of the Board and Management as a guideline. Besides, Bangladesh Securities and Exchange Commission (BSEC) also has a guideline (code) which is to follow by listed banks 'on comply' basis.

*Good governance is manifested through adherence to ethical business norms, a firm commitment to values and compliance with applicable laws and regulations, while enhancing shareholders value.*

Modhumoti Bank Limited established by 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 Modhumoti Bank plays pivotal role in bank-governance through their far sighted decision and visionary leadership that drive the company to keep sustainable growth.

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.

### **The Board and its Committees**

The number of directors on the Board is determined in 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. Besides, election/ re-election of directors is required to be dealt as prescribed by Bangladesh Bank.

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, as stipulated in Bangladesh Bank's BRPD Circular No.11 dated 27 October 2013, wherein roles and responsibilities of the Board of Directors of a bank-company have been stated.

In the Fourth Annual General Meeting held on 21 September 2017, the Board constituted with 19 members. In 2017, the Board approved and ratified many policies and operating manuals as proposed by the Management from time to time 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 BRPD Circular No. 11 dated 27 October 2013; the Board has formed the Executive Committee of the Board of Directors consisting of seven members under the chair of Barrister Sheikh Fazle Noor Taposh, MP. The Board has also formed an Audit Committee under the chair of Mr. Shaikh Salahuddin, Vice-Chairman of the Board of Directors and a Risk Management Committee under the chair of Mr. Mostafa Kamal each consisting of three members. Activities of the Committees are dealt according to Terms of References (ToR) approved by the Board under terms stated in the 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 also acts as secretary of the Committees and attends the meetings of the Board of Directors and its Committees. Sometimes other Executives are invited to attend meetings when 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 2017**

In 2017, 9 (nine) meetings of the Board of Directors were held including a special meeting with Bangladesh Bank Team. Besides, 15 (fifteen) 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.

*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.*

## Attendance at Board Meetings

Name	Position	No. of meetings attended	Remarks
Mr. Humayun Kabir	Chairman	9	-
Mr. Shaikh Salahuddin	Vice-Chairman	5	-
Mr. Sheikh Fazle Noor Taposh	Director	9	-
Mr. Mohammad Ismail Hossain	Director	9	-
Mr. Nemai Kumer Saha	Director	7	-
Mr. Salahuddin Alamgir	Director	9	-
Mr. Mostafa Kamal	Director	7	-
Mrs. Tanjima Binthe Mostafa	Director	5	-
Mr. Humayun Kabir	Director	7	-
Mrs. Shahana Yasmin	Director	4	-
Mrs. Sultana Jahan	Director	9	-
Mr. A. Mannan Khan	Director	8	-
Mrs. Ferdousi Islam	Director	6	-
Mr. Manwar Hossain	Director	7	-
Mr. Rezin Ahmmad Talukder	Director	3	-
Mr. Yousuf Ali	Director	4	-
Mr. Md. Mahbubur Rahman	Director	7	-
Mr. Md. Didarul Alam	Director	5	-
Mrs. Syeda Sharmin Hossain	Director	3	Elected on 21 September 2017
Mr. Md. Shafiqul Azam	Managing Director	9	Ex-Officio

## Pattern of shareholding

The Authorized Capital of Modhumoti Bank Limited is BDT. 20,000.00 (twenty thousand) million divided into 2,000 million ordinary shares of BDT. 10.00 each. The Paid-up Capital of the Bank was BDT. 4,520.00 million divided into 452 million ordinary shares as of 31 December 2017. The Bank's shares are yet to be floated through initial public offering (IPO) nor listed with any stock exchange. Bangladesh Bank has allowed time extension for IPO till 2019. The Board members collectively represented 73.00 per cent of total outstanding paid-up capital of the Bank at the end of 2017, which was 71.24 per cent in 2016. Pattern on shareholding according to structure by Bangladesh Securities and Exchange Commission (BSEC) is reported below:

- (A) Share held by Parent/Subsidiary/Associated Companies and other related parties: Nil
- B) (i) Shares held by Directors and their spouses and minor children as at 31 December 2017:

Name	No. of shares	% of total Shares	Nominating Shareholder's (Institution) Name	Remarks
Mr. Humayun Kabir & Spouse	8,000,000	1.770%	--	--
Mr. Shaikh Salahuddin & Spouse	38,000,000	8.410%	--	Both are Directors.
Mr. Sheikh Fazle Noor Taposh & Spouse	40,000,000	8.850%	--	--
Mr. Mohammad Ismail Hossain & Spouse	20,000,000	4.425%	M/s. Sharmin Apparels Limited	--
Mr. Nemai Kumer Saha & Spouse	30,000,000	6.637%	M/s. Sandhani Life Insurance Company Limited	--



Name	No. of shares	% of total Shares	Nominating Shareholder's (Institution) Name	Remarks
Mr. Salahuddin Alamgir & Spouse	40,000,000	8.850%	--	Both are Directors.
Mr. Mostafa Kamal & Spouse	20,000,000	4.425%	M/s. Tanveer Oils Limited	--
Mrs. Tanjima Binthe Mostafa & Spouse	20,000,000	4.425%	M/s. Everest Power Generation Co. Limited	--
Mr. Humayun Kabir & Spouse	20,000,000	4.425%	--	--
Mrs. Shahana Yasmin & Spouse	38,000,000	8.410%	--	Both are Directors.
Mrs. Sultana Jahan & Spouse	40,000,000	8.850%	--	Both are Directors.
Mr. A Mannan Khan & Spouse	20,000,000	4.425%	M/s. Mango Teleservices Limited	--
Mrs. Ferdousi Islam & Spouse	20,000,000	4.425%	M/s. Azbal International Limited	--
Mr. Manwar Hossain & Spouse	10,000,000	2.212%	M/s. Anwar Jute Spinning Mills Limited	--
Mr. Rezin Ahmmad Talukder & Spouse	6,000,000	1.327%	M/s. D & S Pretty Fashions Limited	--
Mr. Yousuf Ali & Spouse	12,000,000	2.655%	M/s. Meghna Flour & Dal Mills Limited	--
Mr. Md. Mahbubur Rahman & Spouse	10,000,000	2.212%	M/s. Mona Financial Consultancy & Securities Limited	--
Mr. Md. Didarul Alam & Spouse	8,000,000	1.770%	--	--
Mrs. Syeda Sharmin Hossain & Spouse	8,000,000	1.770%	M/s. Sharmin Fashions Limited	--

(ii) Shares held by Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children: Nil

(C) Executives ('executive' means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit): Nil

(D) Shareholders holding ten per cent (10%) or more voting interest in the company : Nil

#### **Auditors' Report**

The Board of Directors reviewed the Auditors Report issued by the Bank's auditors M/s. A. Qasem & Co., Chartered Accountants based on their audit of financial statements for the year ended 31 December 2017. The auditor did not mention about any material misstatement or significant disagreement regarding review of the Bank's financial statements. The Board also reviewed management report that has been provided by the auditors and suggested the Management for improvement.

#### **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 Fifth Annual General Meeting of the Company. According to AoA, a retiring Director is 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 and amended thereof.

### **Appointment of Auditors**

According to Companies Act 1994, the shareholders are empowered to appoint external auditors and fix their remuneration at Annual General Meeting. 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 the year 2016 and 2017; they are eligible for re-appointment for next term.

### **Outlook 2018**

To grab the potential business opportunities, the Bank has adopted some Strategic Priorities in 2017, which would be continued in 2018 after re-conciliation with experiences achieved from five years of banking operation, but utmost priority would be given to achieving service excellence. Hiring more skilled employees and development of existing ones as well as development of infrastructure especially on IT would be more focused. As the Bank still at the growing stage of the business cycle and as such, we strongly strict to the hope that the year 2018 will give us more opportunity to consolidate our position in the industry based on the success of previous years through following steps:

- Continue providing 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 branches in rural and urban areas and spread the service net with focus on expanding Agent Banking operation, where Bank can deploy lesser fixed expenses but serves a wider range of people to the remote corner;
- Focus on achieving customer loyalty through providing personalized service by developing the standard of our own employees as well as hiring best possible resources from the market;
- 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 objectives of the Bank;
- Continue exploring, maintaining and maximizing alternative delivery channels to provide mass banking services by enhancing customer confidence on the Bank;
- Continue focusing more on the core banking activities by enhancing credit portfolio of the Bank without compromising the credit risk norms of the Bank 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;
- Increasing 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;
- Stepping into investment market prudently without hampering the core objective of the Bank;
- Continue efforts to maintain an ideal deposit mix by taking several initiatives including some on-going activities like targeting various utility service providers

*The Bank has adopted some Strategic Priorities in 2017, which would be continued in 2018 also after re-conciliation with experiences achieved from five years of banking operation.*

as well as attracting core deposits from general people and soliciting corporate deposits, e.g. salary accounts, etc.

- Continue strengthening 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;
- Reviewing strategic business and non-business specific policies and adopting changes and introducing new policies for better functioning;

### **Acknowledgement**

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 less corporate tax to banking companies in the budget approved by the National Parliament from FY18-19. This unique decision has obviously enhanced a bank's ability for serving our customers at a reduced rate.

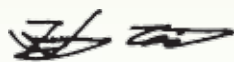
We would like to take the opportunity of expressing our heart-felt appreciation and gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms for their kind cooperation, 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 fate 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

Although it is a part of our statutory obligations, still I feel proud to have this opportunity and honour to present a Report before the stakeholders on activities of the Audit Committee of the Board of Directors during 2017, which is prepared to disclose in Annual Report in accordance with 'Corporate Governance Guidelines' issued by Bangladesh Securities and Exchange Commission (BSEC) through a notification on 7th August 2012.

Concept of forming an Audit Committee of the Board was first introduced in banking sector in Bangladesh in 2002. Bangladesh Bank in line with amendment of the Bank Companies Act in 2013 issued BRPD Circular No. 11 on 27 October 2013, wherein elaborately discussed on formation, role and responsibilities, and also assigned some specific responsibilities for an Audit Committee of Board of Directors of a bank company. Role of Audit Committee of the Board of Directors 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 a bank company for ensuring interest of all stakeholders.

The Board of Directors of Modhumoti Bank is aware on their role and responsibilities; as such constituted the Audit Committee of the Board in their very first meeting held on 01 August 2013. Thereafter the Committee has been reformed on 28 July 2016 in the 22nd meeting of the Board of Directors, which was in force at the balance sheet date of 2017 and also continuing in the following manner:

Name	Status in 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 purpose of the Audit Committee, which is part of the Board, shall be (a) to assist the Board's oversight of (i) the integrity of the Company's financial statements, (ii) the Company's independent auditors' qualifications and independence, (iii) the performance of the Company's independent auditors and the Company's internal audit function, (iv) the Company's compliance with legal and regulatory requirements, and (v) the Company's systems of disclosure controls and procedures, and internal controls over financial reporting, and (b) to prepare a report for stakeholders in accordance with applicable law, regulation and listing standards.

According to Central Bank's guidelines, an Audit Committee is assigned to oversight financial reporting, disclosure, regulatory compliance and disciplined banking operation complying with rules and norms of banking. Core responsibilities of an Audit Committee may be stated as follows in brief:

- Monitor, choice of accounting policies and principles
- Review the appropriateness of the Bank's accounting policy
- Review the financial statements
- Oversee the Bank's relationship with external auditors
- Review the Bank's existing system and upgradation of system
- 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

*Role of Audit Committee of the Board of Directors has been set out to pave the way for audit and inspection wing to work independently from management influence.*

- Review Audit Committee's own terms of reference within the purview of BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank.

The regulators have given a huge task indeed, but rationalising all responsibilities in a new organization is not that much easy, many challenges are there. All the processes and policies could not be set out just all on a sudden. Many good things may not work well if not been nursed by efficient manpower. But, the Members of the Audit Committee are committed to serve with utmost sincerity keeping all the limitations in mind with a vision of ensuring 'good for all' through establishing a unique internal control system.

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 including increase manpower in ICC units and surely many steps have already been taken by this time. 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 system.
- √ 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 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 System (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.

#### Meetings and key activities in 2017:

The Audit Committee held 04 (four) meetings in 2017 in the following manner:

Sl.	Particulars	Date of meeting	No. of Agenda	Remarks
1	14th meeting	22 March 2017	13	Including Draft Audited Financial Statements for the year ended 31 December 2016 and Special Inspection Report with compliance of Bangladesh Bank on internal control and compliance as of 30.06.2016.
2	15th meeting	21 May 2017	13	Including Management Report on Financial Statements of the Bank for the year 2016.



Sl.	Particulars	Date of meeting	No. of Agenda	Remarks
3	16 <sup>th</sup> meeting	12 November 2017	03	Including Bangladesh Bank Comprehensive Inspection Report with Draft Compliance as of 31.12.2016.
4	17 <sup>th</sup> meeting	05 December 2017	09	--

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 among others:

- The Committee approved yearly risk based annual audit & inspection plan for 2017;
- The Committee reviewed draft financial statements for the year ended 2016 and recommended for approval, which have subsequently been approved by the Board of Directors and by the shareholders in the Fourth Annual General Meeting;
- The Committee reviewed the Management Report prepared by external auditors, M/s. A. Qasem & Co., Chartered Accountants and stressed rapid rectification of the lapses pointed out in it;
- 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 Comprehensive Inspection Report as of 31.12.2016 on Head Office, which has been discussed later on in the Special Board Meeting held on 30.11.2017 in presence of Bangladesh Bank officials;
- 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 reviewed Annual Health Report 2016 as prepared by ICCD of the Bank, which has subsequently been placed in the meeting of the Board of Directors;
- 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 2017 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 Internal & 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 Audit Committee reviewed and examined the Annual Financial Statements for the year 2017 prepared by the Management and audited by external auditors.*

# Connecting Success: Sharing tales of progress

**Story of Mr. Md. Shahjahan Sarkar**  
Proprietor, Sadia Enterprise



Mr. Md. Shahjahan Sarkar, proprietor of M/s. Sadia Enterprise started trading business of agricultural machinery in 2005. Initially his business was running satisfactorily, but he had some bigger dream in his mind. Later he executed dealership agreement with Uttara Motors for trading different types of motor bykes. By dint of his marketing capability, he sold around 500 bykes during the year 2015-2016. He had also realized the widespread demand of electronic commodities and subsequently started electronics trading business in 2016. However, his dream has been hampered with acute liquidity shortage and failed to cope with the increased demand in the market. He felt into despair and sought assistance from near and dears but nobody came forward to assist him. In this situation he thought of availing loan from a bank, though he was skeptical a bit at that moment. He communicated with Modhumoti Bank, Pirganj Branch, Rangpur and shared his problem to the Branch Manager. His perception on bank loan has been turned into positive reality while Manager came forward to finance him. He felt happy while getting loan as per requirement since it has turned his cherished dream into visible reality. Modhumoti Bank is also proud to be associated with his bigger dream.

**Story of Mr. Md. Rahmat Ali Sheikh**  
Carpenter



Mr. Md. Rahmat Ali Sheikh is a carpenter who possess unique carpentering skill but become unable to satisfy his customers due to lack of having adequate modern tools. He faced difficulties in continuing his business and sought assistance in every possible way to avail credit facility but failed to manage. He passed his life with gloomy and unhappiness. Later, one of his customers told him to take a loan from bank and advised him to communicate with Modhumoti Bank, Kanaipur Branch, Faridpur. He was afraid at first since he never went inside a bank before but eventually decided to visit the Bank. He felt overwhelmed for the cordial welcome by the Manager who listened to him attentively and helped him to open an account with Tk.10/- only and also agreed to finance him Tk. 50,000 without any collateral security. He felt amazed by getting loan and bought necessary tools and equipments. Now, he can provide better services to his customers according to their requirement and already earned good reputation in the market.

## Connecting Success: Sharing tales of progress

**Story of Mrs. Zamila Begum**  
Housewife



Mrs. Zamila Begum lost her husband in 2003. She was quite scared thinking of continuing life with 3 sons and 1 daughter as they had no regular source of income. They had a piece of land but could not be able to utilize the valuable asset in order to generate income due to fund crisis. She passed very unpleasant time thinking the future of her children but one of her relatives advised her to take a bank loan to construct a building in order to generate income source. She decided to communicate with Modhumoti Bank, Ashulia Branch, Savar to know procedure of taking home loan but she were stirred while the Manager came forward in helping her through our unique product 'Modhumoti Ashroy'. After knowing the usefulness of the product, she was eager enough to avail the loan and completed a semi pacca building on her land. Now she gets monthly fixed earning from rental and her adversity has gone away.

**Story of Mr. Md. Jamal Uddin**  
Farmer



Mr. Md. Jamal Uddin possess a piece of agricultural land but earned a little from cultivation, since a part of earnings require to pay to others at higher interest rate who invests there. He tried here and there for financial assistance but all his efforts went into vain. One day, one of his well wishers informed him about agriculture loan. He advised him to communicate with Modhumoti Bank, Jinnahagar Branch, Jhenaidah. Eventually, he talked with the Manager who listened his problem with attention and assured him providing a loan at a minimum interest rate for cultivation of Maize. After availing loan of Tk.50,000.00, he is now able to receive a handsome amount from that agriculture land. Not only that he purchased another piece of agricultural land also. At present, he feels good when people around him calling him a successful farmer.





## MODHUMOTI HOME LOAN

LET'S BUILD YOUR DREAM HOME

MODHUMOTI *Priority* BANKING

only very few people could master a perfect class



ROLLS-ROYCE since 1906.



## MODHUMOTI সৌজুদা

কৌশল ভিত্তিক ব্যবসায়ের জন্য এস এম ই খান

## MODHUMOTI লাভণ্য



## MODHUMOTI

### Foreign Educare

Nothing Succeeds Like Success

## MODHUMOTI প্রত্যশা



## MODHUMOTI VEHICLE LOAN

DO YOU DREAM TO HAVE YOUR OWN CAR



## MODHUMOTI প্রবাস ক্যাশ

# 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

### Retail Credit Products

- Modhumoti Personal Loan
- Modhumoti দিশারী (Teacher's 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





MODHUMOTI গতি  
জামানত বিহীন এস এম ই খল

মধুমতি  
কৃষি ঋণ

মধুমতি সাথ্য  
আপনার স্বাধ ও স্বার্থের নাগালে  
একটি স্বাক্ষর প্রথম



MODHUMOTI  
FREEDOM  
A Savings Account For Country's Bravest Sons

মধুমতি  
বর্ষীয়ান

**Deposit Accounts**

- Current Account
- Savings Account
- No Frill Savings Account
- Modhumoti পাঠশালা Account  
(Savings Account for students aging less than 18 years)
- Modhumoti তারুণ্য Account  
(For students aging between 18 & 25 years)
- Modhumoti Freedom Fighters Savings Account
- Modhumoti বর্ষীয়ান Savings Account
- Modhumoti Salary Account
- Modhumoti Labonnyo
- High Performance Savings Account
- Special Corporate Deposit Account
- Corporate Saver's Account
- Special Notice Deposit

**Fixed Deposit for different terms**

- Foreign Currency Account
- NFCD
- RFCD

**Scheme Deposits**

- Monthly Savings Scheme
- Monthly Savings Scheme for Freedom Fighters
- Modhumoti প্রত্যাশা Deposit Scheme (PDS)
- Modhumoti প্রত্যাশা Deposit Scheme (PDS)  
(For Freedom Fighters)

Modhumoti সাথ্য Deposit Scheme (Modhumoti SDS)  
Modhumoti সাথ্য Deposit Scheme (Modhumoti SDS)  
(For Labonnyo & বর্ষীয়ান Accountholder)

**Monthly Income Scheme (MIS)**

- Incredible Benefit Scheme
- Double Benefit Scheme
- Triple Benefit Scheme

**Remittance Service**

- Modhumoti Foreign Educare (Student File)
- Modhumoti Probash Cash (প্রবাস ক্যাশ)  
(NRB remitting arrangements with world famous  
exchange houses)

**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/South City Corporation Fees & Taxes
- Jalalabad Gas Co./TITAS Gas
- WASA

**Off-Shore Banking Services**

**Agent Banking Services**





## Management Discussion & Analysis

A strong focus on value creation for the stakeholders drives our growth and performance, and also our long term sustainability. Financial strength and profitability are prerequisites to fulfill our role and ensure that we stay relevant to the communities we operate in.

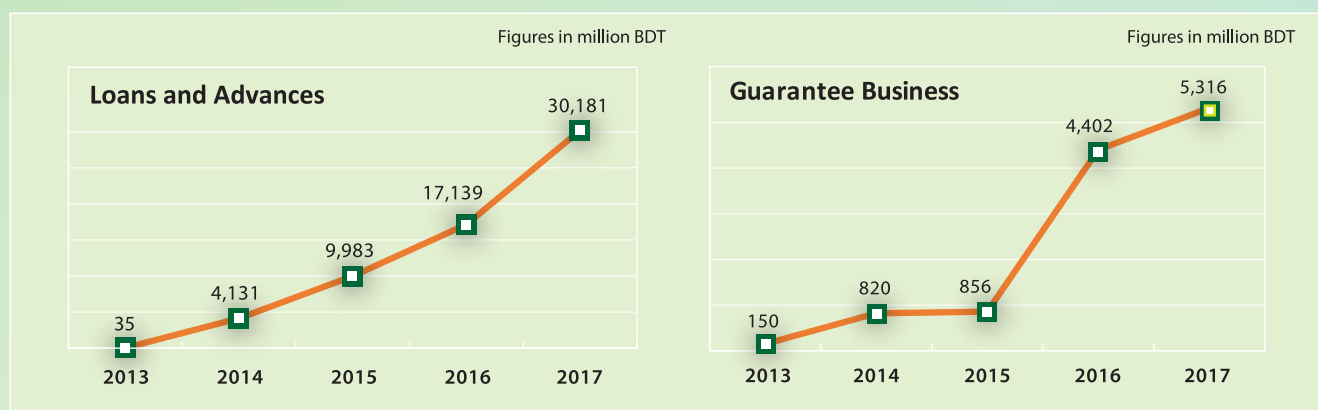
The Board continues to provide strategic direction to the Bank which focused on strengthening and optimizing the infrastructure already in place as a result of the geographical expansion and investments undertaken in the recent past. Consequently, 2017 was a year for growing our volumes and existing relationships, driving operational excellence and strengthening risk management processes and internal controls. The growth, stability and profitability of the Bank bear testimony to the strategic direction provided by the Board.

In the year 2017, we have achieved a total deposit of BDT 33,036 million, total loans & advances of BDT 30,181 million and total operating profit of BDT 1,466 million which is a growth of 42 per cent, 76 per cent and 65 per cent respectively in comparison of year 2016. We also have extended our branch network to 29 branches till December 2017, which is presently 32. Keeping the brandline in mind, 'Your Access to Success', the Bank has developed various customized products for corporate, SMEs, agro-based and women entrepreneurs. The Bank has also developed a number of retail banking loan products for meeting financial needs of individuals to maximize its service net.

Though unfavorable economic condition and fierce competition prevailed 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 extended credit facilities to large corporate establishments in diverse business lines of the country either singly or in syndicate. 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 country.



The Bank signed a tripartite agreement with Bangladesh Rural Electrification Board and Access to Information (a2i) Program of Prime Minister's Office in 2017, under which able to collect electricity bills from REB customers through UDCs under agent banking operation.



## Corporate Banking

Modhumoti Bank Limited being the leading fourth generation private commercial bank of Bangladesh is serving large volume of customers through its Corporate & Investment Banking Division. 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 customers by the experienced personnel and offering the customers tailor-made solutions for growth of their businesses under different products and services as mentioned below:

- 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. So far, we have extended project finance to some notable business houses of the country in following sectors:
  - i. Environment friendly Auto Brick Sector,
  - ii. Textile and RMG sector,
  - iii. Auto Rice Mill,
  - iv. Steel Sector,
  - v. Health Care Sector,
  - vi. Infrastructure Sector,
  - vii. Power Sector,
  - viii. Chemical Sector,
  - ix. Food Sector etc.
- c. **Syndications & Structured Finance:** Syndications and Structured Finance deals are usually arranging funds and participating in local currency as well as in foreign currency syndication. Last year, Modhumoti Bank Limited has participated in various syndication deals.
- d. **Agency Function:** Modhumoti Bank Limited has been entrusted with the role of Issuing and Paying Agent of Commercial Paper issued by RFL Plastics Limited. The fund was arranged by Standard Chartered Bank where Eastern Bank Limited, Uttara Bank Limited and LankaBangla Finance Limited were investors in the first tranche and Rupali Bank Limited invested in the Second Tranche.
- e. **Export Finance:** Export Finance Division of the Bank 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, where diversification of export can be made.
- f. **Overdraft (Work Order):** Considering the development in private and public sector, Modhumoti Bank Limited is financing against confirmed Work Order and against Assignment of Bills. The financing starts with issuing Bid Bond/OD (Pay Order) and subsequently Performance Guarantee, Advance Payment Guarantee, Warranty Guarantee, Retention Money Guarantee etc. are issued along with Overdraft (Work Order) for smooth completion of the job.
- g. **Investment in Corporate House:** The Bank has been involved in investment in Preference Share of two power projects of a renowned business conglomerate of the country engaged in Power Sector-Summit Group. The issuing companies are Summit Narayanganj Power Unit II Limited (62 mw; operating from 29.02.2016) and Summit Barishal Power Limited (120 mw; operating from March, 2016).



**Connecting Success: Snapshots of diversified financing**



Patriot Spinning Mills Limited is a 100% export oriented spinning mill with 38,700 spindles having production capacity of 25 tons per day. The factory is located at Voradoba, Valuka, Mymensingh.

Production capacity: 25 tons per day

Commercial operation: 2009

Sales : Tk. 17300 lac (approximately) [in 2016-2017]

Employment Generation: Directly 850 nos. (approx)

Evince Textiles Limited is one of the largest textile industries of Bangladesh having fabrics production capacity of 1,44,00,000 Yds/Year. The factory is located at Mahna Bhabanipur Mouza, Gazipur Sadar.

Commercial operation: May 02, 2003

Sales : Tk. 17450.80 lac (in 2016-2017)

Employment Generation: 1419 nos. (approx)



Purbachal Apparel Limited is a 100% export oriented woven factory with 08 lines which is located at Village: Panjora, PO: Nagori, PS: Kaligonj, Dist.: Gazipur.

Product name: Woven Garments (RMG) Men's Shirts, Ladies Shirt, Blouse & Dress, Boys Shirt, Girls Shirt & Dress.

Production capacity: 31.20 lac pcs per year

Projected export (1st year): Tk. 6,800.00 lac (approximately)

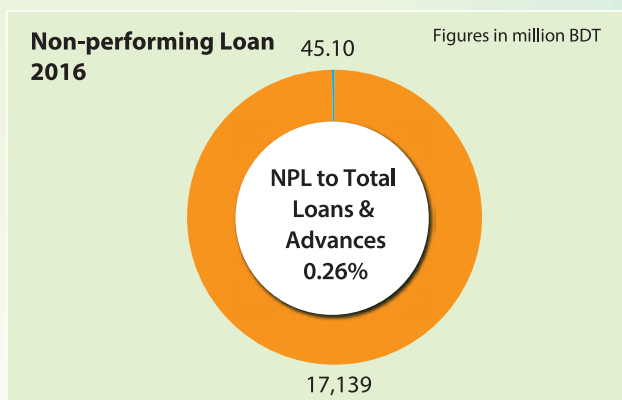
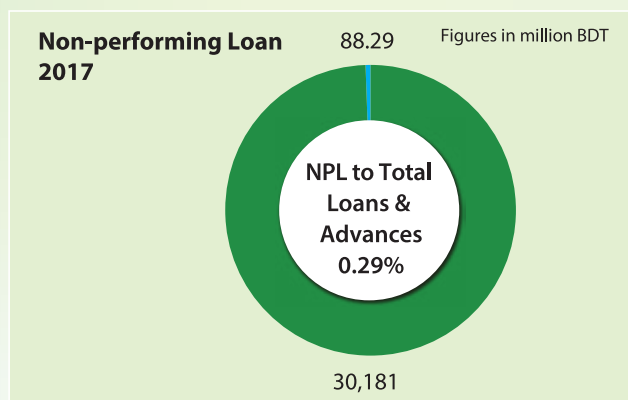
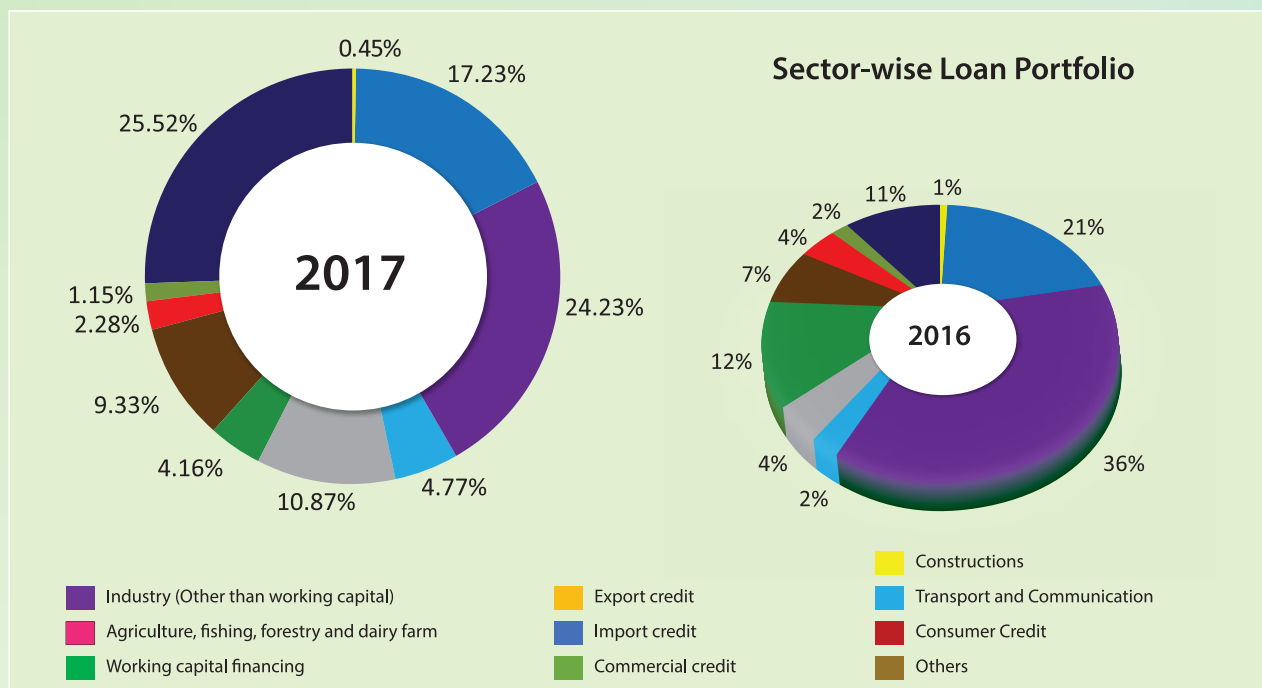


The Bank has financed at Drug International Ltd.



With the help of 29 branches across the country, our loans and advance portfolio stood at Tk. 30,181.30 million, i.e., a massive 76.10 per cent growth has been achieved over 2016. Since inception, Modhumoti Bank Ltd tries to spread its foot print in all businesses 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 of the Bank.

### Distribution of the portfolio:



While booking/marketing loan customers for the Bank, we emphasize on sectoral allocation of the Credit portfolio of the Bank, though it is not always possible to appropriately maintain ratio. But the Bank always tries to maintain a balanced, risk-minimized, healthy, economically profitable projects/ventures towards building a growing economy of the country. As a result, the Bank bags not only many large and medium sized corporate houses, but also expands its footprint in many under developed areas, where profitability is least concern but providing banking service is the main motto. We have successfully created some young, energetic and performed entrepreneurs for the country.

In terms of investment in private sector, in the last few years entrepreneurs were cautious in undertaking new ventures due to lack of infrastructure and utilities like gas, electricity etc. Large 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. Alternate source of money is preferred to conventional bank borrowing. Bond, preference shares are becoming popular for long term source of fund. Bangladesh Bank is also coming forward by giving refinance to banks in long term. Long Term Financing Facility (LTFF), Green Transformation Fund (GTF) and JICA assisted Two Step Loan named Urban Building Safety Project etc are such projects for which the Bank has already signed agreements with Bangladesh Bank to participate in all these refinancing facilities. Modhumoti Bank will soon participate in Investment Promotion Financing Facility-II through Bangladesh Bank, which is a fund of World Bank aimed to finance the infrastructure related projects with comparatively longer tenure with lower interest.

## Connecting Success: Snapshots of some projects



The Bank has financed an auto rice mill namely Rafin Agro Food (Pvt.) Limited at Pirganj, Rangpur which is now running in full swing.

Production capacity per year: 28,800 metric ton

Inception of commercial operation : 19.09.2017

Actual sales in 1st year: Tk. 4,014.84 lac

Employment Generation: Directly 88 nos. (approx.)

A 100% export oriented woven garments factory namely Barisons Creations Limited.

Production capacity: 432,000 pieces per year with 04 (four) lines of machinery

Inception of commercial operation : 15.03.2018

Projected Sales in 1st year: Tk. 2011.20 lac

Employment Generation: Directly 280 nos. (approx)



An environment friendly auto brick project namely Shafique Auto Bricks at Vogirothpur, Pabna.

Project Finance as well as working capital finance

Yearly production capacity : 80,000 pcs. (approx.) bricks comparatively of higher quality

Projected sales of 1st year (2018) : Tk. 1584.00 Lac

Inception of commercial operation : 11 February, 2018

Employment Generation : Directly 169 nos. (approx.)

A 100% export oriented knit garments factory namely Glamour Apparel (BD) Limited

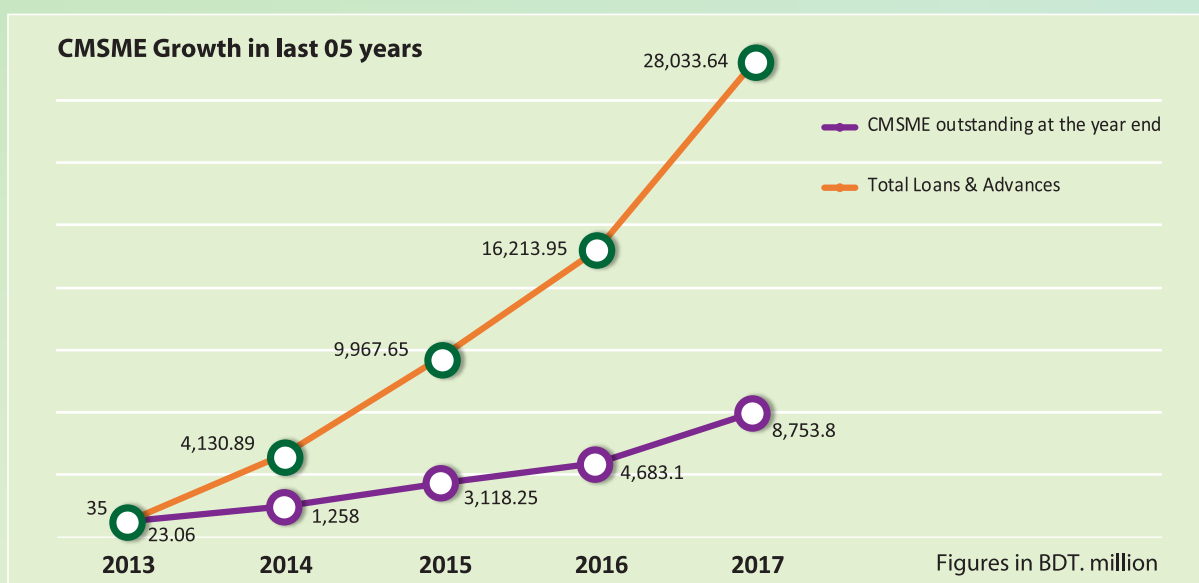
Production capacity: 2,400,000 pieces per year with 08 (eight) lines of machinery.

Commercial operation date: November 2017

Projected sales in 1st year: Tk. 3790.80 lac

Employment Generation: Directly 600 nos. (approx.)





### CMSME Banking

The role of Cottage, Micro, Small and Medium Enterprises (CMSMEs) is indispensable for overall economic development of a country particularly for developing countries like Bangladesh. Since this sector is labor intensive with short gestation period, it is capable of increasing national income as well as rapid employment generation; achieving the Sustainable Development Goals (SDG) especially eradication of extreme poverty and hunger, gender equality and women empowerment. CMSME sector has played a vital role in economic development of Bangladesh, narrowing the gap of income inequality and poverty alleviation. The present government has also put much emphasis on the development of CMSME sector considering it as 'the driving force for industrialization'.

Modhumoti Bank has already introduced several products like, Modhumoti Agrogoti (working capital loan), Modhumoti Progoti (capital loan), Modhumoti Goti (Unsecured loan), Modhumoti Labonnyo (women entrepreneurs' loan), Modhumoti Moushumi (Seasonal loan) & different customized products are under process of development considering the need of the CMSME customer segment to flourish and expand CMSME Enterprises. The Bank has also participated in several re-finance scheme funded by Bangladesh Bank, IDA and ADB has been facilitated for the development of CMSME portfolio. Besides, to ensure institutional financial facilities under easy conditions, Modhumoti Bank has taken diverse steps like opening of 'Dedicated Desk' for CMSME and 'CMSME Service Centre' in the bank and special facilities for the women entrepreneurs.

Total CMSME outstanding at the end of the financial year 2017 was Tk. 8,753.80 million which is 31.23 per cent of total lending portfolio excluding OBU, whereas according to SMESPD Master Circular No: 01 dated: 07.01.2016 of Bangladesh Bank, banks are obligated to disburse CMSME loan for at least 20% of its loans portfolio outstanding. We have assigned officers at all the respective branches for CMSME and Women entrepreneurs for customized service and guidelines to grasp the niche market. As a fourth generation Bank, we have been strongly focusing on CMSME financing.

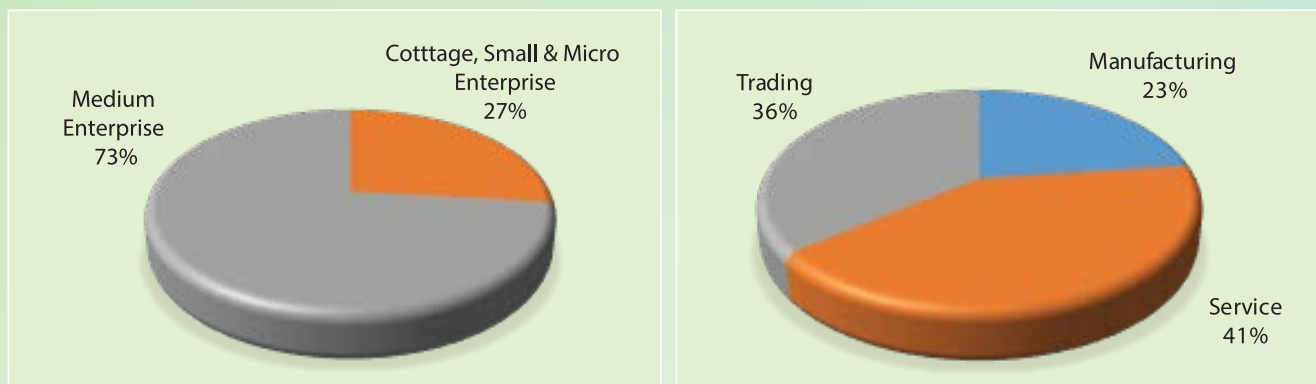
### Trend of CMSME Loan Portfolio

Figures in BDT million

Year	CMSME outstanding at the year end	Total Loans & Advances	% CMSME of Total loan Portfolio
2013	23.06	35.00	65.89%
2014	1,258.00	4,130.89	30.45%
2015	3,118.25	9,967.65	31.28%
2016	4,683.10	16,213.95	28.88%
2017	8,753.80	28,033.64	31.23%



## Sector-wise CMSME Loan Portfolio at the end of 2017



## CMSME products of Modhumoti Bank

Name of the Product	Loan Size	Purpose
Modhumoti Goti (Unsecured Loan)	Tk. 2.00 lac to Tk. 10.00 lac (The full amount may be allowed without any collateral security)	Any justifiable business purpose.
Modhumoti Progoti (Capital Loan)	Tk. 2.00 lac to Tk. 50.00 lac for SE customers Tk. 2.00 lac to Tk. 500.00 lac for ME customers	To provide capital for business expansion; To finance purchase of new business space or expansion of existing outlets; To finance purchase of capital machineries; To finance light and heavy vehicles for business use.
Modhumoti Agrogoti (Working Capital Loan)	Tk. 2.00 lac to Tk. 50.00 lac for SE customers Tk. 2.00 lac to Tk. 500.00 lac for ME customers	To meet any justifiable working capital need.
Modhumoti Labonnyo (Women Entrepreneurs' Loan)	Tk. 1.00 lac to Tk. 50.00 lac (Based on the banker -customer relationship, an amount up to Tk. 8.00 lac may be allowed without any collateral security)	Any justifiable business need.
Modhumoti Moushumi (Seasonal Loan)	Any amount provided total facilities do not exceed Tk.50.00 lac for SE customers	To meet short term financing need

## Refinance agreement signed with Bangladesh Bank

Type of Refinance Scheme	Total Fund	Source of the Fund	Remarks
Small & Medium Sized Enterprise Development Project-2 (hereinafter called SMEDP-2)	USD200.00 Million	Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>✓ Maximum Tk.1.00 crore for Cottage, Micro &amp; Small</li> <li>✓ Maximum Tk.3.00 crore for Medium Enterprise</li> </ul>
Renewable Energy & Environment Friendly Financeable Sector	Tk.200 .00crore	Bangladesh Bank	To support Solar Energy, Bio-Gas Plant, ETP, Energy efficient Kiln, Vermicomposting, Hydropower, Pet Bottle Recycling Plant, Solar Battery Recycling Plant, LED Bulb Manufacturing Plant, Setting up Hybrid Hoffman Kiln/Tunnel Kiln/equivalent technology in Brick manufacturing Industry.

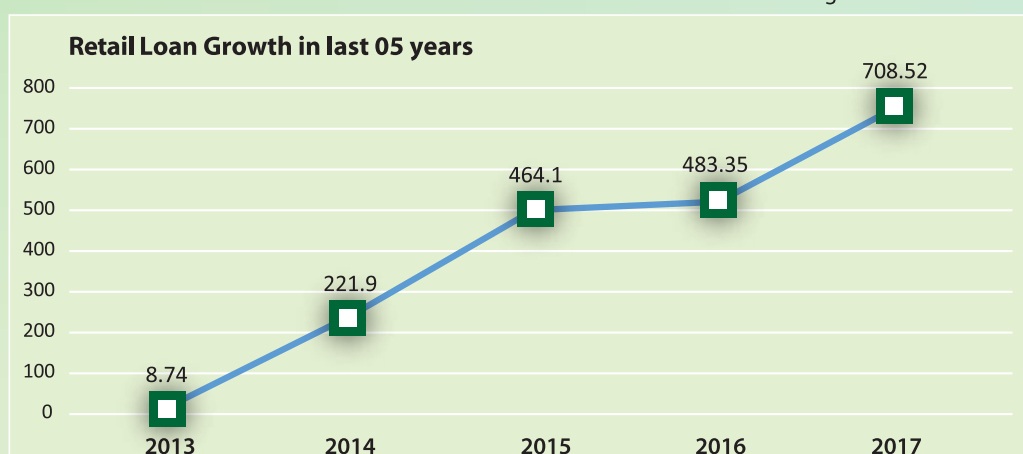


Type of Refinance Scheme	Total Fund	Source of the Fund	Remarks
Brick Kiln Efficiency Improvement Project	USD30.00 Million	Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>✓ Upgrading FCK facilities to improved Zigzag Kiln facilities</li> <li>✓ Construction of new VSBK, HHK, or tunnel Kiln facilities</li> </ul>
Small Enterprise Sector (Hereinafter called SEF)	USD10.00 Million	International Development Association (IDA)	To support the development of Small Enterprise Sector.
Setting up Agro based Product Processing Industries in Rural Areas	-	Bangladesh Bank	100% refinance facilities
New Entrepreneurs in Cottage, Micro & Small Enterprise Sector (Hereinafter called the New Entrepreneur Fund (NEF) )	-	Bangladesh Bank	<ul style="list-style-type: none"> <li>✓ Maximum BDT10.00 Lac loans without collateral</li> <li>✓ Maximum BDT25.00 Lac with collateral</li> </ul>
Urban Building Safety Project (UBSP)_RMG	4,240 million Japanese yen	JICA	For strengthening factories of RMG sector & Private commercial building in Dhaka, Narayangonj, Gazipur & Chittagong District.
Small & Medium Sized Enterprise Development Project-2 (hereinafter called SMEDP-2)	USD 200.00 million	Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>✓ Maximum Tk.1.00 crore for Cottage, Micro &amp; Small</li> <li>✓ Maximum Tk.3.00 crore for Medium Enterprise</li> </ul>
SMEDP-2	USD200 million	ADB	To Small & Medium Sized Enterprise Development

### Strategic Business Plan for CMSME Banking

- To reach CMSME Loan Portfolio to 40% by 2018 from 31.23% on 31.12.2017;
- Exposure in manufacturing sector to be increased to 30% from existing 23%;
- Focus to be given on SE and ME customers in service and manufacturing sector;
- Segment wise Credit Assessment Team under SME financing to be formed (i.e. ME, SE, CME)
- Cluster based financing, Agro processing, to CM, SE and ME to be given top priority;
- Establishing dedicated desk for CMSME and women entrepreneur at all the branches
- Booking funded as well as non-funded business with regards to contractor financing such as BG, EM, SOD (WO/SO) etc;
- Implementation of guidelines of Bangladesh Bank with regards to SME definition;
- Restructuring of CMSME Division as per Bangladesh Bank Guidelines and circulars from time to time;
- Only 27% of our CMSME portfolio is in Micro/Cottage and Small Enterprise which is to be taken to 50% as per BB Guideline;
- Proper staffing in both the Branch & Head Office level;
- Continuous in-house and out-house training and product based workshop for the officers dealing with CMSME portfolio in order to be equipped with updated policy and strategies of the bank;
- Set up CMSME loan disbursement plan for next 05-10 years;
- Establishment of separate wing of CRM (CMSME segment) with CMSME experienced manpower;
- Arrangement of alternative loan disbursement through linkage financing like NGOs where the Bank is outreach.
- Disbursement of CMSME loan through Digital Points and branches under collaboration with Third Party (iSME platform company and others) to be executed. The range of such loan will be BDT 50,000.00 to BDT 5,00,000.00.

Figures in BDT. million



## Retail Banking

Retail Credit is one of the promising sectors of the banking industry with high potentials of growth in line with emergence of the middle class and higher-middle class segment in the society. Banks, completely in contrast to the scenario of five 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. Paradigm shift has already taken place in the banking industry. Retail banking in Bangladesh today is getting re-defined and re-engineered focus with the use of IT and it is sure that the future of banking will offer more sophisticated retail services to the customers with continuous product innovations resulting into major change from 'conventional banking to convenience banking' and 'mass banking to class banking'.

The Bank has developed different personal lifestyle products i.e. personal loan, Home Loan, Vehicle Loan considering the fixed income/ creditworthy individuals in the second year of business commencement and also executed agreements with many reputed auto dealers to make Vehicle Loan product more popular in the target market. Two distinctive Home Loan products named Modhumoti Ashroy for semi-structured building and Modhumoti Thikana for construction of RCC structure building and purchasing apartment are also there to enrich the secured retail loan portfolio. The Bank motivated its clients as well as employees with many campaigns throughout the year 'Freedom', 'Win & Fly' etc. through which customers are offered additional benefits. The outstanding Retail Loan portfolio reached to BDT 708.52 million at the end of the year 2017 which is almost 2.53 per cent of total loan portfolio.

## Strategic Business Plan for Retail Banking

- Retail Loan Portfolio to be enhanced up-to 5% of Total Loan Portfolio which is currently 2.53% as on 31.12.2017;
- More emphasis to be given on Modhumoti Vehicle and Thikana loan. Modhumoti Ashroy to be given priority particularly on suburb RMG prone branches;
- A separate Asset Sales team to be formed for procuring Modhumoti Vehicle and Home loan including credit cards;
- A separate corporate liability team for salary account, School Banking account, Institutional Account to be formed as part to increase no and low cost deposit;
- A dedicated Liability Sales team for procuring CASA account to be formed.
- Year-long campaign to be run as per schedule and to be participated in fairs like Retail Loan Fair, BARVIDA Fair and REHAB Fair, International Trade Fair etc.
- Strategic tie-up with business partners like top home makers, car sellers may be considered;
- Payroll Accounts to be increased to ensure safer lending;
- Cross Selling of Retail Asset and Liability products to the walk-in and existing customers to be focused;
- Opportunity of Utility Bill collection to be capitalized more effectively;
- More Revenue collection Booths to be opened.



The Bank signed an MoU with Dhaka South City Corporation in 2017 for collection Holding Tax.

### Bills Pay Services

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

Figures in million BDT

Name of Utility Service	Collection in 2017	Collection in 2016
DPDC	1,931.05	130.4
DWASA	621.6	45.22
CPTU	16.49	0.49
BPDB	2,313.71	169.7
DESCO	1647	139.14
Dhaka North City Corporation	11,013.00	914.72
JALALABAD Gas	9,641.57	1,123.46
Sylhet Gas Fields Limited	4,858.13	85.65
REB	3,311.18	261.5
TITAS	5,387.21	391.75
WZPDCL	636.69	42.24
BRTA	3,770.78	324.84
RWASA	5.46	0.21
KWASA	0.63	0.04
<b>Total</b>	<b>45,149.04</b>	<b>3,629.36</b>

### Cards and Alternative Delivery Channel

Soon after its inception, Modhumoti Bank Limited started electronic payment services with proprietary debit cards in 2014. Subsequently, the Bank designed different credit card products with the flexibility to meet all day-to-day consumer requirements to digitalize the payment system of banking and introduced EMV Chip based VISA cards in 2016. For adding security, all Modhumoti EMV cards are configured to perform two-factors authentication (2FA) at the time of executing transactions.



The Bank launched "VISA EMV Debit Card" in 2017.



The Bank accommodated different value added features and is very keen to host more value added services to attract customers in the competitive market. Simultaneously the Bank is expanding its own ATM network, as a part of which installed 8 new ATMs in 2017 raising total to 30 including 02 off-site ATMs throughout the country, which is presently 32. By now, the Bank launched special card products for woman in the name Labonnyo with the attractive features like reduced interest rate, flexibility in transaction parameter and lower annual fees. Bank is currently working to introduce co-branded cards with renowned organizations soon.

The Bank is exerting continuous efforts to expand its customer retention program and signed agreements for offering amiable discount facilities for its cardholders at different fashion houses, restaurants, hotel and resorts, air lines, jewelry shops, diagnostics centers, hospitals etc. in major cities of the country including agreement with InterContinental, Dhaka (formerly Ruposi Bangla Hotel) to facilitate Platinum and Gold customers with the complementary access and avail refreshments at Balaka Executive Lounge at Hazrat Shahjalal International Airport, Dhaka. By now, the Bank completed leasing formalities with Civil Aviation Authority of Bangladesh (CAAB) to establish a luxurious lounge at the international terminal of Shah Amanat International Airport, Chattogram, which is going to be opened very soon.

Year-wise number of cards in circulation (cumulative) is furnished below:

SL	Product	2014	2015	2016	2017
01	Debit Cards	1,655	3,285	6,697	12,894
02	Credit Cards	-	-	767	1,252
03	Total	1,655	3,285	7,464	14,146

### Agricultural Loan

Bangladesh is historically an agro-based country and majority of our population is depended on agriculture. Moreover, every year a huge amount of food grain and other agricultural products are required to be imported to meet the demand of the country. According to priority set by the Government, Bangladesh Bank has given emphasize on disbursement of agriculture loan. Though Branch Network in rural areas is limited and facing many other challenges too as a new bank, but Modhumoti Bank Limited has already taken steps for the betterment of the sector. The Bank has already launched a few products of Agricultural Loan namely Modhumoti Shamolima, Modhumoti Shamolchhaya and Modhumoti Shamolmaya and also has started disbursement through Agent points under supervision of rural branch. Total Agricultural Portfolio stood at BDT 107.90 million as on 31.12.2017, which is almost 0.38 per cent of the total portfolio.

Name of the Product	Loan Size	Purpose
Modhumoti Shamolima (Crop Loan)	Up to Tk.3.00 lac or as determined by Bangladesh Bank updated guidelines	To help farmers, share cropper and landless farmers to bear the cost of tilling of land, fertilizers, pesticides, irrigation, seed etc. for producing different crops and vegetables.
Modhumoti Shamolchhaya (Farm Loan)	Up to 100.00 lac	✓ any justifiable capital expenses and/or working capital ✓ Project finance
Modhumoti Shamolmaya (Any Agri-Purpose Loan)	Up to 100.00 lac	✓ Any justifiable capital expenses and /or working capital ✓ Project Finance

### Foreign exchange business

From the very outset of the business back in 2013, Modhumoti Bank Limited has been facilitating significant volume of International Trade and Foreign Exchange transactions in spite of challenges due to perception and policy of foreign correspondents towards the fourth generation banks of the country. The Bank is constantly improving its capacity to satisfactorily serve its valued clients. Establishment of a large and effective network of correspondences worldwide to cater to the growing demand of quality trade services of the clients is the core strategy of international business operations of the Bank. The Bank is constantly expanding its relationship with high street banks of different countries. The Bank's International Division is facilitating trade operations through 6 (Six) Authorized Dealer (AD) licenses with major focus on trade, Besides, also coordinates L/C confirmation, negotiation, discounting, foreign guarantee, trade payments, nostro reconciliation, reporting, etc. 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. 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.

Modhumoti Bank has established foreign correspondence relationship with 151 institutions and opened 13 Nostro Accounts so far in all major currencies. In 2017, 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 Uttara and one in Agrabad in Chattogram. Besides, 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.

### Nostro Accounts

The Bank currently maintains 13 (Thirteen) Nostro accounts in major international currencies: US Dollar, Pound Sterling, Japanese Yen, Euro & Dollar accounts under Asian Clearing Union and 01 (One) Nostro for Off-shore Banking Unit (OBU) to support foreign exchange transactions with reputed International Banks which ensure effective Foreign Currency Management and timely payment of foreign commitments.

### Foreign Correspondents

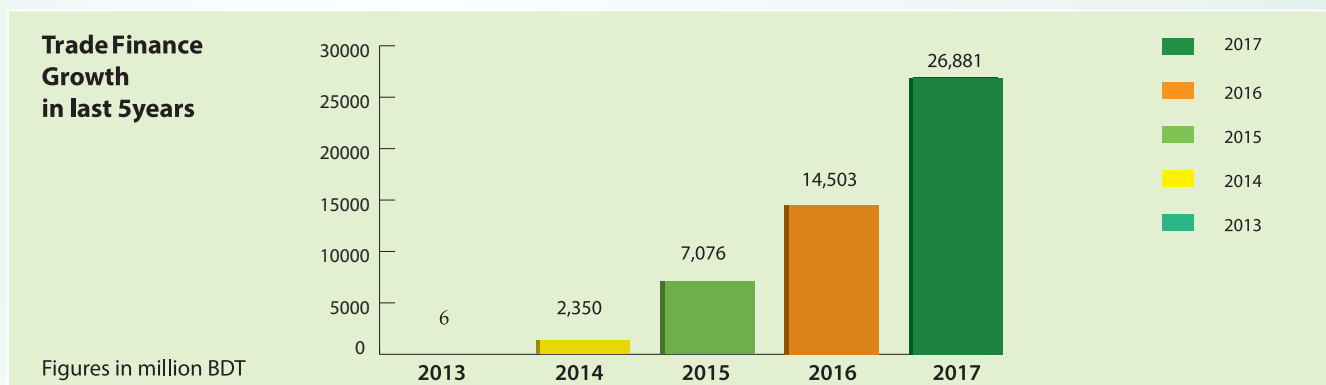
Correspondence Banking unit is the main international contact point of the Bank. Being the heart of International Division, this unit plays a key role in facilitating foreign trade transactions of AD branches. Side by side building and nurturing correspondent network, Correspondence Banking team looks after LC advising, confirmation, negotiation, discounting and foreign guarantee etc. The team also plays a vital role in sourcing fund for Off-shore Banking Unit (OBU) of the Bank. Modhumoti Bank has handsome credit limits with foreign banks. We have also been able to enhance the rebate/fee income from our foreign correspondents. As of 31st December, 2017 Modhumoti Bank Ltd has established Relationship Management Application (RMA) with 151 correspondents in 34 major countries all over the world.

### SWIFT Operations

As a member of the Global SWIFT.NET since 2013, Modhumoti Bank facilitates cross border trade transactions, inward/outward remittance etc of the Bank through state-of-the-art secured infrastructure. SWIFT Operation Unit works as an authenticated communication medium of the Bank in International Division, Head Office. All AD branches are connected to Global SWIFT Network via Data center at Head Office. Modhumoti Bank SWIFT unit introduced SWIFT Alliance Message Management 7.1.40 so that branches can be linked up with SWIFT system around the world. We are updating security patch in our swift system on quarterly basis.

### Trade Services

Trade is one of the challenging arenas of banking operations which yields higher income for a bank. Globalization has made it very dynamic to operate. With the growing number of customers and changes in the pattern of International Trade, the Bank through its Trade Services Division is providing holistic services for corporate, commercial and SME customers for their trade solutions among the private commercial banks. The Bank has its stretched and enlarged global network reaching every corner of the world for extending every kind of foreign exchange related services to the customers. Thus, the Bank is growing steadily and sustainably in the international trade arenas with the passage of time. Trade Services Division not only facilitate foreign trade but also play a vital role for the development, control and overall supervision of trade operation & trade settlement.



## Import

Modhumoti Bank Limited continued sustainable growth in its Import Business. The main import items were industrial machineries, raw materials, foods, commodities, pharmaceutical items, motor vehicle, medical equipment, garments accessories and other consumer products. During last five years total Import finance of the Bank were admirably increased which is detailed hereunder:

Amount in million

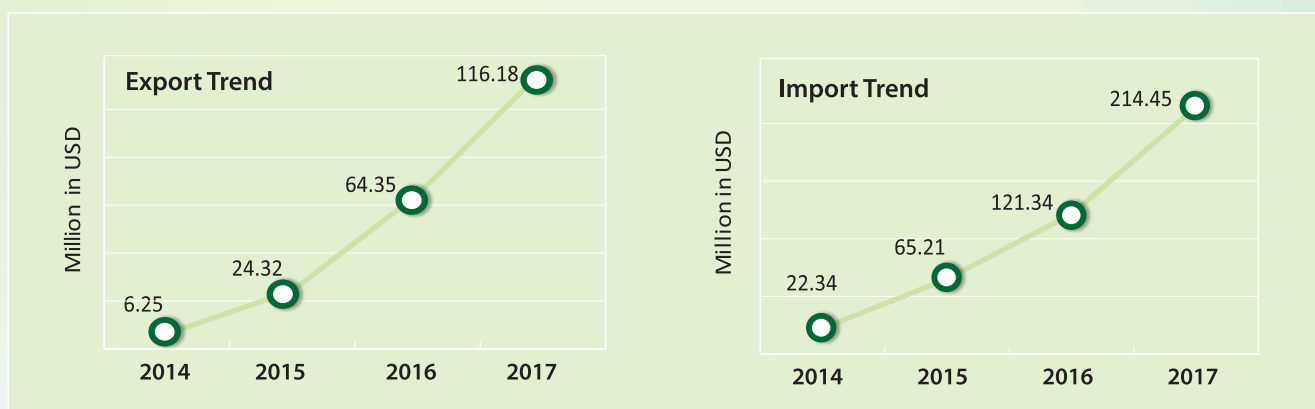
Amount	2013	2014	2015	2016	2017
USD	0.08	22.34	65.21	121.34	214.45
BDT	6.37	1,725.45	5,143.10	9,469.67	17,513.32

## Export

Despite the recession of global economic downturn (2014), Modhumoti Bank registered a sound growth in its export finance. The main export items were readymade garments and also jute and jute-made goods, fabrics and accessories, leather, tobacco, ceramic tiles, fresh vegetable etc. In the past several years Export received of this bank were increased magnificently, which is presented below:

Amount in million

Amount	2013	2014	2015	2016	2017
USD	--	6.26	24.32	64.35	116.18
BDT	--	484.03	1,932.82	5,032.87	9,367.68



## Commercial Remittance

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.

Growth in the Bank's commercial remittance business is detailed under:

Amount in million

Amount	2013	2014	2015	2016	2017
USD	--	2.26	5.14	9.91	10.89
BDT	--	173.83	510.04	775.25	953.29

## Central Trade Processing Unit (CTPU)

Central Trade Processing Unit (CTPU) is an innovative milestone in the contemporary banking arenas for facilitating non-AD branches in foreign trade operations with a separate AD License issued from Bangladesh Bank for this

purpose. To process and manage the foreign trade business of non-AD branches of the Bank centrally and efficiently, the Management has introduced Central Trade Processing Unit (CTPU) in such way that non-AD branches and their customers do not feel remoteness from foreign trade business. The mission of Central Trade Processing Unit (CTPU) is to bring all the non-AD branches under one umbrella.

### **Opportunities**

- We are expecting that the policy taken by Bangladesh Bank to strengthen the quality of banks' assets will continue and beyond so that the progressive trend in the financial sector can be retained, in accordance with the needs for sustained growth and expansion.
- Buoyant exports have brought optimism over achieving fiscal 2018-2021 export targets. Export achievement proves our resilience against domestic challenges. Demand for the country's garment product is still very good due to its competitive price well-liked by international retailers. This uptrend will boost banks' income as banks have the highest exposure in this sector.
- Market diversification of garments products is growing at a rapid pace and the new markets are performing very well. India, Japan, Russia, Mexico, Brazil, South Africa, South Korea, Malaysia, China and Australia are strong new destinations.
- Every year, inward remittance is perched on a historic high strengthening country's position to meet foreign exchange demand. Banks will have ample scopes ahead to capture earnings from trade finance and channeling remittance from abroad.

### **Non-Resident (NRB) Business**

Being the largest source of earning of foreign currency and appreciating its importance to national economy, since inception Modhumoti Bank has given utmost priority to pave the way for remitting hard earned foreign exchange by the expatriate Bangladeshi workers in a safe and speedy manner using banking channel. 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 target beneficiaries in Bangladesh.

The Bank is offering NRB remittance services through arrangement with world famous exchange houses under a product named Modhumoti Probash Cash. Modhumoti Bank has become the principal Agent of Trans Fast Remittance LLC, USA and serving as a Sub Agent of Western Union, Xpress Money, RIA, IME (International Money Express) Cash Express, Trans Fast and Placid Express through Mercantile Bank Limited, Southeast Bank Limited, Jamuna Bank Limited & NCC Bank Limited.

In year 2017, Modhumoti Bank fetched inward Foreign Remittance for BDT 162.7 million by routing 4,263 numbers of transactions having registering 135 per cent growth from 2016.

### **Treasury Operation**

The principal responsibilities of Treasury are management of liquidity and market risks, mobilization of resources from domestic as well as from foreign banks. Further, it leveraged strong relationships with financial sector players to provide a wide range of banking services in addition to a bank's liability products. The focus of a Treasury Division is to be active in a broad-based money market, Government securities and foreign exchange markets. The Treasury Division of the Bank is a unique integrated unit established to manage the Bank's total fund as well as day-to-day liquidity by using difference tools to ensure that the Bank is well funded at all time at the lowest possible cost.

The Bank's money market dealings are necessitated to meet day to day cash requirements, maintain cash reserve ratio and statutory liquidity ratio. In addition to this, foreign currency dealings are necessitated by customer-driven transactions, mainly LC payments and negotiation of Export Bills. Special care is undertaken Treasury with close co-ordination with branches and various divisions at Head Office to ensure that the Bank is always remained within the Open Position Limit as prescribed by Bangladesh Bank.

The Bank's treasury operations consisting of front office, back office and mid office concept which has separated responsibilities towards reinforcement of the process in line with the prudential guidelines prescribed by the Bangladesh Bank. Front office is responsible for currency transactions and preparation of deals of liquidity management in accordance with the market trend. Back Office verifies the deals, monitors the limits and settles the transactions. Mid office monitors the overall transaction from risk perspective to address any possible risk and facilitate the counterparty limit setting so that the Bank can minimize default of counterparties.

Both the money market and foreign exchange market were reasonably liquid during the 1st half of year 2017. But, as the year went on, both the market became unstable and it was very difficult to manage the regulatory liquidity ratios and payment of LC during the turbulent second half of 2017; but our treasury has managed the situation well throughout the year.

### Asset Liability Management

The Bank has formed an Asset Liability Committee (ALCO) for monitoring Balance Sheet risk and Liquidity risk of the Bank. The Balance Sheet risk is defined as potential change in earnings due to change in rate of interest, foreign exchange rates which are not of trading nature. ALCO reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan. The Bank's ALM Desk performs money market activities, manages liquidity and interest rate risk 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.

The Management of the Bank sets different limits in managing risk and exposures in the Treasury Operations Manual and ALM Policy of the Bank as approved by the Board of Directors. The ALCO holds monthly meeting with analysis of the ALM Desk in the monthly ALCO paper according to direction of 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.

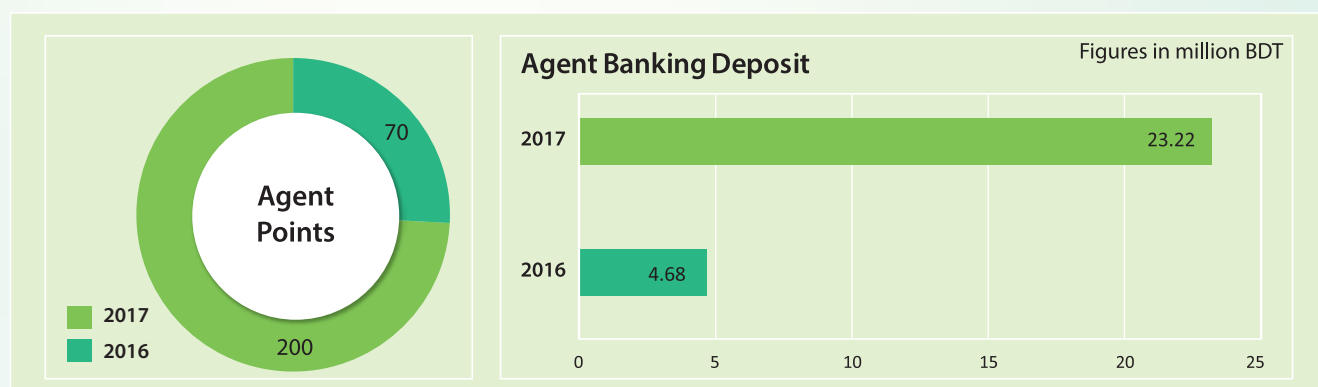
### Off-Shore Banking Operations

Over the years, OBU has become an important strategic business unit of the banks of the country due to growing demand of cheaper foreign currency loan and Usance Payable at Sight (UPAS) Letter of Credit from the clients. The Bank obtained permission from Bangladesh Bank for operation of Off-shore Banking Unit (OBU) on April 02, 2015 and commenced OBU operation on September 23, 2015. At present Modhumoti Bank has 01 (One) off-shore banking unit (Booth) at Export Processing Zone, Chattogram. Overall operation of the Offshore Banking Unit is controlled and supervised by Offshore Banking Unit, Head Office, as a Cell of International Division.

As on December 31, 2017 total loans and advances of OBU reached to USD 25.97 million equivalent to BDT 2,147.72 million. During the year 2017, OBU made operating profit of USD 0.36 million equivalent to BDT 29.36 million as against USD 0.14 million equivalent to BDT 11.34 million in 2016 registering growth from 2016 to 2017 of 157 per cent.

### Products and services offered by OBU in 2017

- Foreign Currency Deposit Account of Non-residents;
- Export-Import services to A- category industrial units of Export Processing Zones (EPZ) and Economic Zone (EZ);
- Financing Usance Payable at Sight (UPAS) Documentary Credit;
- Purchase/Discount of Export Bills in Foreign Currency;
- Foreign Currency Term Loan to eligible resident industrial units.



### Agent Banking Operation

With a view to reach out the underserved portion of the population, the Bank has decided to implement Agent Banking through which the Bank become able to extend wide range of financial services to the geographically dispersed people. Modhumoti Bank Management has made a very unique decision of making Union Information





The Bank inaugurated the 200th Agent Point in Gopalganj at Deputy Commissioner's Office.

and Service Centers (UISC) to be the bank's agents to provide financial services on behalf of the bank. In this connection, an MoU has been signed with a2i of Prime Minister's office under which Modhumoti Bank is able to provide banking services like Account Opening, Cash Deposit, Cash Withdrawal, Money Transfer, Utility Bill Payment, Payment of Inward Foreign Remittance, Balance Inquiry, Loan Initiation etc. through their agents.

Agent banking refers to providing limited scale banking and financial services to the underserved population through engaging agents under a valid agency agreement, rather than a teller/ cashier. It is the owner of an outlet who conducts banking services on behalf of a bank. Globally these retailers are being increasingly utilized as important distribution channels for financial inclusion. Bangladesh Bank has also decided to promote this complimentary channel to reach to the poor and rural segment of the society as well as existing bank customer with a range of financial services especially to geographically dispersed locations. Modhumoti Bank Limited operates its Agent Banking activities in the name of 'Modhumoti Digital Banking' which was started operation in 2016 in Tangail, whereas at the end of 2017, total network comprised with 200 agent points, which was only 70 at the end of 2016. The 100th Digital Point of Modhumoti Bank Limited was opened on 27th April, 2017 at Delduar Upazila Parishad Auditorium, Delduar, Tangail, wherein Mr. Abdullah Al Islam Jakob, MP, Honorable Deputy Minister for the Ministry of Environment and Forests inaugurated the 100th Digital Point as Chief Guest. In 2017, the Bank be able to open the the 200th Digital Point also at Kotwalipara, Gopalganj. Meanwhile, 265 agent points are in operation under supervision of a nearest branch. Recently Modhumoti Bank Limited has signed a tripartite agreement with Bangladesh Rural Electrification Board and Access to Information (a2i) Program of Prime Minister's Office through its Union Digital Center based Agent Banking Services will be able to collect electricity bills from REB (Bangladesh Rural Electrification Board) customers.

#### **Service offered through Agent Banking/Digital Banking**

- \* Deposit of cash
- \* Withdrawal of Cash
- \* Payment of Remittance
- \* Collection of necessary document for opening new accounts
- \* Repayment installment of loan
- \* Utility bill payment
- \* Cheque Book delivery
- \* Fund Transfer/EFT
- \* Account Balance Inquiry
- \* Receiving filled up Form & necessary document for loan, Debit Card/Credit Card
- \* Receiving clearing Cheque
- \* Opening Fixed Deposit Receipt (FDR), Deposit Pension Scheme (DPS)
- \* Distribution of fund for various programs of social safety net initiated by the Government.

## 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 interest for deposits but discount for loans and advances from regular rate of interest of every product 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, Chattogram.

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.

## Internal Control & Compliance

An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the Bank. Internal Control and Compliance Division of a bank acts as the watchdog with motto of providing reasonable assurance regarding achievement of objectives of various internal controls. Modhumoti Bank has core focus on establishing a vibrant compliance culture in the Bank ensuring engagement of all officials of corporate hierarchy and ICCD has been entrusted with utmost independence by both Board of Directors and Management to recognize and assess all of the material risks that could adversely affect the achievement of the Bank's goals.

Internal Control & Compliance Division (ICCD) of the Bank is comprised of 03 (three) interrelated wings/units, namely i) Audit & Inspection Unit, ii) Monitoring Unit and iii) Compliance Unit. This Division independently verifies that all the branches/divisions are conducting their business in compliance with all approved risk management and internal control policies.

## ICC Performance at a glance

Internal Inspection Team conducted Inspection on sampling basis covering all the Branches in 2017. Sample selected covering 80% of Loans & Advances Portfolio and 20% of operational activities. In 2017, 72 inspections have been conducted through internal auditors. The plan for 2018 is fixed to conduct 50 Comprehensive/ Risk-based Inspections as well as 32 IT Audits. Besides, Bangladesh Bank has also conducted many inspections, status of inspection & compliance thereof is stated below:

Total inspection report received	:	14
Total compliance sent	:	14
Total irregularities raised	:	578
Total irregularities complied	:	459
Total irregularities under follow up	:	119

## Branch Network

In Bangladesh, Branch is the prime place of access to financial services, as such branch network has always been treated with high importance to facilitate banking services throughout the country. Although the scenario is changing due to innovation of technology and exploration of alternative delivery channels for providing financial services, but branch banking is still a popular model to reach large number of clients of all segments. Now-a-days, operating a bank branch is very expensive because it requires huge business turnover even for reaching initially to the profit level.





The Bank inaugurated its 24th Branch at Bheramara, Kushtia in 2017.

While opening new branches, banks require to follow Bangladesh Bank's instruction for opening at least 50% rural branch out of the total number of branches to be opened in a particular year, though business is concentrated mainly in city areas and there are limited opportunities in rural areas. Modhumoti Bank Limited stepped up cautiously in expansion of branch network, as such total branches stood at 29 at the end of year 2017, which is presently 32, obviously lower than many other competitive banks. But in 2017, the Bank was able to establish Agent Banking Points in a large number of Unions, which are presently at 265 Unions of the country that are connected with the nearest monitoring branch through sophisticated technological support. The Bank up holds the concept that by implementing a well-defined policy on financial inclusion through alternative delivery channels, it can effectively and efficiently serve rural and unbanked population of the country. The Bank also likes to carry forward the vision of financial inclusion by empowering the rural people through broadening the base of financial access by Agent Banking Services. The Management aims to expand the agent banking network throughout the country and also to open new branches side by side with a view to monitor and coordinate the agent points effectively as well as to expand the branch networking compatibly.

Division	Urban Branch				Rural Branch				Total up to 2017	Remarks
	2017	2016	2015	2013-14	2017	2016	2015	2013-14		
Barishal	-	-	1	-	-	-	-	-	1	
Chattogram	-	-	-	1	2	-	-	-	3	
Dhaka	1	2	1	4	1	3	2	3	17	1 new branch in 2018
Khulna	-	1	-	-	1	-	-	1	3	1 new branch in 2018
Mymensingh	-	-	-	-	-	1	-	-	1	
Rajshahi	1	-	1	-	-	-	-	-	2	1 new branch in 2018
Rangpur	-	-	-	-	-	1	-	-	1	
Sylhet	-	-	-	1	-	-	-	-	1	
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>4</b>	<b>29</b>	

We already have touched all the 8 administrative divisions of the country, i.e., now have at least one branch in every division. In 2017, the Bank opened 6 new branches at different areas like Bheramara, Kushtia, Ashuganj, Brahmanbaria, Konkapoit, Chouddagram, Comilla, Mirpur, Dhaka, Noagaon Sadar and Shibpur, Narsingdi. In 2018 we have already opened branches at Muksudpur, Gopalganj, Pabna Sadar and Kalia, Narail and a number of other branches are on process which to be opened within a short period of time. All the branches are fitted up with ATM Booths. The Management is planning to open more branches in potential locations in near future. Besides,

Modhumoti Bank has a Unit/Booth in Chattogram EPZ to facilitate off-shore banking activities and also going to open a state-of-the-art International Departure Executive Lounge at Shah Amanat International Airport in Chattogram.

The Bank has opened a number of collection booths in different reputed college/university campuses of Dhaka city to facilitate collection works of tuition fee, admission fee, academic fee etc. and is planning to extend the services by establishing more booths in future. Modhumoti Bank is the only private bank having exclusive booth facility to expedite holding tax collection from the city dwellers under both Dhaka North City Corporation and Dhaka South City Corporation.

### **Information and Communication Technology**

Information Technology in Banks has greatly contributed to improve operational efficiency, transparency, speed and accuracy in banking transactions. Technological development of the bank tremendously increased its customer service as well as trust worthiness of the stakeholders towards the 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 a 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 through various established payment channels. The bank is always dedicated towards its customer satisfaction with the help of the technological advantages. ICT Division is not only well equipped with technology, but also with a dedicated professional ICT workforce. Moreover, to achieve competitive advantage, Bank is the pioneer in providing multi dimensional banking products and services with latest international standard and technologies.

### **ICT Infrastructure**

The Bank has reviewed its ICT infrastructure and taken pragmatic 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. We also used world renowned ICT Devices in its network infrastructure for secure and reliable communication and to ensure operational efficiency. Connectivity to and from bank networks and external networks are carefully planned for secure operations. Bank's ICT staffs are ensuing 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 business 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, The 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 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 so far established 31 own ATM booths across the country upto December, 2017 and issued a substantial number of debit cards to its customers. 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 6500.



## **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 completed preparedness for BACH-II implementation project as per guideline of Bangladesh Bank. FC Cheques and Demand Draft will be processed through BACH-II in High Value Cut-Off.

**EFT (Electronic Fund Transfer)** is the fastest growing service which enables the Bank to transfer of funds for the 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 completed 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. Bank also connected to the BD-RTGS on the same day for its live operation 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. As a fourth generation bank, Bank is pioneer in introducing Agent Banking Services “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 popular financial tool for the people of rural areas which is greatly contributing to the development of rural economy.

## **Distribution of Govt. Safetynet Allowances through Digital Banking platform**

The Bank has started piloting of distribution of Govt. Safetynet Allowances (Elderly Allowances, Freedom Fighter Allowances and Widow Allowances) in Gopalganj through agent banking solution “Digital Banking” and facilitating banking services more unbanked population and bringing them on financial inclusion.

## **Electronic Bill Payment System**

The Bank has introduced solution to collect various types of utility bills like BRTA, WASA, DPDC, DNCC, DSCC and DESCO, etc. Since some of the systems are automatically connected to the relevant organization’s billing system and henceforth manual input for usage unit and bill amount need not be inputted again. 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. Bank has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the mean time customers have received e-GP tendering services from our bank with their utmost satisfaction.

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

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 high priority. Our present DR site has been shifted to Uttara to have more geographical distance from Primary Site (PR) and is operational 24X7 basis as per guideline of Bangladesh Bank.

As per the 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 to ensure up time and better services to the customers.

As the business processes and initiatives are now driven by ICT, therefore, the Bank will continue investing in ICT to ensure sound and secure ICT operation.

## Automation of Attendance System

Employee attendance system has been automated and kept in central database for transparency, accountability and performance evaluation. In Biometric Attendance Systems, employees scan their fingerprint on the terminals. After implementation of central attendance solution, attendance register and movement register would be eliminated

## Future Plan

The Bank has following ICT project for immediate implementation:

- **e-DOC- Security Document Management Software** : Credit proposal having approved by competent authority of Bank have to undergo cumbersome and time consuming documentation process before disbursement. This is due to dependency on legacy system practiced by branches, non availability of facility for remote supervision & verification and having no tools for their management, regular updates & retrieval for internal use. After implementation of e-Doc solution which are now piloting, the following facilities could be yielding –
  - Tagging of security documents as per individual credit proposal;
  - Review of documents before disbursement of credit/ loan;
  - Prevention of alteration, deletion or manipulation of security documents;
  - Storage of all versions of documents captured in different times;
  - Retention of electronic version helps in case of physical loss or missing;
  - Proactive email/report generation for routine updating of documents;
  - Increase of transparency and accountability of user activity;
  - Saving administrative hours, paper & printing cost;
  - Increase customer service & satisfaction through quick disbursement.
- **Two Factor Authentication Systems for securing internet banking fund transfer:** Bank is in the process of procuring two factor authentication systems for internet banking module for securing online transactions in addition with verification of identity and authenticity of customers. Implementation of 2-FA solution is not only compliance of observations of BB ICT Auditors but also ensure secure online transactions through internet banking and e-Commerce.
- **Mobile Banking Solution:** Bank is in the process of launching Mobile Banking Solution to reach unbanked population. Mobile Financial Solution will be a leading software platform that enables banks to offer comprehensive mobile banking and payment services to their customers. After launching customized mobile banking solution bank will acquire new customers from branchless areas, increase low-cost deposit base, and increase revenue and profit. It will a state-of-the-art mobile banking system with the following services :
  - Secure and feature-rich software solution and managed services to provide mobile and branchless banking to banks and their customers
  - Electronic payments solution and services connecting banks, merchants, utility companies, governments, online shops etc.
  - Comprehensive foreign remittance solution and managed services connecting local and foreign banks, exchange houses and disbursement points
  - Custom-made software solution sales, support and professional services
  - Anyone with a mobile phone can now become a bank customer without ever visiting any bank branch
- **HRM- Human Resource Management Software:** Human resource management (HRM or HR) is the strategic approach to the effective management of organization workers so that they help the business gain a competitive advantage. HRM solution is primarily concerned with the management of people within organizations for overseeing employee-benefits design, employee recruitment, training and development, performance appraisal, and rewarding.

## Human Resources

With a vision to lead the new generation of local commercial banks, Modhumoti Bank Limited has emerged as one of the most successful banks in terms of stability and growth. With the expansion, the Bank has also been growing in terms of number of branches and employees. The Bank believes in exploring the employee's full potentials and



The Provident Fund Trust is seen in a meeting.

provides them optimum development opportunity. We do not only hire the right person for the right job, but also ensure that their skills and abilities are developed to the fullest in order to give their career a better shape. We are working to develop best working environment with healthy relationship by investing in human capital. Our aim is to create a culture where our employees can balance between work and personal life. We also look forward to increase our employee engagement activities and have taken initiatives to expand the area.

Modhumoti Bank Limited considers itself as an employer of choice. Emerging as one of the finest commercial banks, we are recruiting around a hundred fresh as well as experienced employees every year. We also have focus on maintaining a balance between the male and female ratio over the years as an equal opportunity employer that to lead to women empowerment. A comparative position of last few years on the number of employees is as follows:

**a. Year wise number of employees:**

PARTICULARS	2017	2016	2015
Regular Employees	422	372	297
Casual Employees	125	114	91
<b>TOTAL</b>	<b>547</b>	<b>486</b>	<b>388</b>

**b. Year wise Gender Position:**

Year	Male		Female		Total
	Nos.	Percentage	Nos.	Percentage	
2017	466	85%	81	15%	547
2016	416	86%	70	14%	486
2015	325	84%	63	16%	388

People’s potential is not what they are today but what they can be tomorrow. Considering the fact, we do not only believe in hiring the best but also to get the best out of the hired employee.



The Management awarded officials for their performance in 2017.



The Bank celebrates International Women’s Day every year at Head Office.





Mr. Abdullah Al Islam Jakob, MP, Honorable Deputy Minister for the Ministry of Environment and Forest, Government of Bangladesh is addressing at Doa & Iftar Mahfil of the Bank.

For the past few years we have already been using e-recruitment and all the recruitment process is done in assistance with sophisticated systems. We are an equal opportunity employer and our recruitment process is designed to attract and hire people having positive attitude and mind set along with talent and skill. We have been working for developing our employer image by hiring, developing and retaining the best available resources.

In 2017, we recruited a total number of 78 regular employees out of which 35 were fresh officers, 30 were experienced Officers and the rest 13 were executives. Recruitment history of last three years is as follows:

Particulars	2017		2016		2015	
	Executives	Officers	Executives	Officers	Executives	Officers
Experienced	13	30	8	37	13	56
Fresh	0	35	0	52	0	52
<b>Total</b>	<b>78</b>		<b>97</b>		<b>121</b>	

We are moving towards digitization of HR functions of the bank and in this regard we have already initiated the ground work for establishing a strong Management Information System. There is a plan to introduce and implement integrated HR software that will assist HR functions through automation.

The Bank believes that cost incurred for training and development is not a cost rather it's an investment. The Bank always has been investing on its employees and developing skills and abilities of the human resources to convert into human capital. Aiming to develop one of the finest training facilities of the industry, we have recently accelerated our training and development initiatives. Modhumoti Bank Limited Training Institute has been renamed as 'Modhumoti Learning & Development Center – Explore'. The physical infrastructure has also been upgraded with modern facilities and technologies and a very healthy environment for learning.

Explore has its own training calendar which is developed and maintained by Explore itself along with the assistance of Management based on Training Need Assessment (TNA). We are focusing on both Functional Training and other soft skill trainings that are organized internally at explore or externally. Presently, we have a pool of resources who conduct trainings and workshops and we are also plan for having own faculties. Much functional training related to general banking, credit, international trade, IT etc. have been arranged at Explore and external sources. We also have sent our employees for foreign/international training and conference for exposure to international banking practices. Apart from functional trainings, we have also focused to train our employees for providing optimum customer service at all levels.



The overall training scenario for the year 2017 is as follows:

<b>Training &amp; Workshops</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Internal	24	8	10
External	80	37	41
<b>Total</b>	<b>104</b>	<b>45</b>	<b>51</b>

The Bank considers employees as a member of family and always motivates them to feel as if bank is our second home. Each member of the bank plays vital role behind its success. The Management firmly believes that every employee is important and hard work and devotion of every employee has taken the organization to its current position. The Bank offers competitive compensation and benefit packages comprising of salary, bonus, increments and other facilities. The Bank has already established contributory provident fund and keeping provision for gratuity since inception. Some other policies in relation to employee benefits are under process of finalization, which are expected to be formulated and adopted shortly. We have already set the ground for a performance driven culture and that reflects in our compensation and benefit strategy as well. The Bank has been organizing yearly picnic, Eid celebration, New Year celebration, women's day celebration, sports and cultural activities and many more to uphold employee engagement issues and is committed to ensure improved personal life as one cannot give optimum output without enough scope for recreational activities.

Modhumoti Bank is an employer of choice and the employee turn over rate in this bank is low comparing to industry practice. Moreover we have managed to reduce the number of separation this year. An overall picture of employee turnover for the year of 2017 is shown below:

<b>Year</b>	<b>Turn-Over Ratio</b>
2017	9%
2016	11%
2015	8%

## Focus 2018: Customer Service Excellence

With the continuous expansion and growth of Modhumoti Bank Limited, the need for grooming our employees has emerged as one of the prime needs for the organization. The Management has emphasized on achieving service excellence in the Year-2018. The Management is keen to develop attitude of service to customers as well as expertise all-through the Bank.

In this connection, the Human Resources Division in collaboration with external consultant, has designed a long term program to develop the customer service skills of the employees and has come up with the motto 'Serve with a Smile'.

The implementation of the development program was initiated by a daylong workshop attended by all the Branch Managers. The workshop exclusively designed for Modhumoti Bank Limited consisted of Customer Service Principles of the Bank, Leadership Skill Development, Teamwork, Self-Management, Self-branding, Problem Handling. Sixty Officials of the Bank have already availed the training and the rest of the employees will receive the training phase by phase.

The aim of the training is to enable an employee to explore his/her optimum potential in order to provide maximum output through best customer service. The training focuses on how to create a positive impact on our customers by providing them good experiences. We have included maximum details through presentations, simulations, group discussions and real life case studies in the training which will help the employees to face any kind of situation proactively. We strongly believe that, this initiative will increase the quality of our employees and consequently the quality of our customer service. As it said, 'Sky is the limit', we will always have opportunity to develop more and thus will opt for further advancement through better and bigger initiatives.



# Signing Audited Financial Statements 2017



**Humayun Kabir**  
Chairman



**Shaikh Salahuddin**  
Vice-Chairman



**Barrister Sheikh Fazle Noor Taposh, MP**  
Director



**Md. Shaful Azam**  
Managing Director & CEO

## Audited Financial Statements



The financial statements of the Bank are prepared and maintained in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994 and Banking Companies Act 1991(as amended in the year 2013).



# **Independent Auditor's Report**

## **To the Shareholders 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 31 December 2017 and the profit and loss account, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements 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 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 based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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 are prepared and maintained in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 give a true and fair view of the financial position of the Bank as at 31 December 2017, and of its financial performance and its cash flows for the year then ended and comply with the Companies Act 1994 and Banking Companies Act 1991 (as amended in the year 2013).

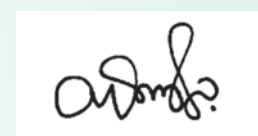


## Report on other Legal and Regulatory Requirements

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

- (i) 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;
- (ii) 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 and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and Internal Control:
  - (a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained and in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred and payments made were for the purpose of the Bank's business for the year;
- (vii) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and in the financial statements;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 960 person hours; and
- (xii) Capital to Risk-weighted Assets Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

**Dated, Dhaka  
26 April 2018**



**A. Qasem & Co.**  
Chartered Accountants

# Balance Sheet

As at 31 December 2017

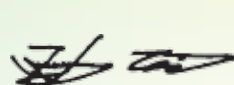
Particulars	Notes	Amount in BDT	
		2017	2016
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	4		
Cash in hand (including foreign currencies)		292,970,609	165,455,845
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,242,979,385	1,863,950,912
		<b>2,535,949,994</b>	<b>2,029,406,757</b>
<b>Balance with other banks and financial institutions</b>	5		
In Bangladesh		7,128,392,914	8,204,915,433
Outside Bangladesh		160,855,669	456,922,795
		<b>7,289,248,583</b>	<b>8,661,838,228</b>
<b>Money at call on short notice</b>	6	-	-
<b>Investments</b>	7		
Government		4,307,062,289	3,946,876,746
Others		100,121,860	100,000,000
		<b>4,407,184,149</b>	<b>4,046,876,746</b>
<b>Loans and advances</b>	8		
Loans, Cash Credit, Overdrafts etc.		27,785,058,045	15,921,344,480
Bills purchased and discounted		2,396,241,115	1,217,260,124
		<b>30,181,299,160</b>	<b>17,138,604,604</b>
<b>Fixed assets including premises, furniture and fixtures</b>	9	<b>219,986,671</b>	<b>216,622,408</b>
<b>Other assets</b>	10	<b>416,198,310</b>	<b>331,162,483</b>
<b>Non - banking assets</b>		-	-
<b>Total assets</b>		<b>45,049,866,867</b>	<b>32,424,511,226</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and its agents</b>	11	<b>5,326,618,500</b>	<b>3,134,863,400</b>
<b>Deposits and other accounts</b>	12		
Current Accounts and other Accounts		3,620,232,655	2,841,764,443
Bills Payable		316,174,805	424,578,464
Savings Bank Deposits		3,301,561,016	4,352,580,023
Special Notice Deposits (SND)		3,641,316,182	1,726,611,553
Fixed Deposits		22,157,151,653	13,958,203,673
Other Deposits		-	-
		<b>33,036,436,311</b>	<b>23,303,738,156</b>
<b>Other Liabilities</b>	13	<b>955,702,925</b>	<b>545,850,676</b>
<b>Total Liabilities</b>		<b>39,318,757,736</b>	<b>26,984,452,232</b>
<b>Capital/Shareholders' Equity</b>			
Paid up Capital	14.2	4,520,000,000	4,520,000,000
Statutory Reserve	15	716,799,672	458,842,253
Revaluation Reserve	16	3,951,454	7,583,333
Foreign currency translation gain	17(a)	690,199	138,490
Surplus in Profit and Loss Account/ Retained Earnings	17	489,667,806	453,494,918
		<b>5,731,109,131</b>	<b>5,440,058,994</b>
<b>Total Shareholders' Equity</b>		<b>5,731,109,131</b>	<b>5,440,058,994</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>45,049,866,867</b>	<b>32,424,511,226</b>

## Balance Sheet

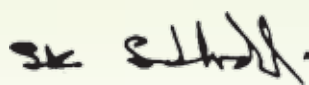
As at 31 December 2017

Particulars	Notes	Amount in BDT	
		2017	2016
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>			
	18		
Acceptances and Endorsements		3,389,608,043	1,564,787,230
Letters of Guarantees		5,883,586,832	3,087,767,362
Irrevocable Letter of Credits		3,564,602,778	1,690,555,589
Bills for Collection		1,242,701,887	907,641,882
Other Contingent Liabilities		168,349,900	462,400
<b>Total Contingent Liabilities</b>		<b>14,248,849,440</b>	<b>7,251,214,463</b>
<b>Other Commitments</b>			
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		-	-
<b>Total other commitments</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet Items including Contingent Liabilities</b>		<b>14,248,849,440</b>	<b>7,251,214,463</b>

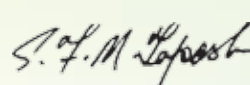
These Financial Statements should be read in conjunction with the annexed notes (1 to 37)



**Chairman**



**Vice Chairman**

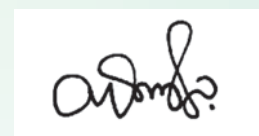


**Director**



**Managing Director & CEO**

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



**A. Qasem & Co.**  
Chartered Accountants

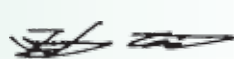
**Dhaka, 26 April 2018**

# Profit and Loss Account

For the year ended 31 December 2017

Particulars	Notes	Amount in BDT	
		2017	2016
Interest income	20	3,100,798,948	2,365,224,515
Interest paid on deposits and borrowings etc.	21	1,816,110,920	1,589,339,105
<b>Net interest income</b>		<b>1,284,688,028</b>	<b>775,885,410</b>
Investment income	22	518,273,405	554,573,684
Commission, exchange and brokerage	23	391,824,292	161,029,807
Other operating income	24	51,318,160	38,408,054
		<b>961,415,857</b>	<b>754,011,545</b>
<b>Total operating income (A)</b>		<b>2,246,103,885</b>	<b>1,529,896,955</b>
Salaries and allowances	25	393,547,719	306,910,836
Rent, taxes, insurance, electricity etc.	26	131,760,054	110,346,643
Legal expenses		536,925	275,000
Postage, stamp, telecommunication etc.	27	25,759,492	19,300,826
Stationery, printing, advertisements etc.	28	43,073,144	30,247,479
Managing Director's salary and fees	29	9,530,410	7,797,114
Directors' fees	30	1,832,000	1,632,000
Auditors' fees		250,000	250,000
Depreciation and repairs to bank's assets	31	56,687,380	51,325,574
Other expenses	32	117,419,668	115,055,951
<b>Total operating expenses (B)</b>		<b>780,396,792</b>	<b>643,141,423</b>
<b>Profit before provision (C=A-B)</b>		<b>1,465,707,093</b>	<b>886,755,532</b>
Provision for loans and advances	13.1		
General provision		86,340,000	55,967,000
Specific provision		5,880,000	6,220,000
Provision for Off-shore Banking unit		12,200,000	9,146,000
Provision for off-balance sheet items	13.2	70,000,000	45,287,890
Provision for Incentive of Good Borrowers		1,500,000	-
<b>Total provision (D)</b>		<b>175,920,000</b>	<b>116,620,890</b>
<b>Total profit before tax (C-D)</b>		<b>1,289,787,093</b>	<b>770,134,642</b>
Provision for taxation	33		
Current		545,866,968	308,347,484
Deferred Tax		(2,210,182)	(405,445)
		<b>543,656,786</b>	<b>307,942,039</b>
<b>Net profit after tax</b>		<b>746,130,307</b>	<b>462,192,603</b>
Retained Earnings brought forward from previous years		1,494,918	145,329,244
		<b>747,625,225</b>	<b>607,521,847</b>
<b>Appropriations</b>			
Statutory Reserve	15	257,957,419	154,026,929
Other Reserve		-	-
		<b>257,957,419</b>	<b>154,026,929</b>
<b>Retained Surplus</b>	17	<b>489,667,806</b>	<b>453,494,918</b>
<b>Earnings Per Share (par value Taka 10)</b>	36	<b>1.65</b>	<b>1.02</b>

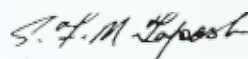
These Financial Statements should be read in conjunction with the annexed notes (1 to 37)



Chairman



Vice Chairman



Director



Managing Director & CEO

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



**A. Qasem & Co.**  
Chartered Accountants

Dhaka, 26 April 2018



# Cash Flow Statement

For the year ended 31 December 2017

Particulars	Notes	Amount in BDT	
		2017	2016
<b>A. Cash Flow from Operating Activities</b>			
Interest receipts in cash		3,403,672,240	2,672,867,144
Interest payments		(1,759,584,285)	(1,647,535,386)
Dividend receipts (Investment Income)		12,379,421	6,295,139
Fees and commission receipts in cash		391,824,292	161,029,808
Recoveries on Loans previously written-off		-	-
Cash payments to employees		(373,078,129)	(255,937,975)
Cash payments to suppliers		(43,353,184)	(33,588,293)
Income taxes paid		(384,625,191)	(178,057,115)
Receipts from other operating activities	34	51,318,160	40,452,689
Payments for other operating activities	35	(267,670,999)	(325,462,812)
<b>Operating profit before changes in operating assets and liabilities (i)</b>		<b>1,030,882,325</b>	<b>440,063,199</b>
<b>Increase / (Decrease) in operating assets and liabilities</b>			
Sale of trading securities		11,518,681,513	8,603,866,689
Purchase of trading securities		(11,347,511,737)	(8,422,092,670)
Loans & advances to other Banks		-	-
Loans & advances to customers		(13,042,694,556)	(7,155,566,417)
Other Assets		(73,036,089)	(957,456)
Deposits from other banks/ Borrowings		2,141,795,100	2,231,463,400
Deposits from customers		9,726,131,519	6,358,511,339
Trading liabilities		-	-
Other Liabilities		44,900,654	(33,882,169)
<b>Cash received from operating assets and liabilities (ii)</b>		<b>(1,031,733,596)</b>	<b>1,581,342,716</b>
<b>Net cash from operating activities (A=i+ii)</b>		<b>(851,271)</b>	<b>2,021,405,915</b>
<b>B. Cash flow from investing activities</b>			
Proceeds from sale of securities		100,000,000	-
Payment for purchase of securities		(100,000,000)	(50,000,000)
Purchase of property, plant & equipment		(50,212,877)	(57,169,970)
Sale of property, plant & equipment		144,963	130,479
<b>Net cash from investing activities (B)</b>		<b>(50,067,914)</b>	<b>(107,039,491)</b>
<b>C. Cash flows from financing activities</b>			
Receipts from issue of ordinary shares		-	-
Dividends paid		(452,000,000)	(452,000,000)
<b>Net cash from financing activities (C)</b>		<b>(452,000,000)</b>	<b>(452,000,000)</b>
<b>D. Net increase / decrease in cash &amp; cash equivalent (A+B+C)</b>		<b>(502,919,185)</b>	<b>1,462,366,424</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>		<b>690,199</b>	<b>138,490</b>
<b>F. Cash and cash equivalents at beginning period</b>		<b>14,630,538,398</b>	<b>13,168,033,484</b>
<b>G. Cash and cash equivalents at end of period (D+E)</b>		<b>14,128,309,412</b>	<b>14,630,538,398</b>
<b>Cash and cash equivalents at end of the year represents</b>			
Cash in hand (including foreign currencies)		292,970,609	165,455,845
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		2,242,979,385	1,863,950,912
Balance with other banks and financial institutions		7,289,248,583	8,661,838,228
Money at call and on short notice		-	-
Treasury bills/ Bonds		4,302,894,035	3,938,979,413
Prize bond		216,800	314,000
		<b>14,128,309,412</b>	<b>14,630,538,398</b>

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

  
Chairman

  
Vice Chairman

  
Director

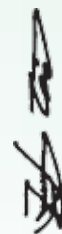
  
Managing Director & CEO

## Statement of Changes in Equity

For the year ended 31 December 2017

Particulars	Amount in BDT					Total
	Paid up Capital	Statutory Reserve	Revaluation Reserve	Foreign currency translation gain	Surplus in Profit and Loss Account/ Retained Earnings	
Balance as at 1 January 2017	4,520,000,000	458,842,253	7,583,333	138,490	453,494,918	5,440,058,994
Statutory Reserve	-	257,957,419	-	-	(257,957,419)	-
Suplus/deficit on account of revaluation of investment	-	-	(3,631,879)	-	-	(3,631,879)
Issue of ordinary share	-	-	-	-	-	-
Cash dividend	-	-	-	-	(452,000,000)	(452,000,000)
Foreign currency translation gain	-	-	-	551,709	-	551,709
Net profit for the year	-	-	-	-	746,130,307	746,130,307
<b>Balance as at 31 December 2017</b>	<b>4,520,000,000</b>	<b>716,799,672</b>	<b>3,951,454</b>	<b>690,199</b>	<b>489,667,806</b>	<b>5,731,109,131</b>
<b>Balance as at 31 December 2016</b>	<b>4,520,000,000</b>	<b>458,842,253</b>	<b>7,583,333</b>	<b>138,490</b>	<b>453,494,919</b>	<b>5,440,058,994</b>

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 2017

Particulars	Amount in BDT					
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	628,822,430	-	-	-	1,907,127,564	2,535,949,994
Balance with other banks and financial institutions	1,149,248,583	2,800,000,000	3,340,000,000	-	-	7,289,248,583
Money at call and on short notice	-	-	-	-	-	-
Investments	216,800	55,386	66,474	351,161,213	4,055,684,276	4,407,184,149
Loans and advances	545,481,585	7,615,057,852	9,255,804,918	8,836,027,836	3,928,926,969	30,181,299,160
Fixed assets including premises, furniture and fixtures	-	-	12,690,733	101,328,821	105,967,117	219,986,671
Other assets	86,113,625	244,580,726	85,503,960	-	-	416,198,310
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>2,409,883,023</b>	<b>10,659,693,964</b>	<b>12,694,066,085</b>	<b>9,288,517,870</b>	<b>9,997,705,926</b>	<b>45,049,866,867</b>
<b>Liabilities:</b>						
Borrowings from Bangladesh bank, other banks, financial institutions and its agents	2,256,392,000	2,248,480,000	350,000,000	471,746,500	-	5,326,618,500
Deposits	2,877,228,324	10,111,511,394	10,567,525,616	8,931,637,014	548,533,963	33,036,436,311
Provision and other liabilities	-	-	955,702,925	-	-	955,702,925
<b>Total liabilities (B)</b>	<b>5,133,620,324</b>	<b>12,359,991,394</b>	<b>11,873,228,541</b>	<b>9,403,383,514</b>	<b>548,533,963</b>	<b>39,318,757,736</b>
<b>Net liquidity gap (A - B)</b>	<b>(2,723,737,301)</b>	<b>(1,700,297,430)</b>	<b>820,837,543</b>	<b>(114,865,644)</b>	<b>9,449,171,963</b>	<b>5,731,109,131</b>

# Notes to the Financial Statements

## As at and for the year ended 31 December 2017

### 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 2017 comprise the Bank.

#### 1.2 Principal activities of the Bank

The Bank has 29 branches and 1 Off-shore Banking Unit as on 31 December 2017. 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.

### 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 2017 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) Fair value assessment of 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 37.

**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 Other 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 Other 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 37, 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 as per BAS 7.

**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) yeas 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.

**Contingent Liabilities**

- xiii) BFRS:** As per BAS 37, Contingent liabilities which are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank. Contingent liabilities are not recognised unless the possibility of an outflow of resources embodying economic benefits are reliably estimated. However, disclosure on contingent liabilities have been made on the face of balance sheet under 'Off-balance Sheet Items' as per the guidelines of BRPD circular No. 14 dated 25 June 2003.

**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 of provision**

**BFRS:** Loans and advances should be presented net of 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 (BDT) 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 2017 to 31 December 2017

## 2.6 Cash flow Statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14 dated 25 June 2003, DFIM Circular No. 11 dated 23 December 2009 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 2017 under the guidelines of BRPD Circular # 14 dated 25 June 2003, DFIM Circular No. 11 dated 23 December 2009 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%
<b>Specific provision on:</b>	
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, the 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

Revenue is recognized on the basis of BAS 18

### 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**

As per Bangladesh Accounting Standard (BAS)-23: Interest paid and other expenses are recognised on accrual basis.

## **3.5 Employee benefits**

The employees' benefits are recognized as per Bangladesh Accounting Standard (BAS)-19

### **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, 2017 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 and return are inversely related. Making perfect balance between these two aspects is a classical predicament to successful growth of a business. The role of risk management started from this point which actually is the process of identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities

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 Executive 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 divisions/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 a Risk Management Division (RMD).

The Bank faces a number of risks stemming from credit risk, liquidity risk, market risk, foreign exchange risk, interest rate risk, equity price risk, operational risk, legal risk and also reputation risk. The risk management systems in place at the Bank are discussed below:

### **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 an institution 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**

Responsibility of managing and controlling liquidity of the bank lies with Asset Liability Committee (ALCO) that meets at least once in a month. Asset Liability Management (ALM) desk being primarily responsible for management of liquidity risk closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities. A monthly projection of fund flows is reviewed in ALCO meeting regularly. On monthly basis, ALCO monitors liquidity management by examining key ratios, maximum cumulative outflow, upcoming funding requirement from all business units, asset-liability mismatch etc.

Asset-Liability Committee (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.

By strongly monitoring the maturity GAP of assets and liabilities and interest rates movement, Bank is able to maintain optimum liquidity with required regulatory compliances. A policy guideline on Assets Liability Management is formulated and approved by the Board of Directors of the Bank and revise it from time to time.

### 3.10.4 Money Laundering Risk

The bank has board approved 'Money Laundering and Terrorist Financing Risk Management Guidelines' to prevent the money laundering and terrorist financing risk of the Bank. For mitigating the risks, the Bank has a designated Chief Anti Money Laundering Compliance Officer (CAMLCO) and Deputy Anti Money Laundering Compliance Officer (De-CAMLCO) at Head Office and Branch Anti Money Laundering Compliance Officer (BAMLCO) in the Branches, who independently review the transactions of the accounts to verify suspicious transactions. Training is continuously given to all category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

The CAMLCO, De-CMALCO and BAMLCO ensures the reporting of Suspicious Transactions Reports (STR), and ensure AML & CFT compliance culture throughout the bank.

### 3.10.5 Internal Control & Compliance Risk

Internal control is the process, effected by the Board of Directors, Management & other personnel designed to provide reasonable assurance regarding the achievement of objectives with effectiveness & efficiency of operations. It 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 established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Bank's Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

### 3.10.6 Information and communication technology

With the increasing use of Information and Communication Technology in the activities of the Banks, risk management for Information and Communication Technology has become important. ICT Division is aimed to provide uninterrupted & efficient operations of all products, services and deliverables – Banks already offered or intends to do in future. In banking institutions, all risks should be recognized, addressed and managed in a prudent manner according to the fundamental characteristics and challenges. ICT risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of ICT within an organization. Risks surrounding Information Technology, such as unauthorized access to a system, network failure, software failure, lack of skills, hacking, viruses attack and poor system integration poses threat for the organization. ICT risk of the Bank is addressed by finding out the weakness in a particular operation and initiating appropriate/ suitable strategy within the approved policies and procedures. To assist Risk Management Committee of Board of Directors, ICT Risk Management committee has been formed from Management team on 07th Sep. 2016 vide Office Order# HO/HRD/2016/1072 as per guideline of Bangladesh Bank.

MABL 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:

#### **RISK MITIGATION PROCESS**

Risk mitigation involves prioritizing, evaluating, and implementing the appropriate risk-reducing controls recommended from the risk assessment process. Risk mitigation is a systematic methodology used by senior management to reduce mission risk. Risk mitigation can be achieved through any of the following risk mitigation options:

**Risk Assumption:** To accept the potential risk and continue operating the IT system or to implement controls to lower the risk to an acceptable level.

**Risk Avoidance:** To avoid the risk by eliminating the risk cause and/or consequence (e.g., forgo certain functions of the system or shut down the system when risks are identified)

**Risk Limitation:** To limit the risk by implementing controls that minimize the adverse impact of a threat's exercising vulnerability (e.g., use of supporting, preventive, detective controls)

**Risk Planning:** To manage risk by developing risk mitigation plan that prioritizes, implements, and maintains controls

**Research and Acknowledgment:** To lower the risk of loss by acknowledging the vulnerability or flaw and researching controls to correct the vulnerability

**Risk Transference:** To transfer the risk by using other options to compensate for the loss, such as purchasing insurance.

**Risk mitigation strategy was articulated in the following rules-**

**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	Applied
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Applied
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
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 assistance	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

Name of the standards	Ref.	Status
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 34<sup>th</sup> Board Meeting held on 26<sup>th</sup> April, 2018 approved the Financial Statements for the year ended 31 December 2017.

### 3.16 General

- a) These financial statements are presented in BDT (Taka), which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest BDT (Taka).
- b) The expenses, irrespective of capital or revenue nature, accrued/ due but not paid have been provided for in the Books of the Bank.
- c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.



		Amount in BDT	
		2017	2016
<b>4. Cash</b>			
	<b>In hand:</b>		
	Local currency	290,672,951	165,122,465
	Foreign currencies	2,297,658	333,380
		<b>292,970,609</b>	<b>165,455,845</b>
	<b>Balance with Bangladesh Bank:</b>		
	Local currency	2,193,549,222	1,697,597,454
	Foreign currencies	48,964,640	157,853,370
		<b>2,242,513,861</b>	<b>1,855,450,824</b>
	<b>Balance with Sonali Bank Limited. (as agent of Bangladesh Bank):</b>		
	Local currency	465,524	8,500,088
		<b>2,242,979,385</b>	<b>1,863,950,912</b>
		<b>2,535,949,994</b>	<b>2,029,406,757</b>

- 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	1,907,127,564	1,513,730,388
Actual reserve held (Average daily on bi-weekly basis)	2,193,549,222	1,697,597,455
Surplus	<b>286,421,658</b>	<b>183,867,067</b>

##### ii) Bi-weekly average basis

###### 6.5% of average Demand and Time Liabilities

Required reserve	2,066,054,861	1,639,874,587
Actual reserve held (Average daily on bi-weekly basis)	2,193,549,222	1,697,597,455
Surplus	<b>127,494,361</b>	<b>57,722,868</b>

#### 4.1.2 Statutory Liquidity Requirement (SLR)

###### 13% of required Average Demand and Time Liabilities:

Required reserve	4,132,109,722	3,279,749,174
Actual reserve held	4,600,498,422	4,120,518,679
Surplus	<b>468,388,700</b>	<b>840,769,505</b>

		Amount in BDT	
		2017	2016
<b>Held for Statutory Liquidity Requirement</b>			
Cash in hand		292,970,609	165,455,845
Balance with agent bank (Sonal Bank Ltd.) as per statement		465,524	8,500,088
Prize Bond		216,800	-
Government treasury bills		-	445,115,838
Bangladesh Bank Bills		-	-
Government treasury bonds		4,306,845,489	3,501,446,908
		<b>4,600,498,422</b>	<b>4,120,518,679</b>
<b>5 Balance with other banks and financial institutions</b>			
In Bangladesh (Note -5.1)		7,128,392,914	8,204,915,433
Outside Bangladesh (Note-5.2)		160,855,669	456,922,795
		<b>7,289,248,583</b>	<b>8,661,838,228</b>
Also refer to note 5.3 for maturity wise grouping			
<b>5.1 In Bangladesh</b>			
<b>Current account:</b>			
Prime Bank Limited		71,118	7,153
Jamuna Bank Limited		1,359,512	788,675
Trust Bank Limited		2,528,190	1,262,435
Sonal Bank Limited		-	15,321,768
		<b>3,958,820</b>	<b>17,380,031</b>
<b>Short term deposits account:</b>			
Prime Bank Limited		2,901,923	1,691,750
Eastern Bank Limited		50,398,423	4,295,169
Janata Bank Limited		36,504,669	101,490,883
The City Bank Limited		5,494,580	10,057,601
Sonal Bank		9,989,876	-
Habib Bank Limited		1,044,623	-
		<b>106,334,094</b>	<b>117,535,403</b>
<b>Fixed deposits:</b>			
<b>In Banks</b>			
National Bank of Pakistan		150,000,000	200,000,000
The Premier Bank Limited		300,000,000	-
The Farmers Bank Limited		-	200,000,000
NRB Global Bank Limited		-	250,000,000
		<b>450,000,000</b>	<b>650,000,000</b>
<b>In Financial Institutions</b>			
Prime Finance & Investment Limited		450,000,000	750,000,000
International Leasing and Financial Services Ltd.		100,000,000	550,000,000
Bay Leasing and Investment Limited		350,000,000	300,000,000
Industrial and Infrastructure Development Finance Company Limited		650,000,000	500,000,000
Bangladesh Industrial Finance Company Ltd.		220,000,000	170,000,000
Phoenix Finance and Investment Company Ltd.		650,000,000	250,000,000
Union Capital Ltd.		500,000,000	450,000,000
Bangladesh Finance and Investment Co. Ltd.		750,000,000	450,000,000
Fareast Finance & Investment Ltd.		500,000,000	150,000,000
Premier Leasing International Ltd.		550,000,000	150,000,000
LankaBangla Finance Limited		750,000,000	650,000,000
Hajj Finance Company Limited		200,000,000	200,000,000

	Amount in BDT	
	2017	2016
<b>In Financial Institutions</b>		
Meridian Finance & Investment Ltd.	100,000,000	100,000,000
GSP Finance	200,000,000	-
MIDAS Financing Limited	200,000,000	-
CAPM Venture Capital and Finance Limited	150,000,000	-
Delta Brac Housing Finance Corporation Ltd.	-	1,000,000,000
IDLC Finance Limited	-	250,000,000
Uttara Finance and Investment Ltd.	-	100,000,000
IPDC of Bangladesh Ltd.	-	400,000,000
Investment Corporation of Bangladesh	-	1,000,000,000
	<b>6,320,000,000</b>	<b>7,420,000,000</b>
<b>In Foreign Currency</b>		
The City Bank Limited	90,970,000	-
Rupali Bank Limited	115,780,000	-
AB Bank Limited	41,350,000	-
	<b>248,100,000</b>	<b>-</b>
	<b>7,128,392,914</b>	<b>8,204,915,434</b>

## 5.2 Outside Bangladesh (NOSTRO Accounts)

Name of the Foreign Bank / Correspondent	Currency	2017			2016
		Amount In F.C	Conversion Rate	Amount in Taka	Amount in Taka
AB Bank Ltd. (MUMBI)	ACU	43,534.20	82.7000	3,600,278	20,592,900
Sonali Bank (Kolikata)	ACU	120,728.59	82.7000	9,984,254	1,238,109
Masherq Bank, PSC, NY (OBU)	USD	-	82.7000	-	8,005,279
Masherq Bank, PSC, NY	USD	1,586,276.24	82.7000	131,185,045	411,093,986
AB Bank (OBU)	USD	11,686.20	82.7000	966,449	707,506
Masherq Bank, PSC, (UK)	GBP	2,885.37	110.9793	320,216	724,711
United Bank of India (KOLIKATA)	ACU	46,479.68	82.7000	3,843,870	4,269,594
State Bank of India (Sydney)	AUD	1,488.43	64.3902	95,840	-
MCB Bank Ltd. (Karachi)	ACU	9,696.00	82.7000	801,859	-
Masherq Bank, PSC, (EURO)	EURO	13,612.58	98.4998	1,340,836	84,017
National Bank of Pakistan (TOKYO)	YEN	114,451.00	0.7308	83,641	115,881
Axis Bank Kolkata (ACU)	ACU	4,461.79	82.7000	368,990	1,589,000
Kookmin Bank, Seoul (USD)	USD	71,552.49	82.7000	5,917,391	2,463,274
Masherq Bank Mumbai, (ACU)	ACU	28,379.67	82.7000	2,346,999	6,038,538
<b>Total</b>				<b>160,855,669</b>	<b>456,922,795</b>

		Amount in BDT	
		2017	2016
<b>5.3</b>	<b>Maturity grouping of balance with other banks and financial institutions</b>		
	On demand	264,814,489	474,302,826
	Not more than three months	854,434,094	4,787,535,402
	More than three months but not more than six months	6,120,000,000	3,400,000,000
	More than six months but not more than one year	50,000,000	-
	More than one year but less than five years	-	-
	Above five years	-	-
		<b>7,289,248,583</b>	<b>8,661,838,228</b>
<b>6</b>	<b>Money at call and on short notice</b>	-	-
<b>7</b>	<b>Investments</b>		
	Government securities (Note-7.1)	4,307,062,289	3,946,876,746
	Others (Note-7.2)	100,121,860	100,000,000
		<b>4,407,184,149</b>	<b>4,046,876,746</b>
<b>7.1</b>	<b>Government Securities</b>		
	91 days Treasury Bills	-	249,693,669
	182 days Treasury Bills	-	-
	364 days Treasury Bills	-	195,422,169
	2 years BGTB Bond	-	-
	5 years BGTB Bond	40,555,080	-
	10 years BGTB Bond	2,012,984,685	1,795,783,461
	15 years BGTB Bond	1,010,984,836	705,287,142
	20 years BGTB Bond	1,242,320,888	1,000,376,305
	Prize Bonds	216,800	314,000
		<b>4,307,062,289</b>	<b>3,946,876,746</b>
	Add: Reverse repo with other banks	-	-
		<b>4,307,062,289</b>	<b>3,946,876,746</b>
<b>7.2</b>	<b>Other Investment</b>		
	Preference Shares	100,000,000	100,000,000
	Shares	121,860	-
		<b>100,121,860</b>	<b>100,000,000</b>
<b>7.3</b>	<b>Investments classified as per Bangladesh Bank Circular</b>		
	Held for trading (HFT)	391,201,037	617,847,796
	Held to maturity (HTM)	3,915,644,452	3,328,714,950
	Other securities	216,800	100,314,000
		<b>4,307,062,289</b>	<b>4,046,876,746</b>
<b>7.4</b>	<b>Maturity-wise grouping</b>		
	On demand	216,800	314,000
	Not more than three months	55,386	445,115,838
	More than three months but not more than one year	66,474	100,000,000
	More than one year but not more than five years	351,161,213	251,820,986
	Above five years	4,055,684,276	3,249,625,922
		<b>4,407,184,149</b>	<b>4,046,876,746</b>



	Amount in BDT		
	2017		2016
<b>7.5 Cost and market value of investments</b>			
<b>7.5.1 Government securities</b>	<b>2017</b>		<b>2016</b>
	<u>Cost price</u> BDT	<u>Market price</u> BDT	
Treasury Bills	-	-	445,115,838
Bangladesh Bank Bills	-	-	-
Bangladesh Government Treasury Bond	4,339,200,609	4,306,845,489	3,501,446,908
Prize Bonds	216,800	216,800	314,000
	<b>4,339,417,409</b>	<b>4,307,062,289</b>	<b>3,946,876,746</b>
<b>7.6 Repo and Reverse-repo</b>			
<b>7.6.1 Repo as on 31 December 2017</b>			
<u>Counter party name</u>	<u>Agreement date</u>		<u>Reversal date</u>
<b>7.6.2 Transactions of Repo and Reverse-repo during the year 2017</b>	<u>Minimum outstanding</u> BDT	<u>Maximum outstanding</u> BDT	<u>Maximum outstanding</u> BDT
<b>Securities sold under repo</b>			
i) With Bangladesh Bank	-	-	-
ii) With Other Bank & FIs	79,569,458	606,739,492	490,163,500
<b>Securities purchase under reverse repo</b>			
i) With Bangladesh Bank	-	-	-
ii) With Other Bank & FIs	-	360,498,854	1,008,357,242
<b>Sector-wise Investment in Shares:</b>	<b>2017</b>		<b>2016</b>
<b>Shares in Listed Company:</b>	Market Price (BDT)	Cost Price (BDT)	Cost Price (BDT)
Engineering	967,315	121,860	-

The investments in shares of unlisted companies are shown at market value of the last trading date for the year 2017 is higher of the cost value or book value. So, there is no need to keep provision on that date

#### Shares in Un-Listed Company

Fuel and Power Companies	100,000,000	100,000,000	100,000,000
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#### Market price and cost price of investments in ordinary shares as on 31 December 2017

	2017		Difference
	Market Price (BDT)	Cost Price (BDT)	
Nahee Aluminum Composite panel Ltd.	502,570	62,246	440,323
Oimex Electrode Limited	464,746	64,800	399,946
Summit Narayangonj Power Limited	36,000,000	36,000,000	-
Summit Barisal Power Limited	64,000,000	64,000,000	-
	<b>100,967,315</b>	<b>100,127,046</b>	<b>840,269</b>

		Amount in BDT	
		2017	2016
<b>8</b>	<b>Loans and advances</b>		
	Loans, cash credit, overdrafts etc. (Note 8.1)	27,785,058,045	15,921,344,480
	Bills purchased and discounted (Note 8.13)	2,396,241,115	1,217,260,124
		<b>30,181,299,160</b>	<b>17,138,604,604</b>
<b>8.1</b>	<b>Loans, cash credit, overdrafts etc.</b>		
	<b>In Bangladesh</b>		
	Cash credit and overdrafts	10,957,032,047	3,663,895,909
	Loans (General)	12,742,222,685	2,660,779,628
	House building loan	849,781,399	441,142,090
	Loan against trust receipt	1,462,109,946	677,788,431
	Other Loans	1,773,911,967	8,477,738,422
		<b>27,785,058,045</b>	<b>15,921,344,480</b>
	<b>Outside Bangladesh</b>	-	-
		<b>27,785,058,045</b>	<b>15,921,344,480</b>
<b>8.2</b>	<b>Performing loans and advances</b>		
	Gross loans and advances	30,093,011,480	17,093,485,292
	Non-performing loans and advances	88,287,680	45,119,312
		<b>30,181,299,160</b>	<b>17,138,604,604</b>
<b>8.3</b>	<b>Maturity-wise grouping</b>		
	On demand	489,556,207	344,600,664
	Less than three months	6,431,569,166	3,889,818,217
	More than three months but less than one year	8,098,977,868	5,498,218,720
	More than one year but less than five years	8,836,027,836	3,688,091,198
	More than five years	3,928,926,968	2,500,615,681
		<b>27,785,058,045</b>	<b>15,921,344,480</b>
<b>8.4</b>	<b>Loans and Advances on the basis of significant concentration</b>		
	Advances to allied concerns of directors	-	-
	Advances to chief executive and other senior executives	35,305,225	32,639,436
	<b>Advances to customers' group:</b>		
	Advances to large and medium industries	23,954,335,289	10,043,899,820
	Advances to small and cottage industries	1,567,035,422	180,700,180
	Commercial Lending	1,255,357,837	3,840,589,643
	House Building Loan	748,496,426	490,018,244
	Consumer Credit Scheme	325,584,312	78,012,374
	Other Loans and Advances	2,295,184,648	2,472,744,907
		<b>30,181,299,160</b>	<b>17,138,604,604</b>

8.5 Sector-wise allocation of loans and advances	% of total loan	Amount in BDT	
		2017	2016
		BDT	BDT
Agriculture, fishing, forestry and dairy firm	0.45%	136,903,155	146,328,560
Industry (Other than working capital)	17.23%	5,200,831,768	3,585,240,431
Working capital financing	24.23%	7,312,460,344	6,148,051,341
Export credit	4.77%	1,440,314,205	407,512,267
Import credit	10.87%	3,279,807,476	767,413,287
Commercial credit	4.16%	1,255,357,837	2,123,316,475
Constructions	9.33%	2,816,920,490	1,141,733,688
Transport and Communication	2.28%	688,403,343	662,213,550
Consumer Credit	1.15%	347,580,467	323,581,798
Others	25.52%	7,702,720,075	1,833,213,207
	100.00%	<b>30,181,299,160</b>	<b>17,138,604,604</b>

#### 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.612.48 crore as at 31 December 2017 (Tk.566.39 crore in 2016).

Number of clients	60.00	30.00
Amount of outstanding loans and advances (BDT in crore)	2,089.54	918.64
Amount of classified loans and advances	-	-
Measures taken for recovery	-	-

Name of Clients	Outstanding (BDT in crore)		Total BDT in crore	Total BDT in crore
	Funded	Non-Funded		
IFAD Autos Limited	29.87	3.49	33.36	5.63
Confidence Electric Limited	-	-	-	10.18
Hashem Foods Limited	62.27	24.11	86.38	56.15
A.K.M. Knit Wear Limited	4.27	42.53	46.80	18.60
Mir Akhter Hossain Limited	-	-	-	24.46
Toma Construction & Co. Limited	44.53	11.90	56.43	66.52
Drug International Limited	-	96.87	96.87	31.82
ATI Ceramics Limited	-	2.45	2.45	2.04
Harnest Label Industries Limited	-	2.03	2.03	1.44
Afil Paper Mills Limited	68.54	9.27	77.81	59.35
Smart Technologies [BD] Limited	3.95	76.68	80.63	27.53
AL-Mostafa Printing & Packaging Industries Ltd. Unit-1	-	2.17	2.17	-
AL-Mostafa Printing & Packaging Industries Ltd. Unit-2	6.32	-	6.32	-
Sunny Foils & Polymer Industries Ltd.	-	19.60	19.60	-
N. R. Trading & Al-Amin Poultry	50.19	-	50.19	-
GAZI Satellite Television Ltd.	19.88	-	19.88	-

Name of Clients	Outstanding (BDT in crore)		Amount in BDT	
	Funded	Non-Funded	2017	2016
			Total BDT in crore	Total BDT in crore
GAZI Pipes	10.60	37.05	47.65	-
GAZI Tanks	9.44	4.47	13.91	-
GAZI International	2.95	4.13	7.08	-
GAZI Infrastructure Development Company Limited	0.08	-	0.08	-
MAX Infrastruture Limited	0.44	-	0.44	-
Poton Traders	35.96	22.57	58.53	-
CLC Power Company Ltd.	61.96	-	61.96	-
Nitol Motors Limited	56.94	13.77	70.71	5.62
Abdul Monem Limited	51.28	21.24	72.52	55.66
Pran Dairy Limited	43.11	16.02	59.13	63.48
Sylvan Technologies Limited	4.91	10.24	15.15	-
Advance Personal Care Limited	5.11	-	5.11	-
Evince Textiles Limited	106.84	42.97	149.81	149.59
Evince Retail Limited	6.01	-	6.01	4.86
Radiant Sweaters Industries Limited	-	-	-	8.24
Sayem Fashions Limited	-	-	-	7.48
Energypac Engineering Limited	20.31	22.71	43.02	56.56
ECPV Chitagong Ltd.	70.94	-	70.94	-
Patriot Spinning Mills Ltd.	57.06	14.44	71.50	-
Navana Construction Ltd.	29.01	22.11	51.12	-
Pratibha-Navana LV	-	4.78	4.78	-
Navana Batteries Limited	9.27	7.10	16.37	-
Navana Limited	-	3.16	3.16	-
Winter Dress Ltd.	2.68	10.77	13.45	-
A & A Fashion Sweater Industries Ltd.	19.79	0.57	20.36	-
American International	58.98	-	58.98	-
University Bangladesh	2.07	8.89	10.96	-
The Fashion Ltd.	0.37	0.43	0.80	-
Knit City Ltd.	-	-	-	-
Riviera Resources Ltd.	18.37	0.92	19.29	-
Riviera Composite Industries Ltd.	11.51	14.18	25.69	-
Core Spun Apparel Ltd.	12.11	-	12.11	-
Purbachal Apparel Ltd.	20.77	44.78	65.55	-
Baraka Engineers Ltd.	4.42	-	4.42	-
Ranks FC Properties Ltd.	16.28	-	16.28	-
Rangs Properties Ltd.	79.65	3.43	83.08	-
Abul Khair Tobacco Co. Limited	39.90	-	39.90	69.37
GPH Ispat Limited	46.28	-	46.28	39.26
KSRM Steel Plant Limited	35.22	1.86	37.08	51.43
Sonali Paper & Board Mills Limited	36.40	2.03	38.43	37.59



Name of Clients	Outstanding (BDT in crore)		Amount in BDT	
	Funded	Non-Funded	2017	2016
			Total BDT in crore	Total BDT in crore
Younus Paper Mills Limited	58.29	-	58.29	38.72
Labaid Hospital Limited	22.00	67.29	89.29	-
Western Engineering (Pvt.) Ltd.	-	-	-	-
Disney Sweater Ltd.	24.77	0.92	25.69	-
A. K. Oxygen Ltd.	13.71	-	13.71	-
Global Knittwear Limited	-	-	-	27.06
	<b>1,395.61</b>	<b>693.93</b>	<b>2,089.54</b>	<b>918.64</b>

### 8.7 Category-wise Small Medium Enterprise Loans and Advances (SME)

Service Sector	4,415,911,105	1,885,837,985
Trading Sector	2,041,217,275	1,835,913,640
Industrial Sector	2,254,011,531	961,343,559
	<b>8,711,139,911</b>	<b>4,683,095,184</b>

### 8.8 Geographical location-wise allocations of loans and advances

	% of total loan		BDT
Dhaka region	89.96%	27,150,925,310	14,483,321,109
Chittagong region	6.11%	1,843,682,941	1,784,508,444
Rajshahi region	0.21%	64,539,398	85,644,164
Sylhet region	0.34%	102,035,324	108,255,591
Khulna region	2.82%	851,863,513	633,060,258
Rangpur region	0.39%	116,846,960	22,778,765
Barisal region	0.17%	51,405,713	21,036,273
	<b>100.00%</b>	<b>30,181,299,160</b>	<b>17,138,604,604</b>

### 8.9 Classification of loans and advances

	2017		2016	
<b>Unclassified:</b>				
Standard including staff loan	98.96%	29,868,795,067	99.57%	17,064,164,219
Special Mention Account (SMA)	0.74%	224,216,413	0.17%	29,321,072
	99.71%	30,093,011,480	99.74%	17,093,485,291
<b>Classified:</b>				
Sub-standard	0.05%	13,959,969	0.03%	5,697,659
Doubtful	0.04%	13,242,235	0.05%	8,474,758
Bad and loss	0.20%	61,085,476	0.18%	30,946,896
	0.29%	88,287,680	0.26%	45,119,313
	<b>100%</b>	<b>30,181,299,160</b>	<b>100%</b>	<b>17,138,604,604</b>

### 8.10 Particulars of loans and advances

	Amount in BDT	
	2017	2016
i) Debts considered good in respect of which the bank is fully secured;	26,217,437,224	7,859,691,479
ii) Debts considered good for which the bank holds no other security than the debtors' personal guarantee;	1,073,647,068	1,844,853,817
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal guarantee of the debtors;	2,890,214,869	7,434,059,308
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;	121,730,634	109,617,093
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;	-	-
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;	121,730,634	109,617,093
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;	-	-
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	10,491,970	1,413,384
(c) Amount of interest charged in suspense account	5,207,031	2,903,123
xi) Loans written off:		
- Current year	-	-
- Cumulative to-date	-	-
- The amount of written off loans for which lawsuit filed	-	-

### 8.11 Particulars of required provision for loans and advances/investments

		Amount in BDT			
		2017		2016	
	Outstanding Loans	Base for provision	% of required provision	Required provision	Required provision
<b>For loans and advances:</b>					
<b>Unclassified - General provision</b>					
All unclassified loans (other than small enterprises, housing finance, Loan to MBs ,loans for professional, consumer financing and special mention account)	20,035,664,803	19,905,649,730	1%	199,056,497	112,124,233
Small and medium enterprise financing	8,422,792,399	8,422,792,399	0.25%	21,056,981	11,525,610
Loan to BHs/MBs/SDs against shares	835,640,834	835,640,834	2%	16,712,817	13,776,438
Housing	255,682,590	255,682,590	1%	2,556,826	2,217,479
Loan for professional	-	-	2%	-	-
Consumer finance	209,624,098	209,624,098	5%	10,481,205	10,549,686
Agriculture finance	108,878,982	108,878,982	1.00%	1,088,790	3,046,744
Special Mention Account (SMA)	224,727,775	224,727,775	0.25%-5%	1,228,041	73,302
	<b>30,093,011,480</b>	<b>29,962,996,408</b>		<b>252,181,157</b>	<b>153,313,492</b>
<b>Classified - Specific provision:</b>					
Sub-standard	13,959,969	2,674,319	20%	534,864	170,929
Doubtful	13,242,235	2,069,496	50%	1,034,748	751,427
Bad and loss	61,085,476	10,491,970	100%	10,491,970	5,297,644
	<b>88,287,680</b>	<b>15,235,785</b>		<b>12,061,582</b>	<b>6,220,000</b>
Required provision for loans and advances				<b>264,242,738</b>	<b>159,533,492</b>
Total provision maintained				<b>264,440,000</b>	<b>160,020,000</b>
Excess provision at 31 December				<b>197,262</b>	<b>486,508</b>

### 8.12 Listing of assets pledged as security/collaterals

#### Nature of the secured assets

Gold & Gold Ornaments	-	-
Shares & Securities	-	5,070,214
Merchandise	1,597,137,259	1,258,155,787
Machinery with other Fixed Asset and Financial obligation	772,805,998	1,524,080,185
Real Estate with Financial obligation	15,797,715,987	7,524,559,155
Financial Obligation only (Insurance policies, Savings certificates, Bank deposit etc)	681,965,128	335,132,324
Miscellaneous;		
i) Crops/stock of crops hypothecations	-	205,045
ii) Guarantee of individuals/ Institutions	4,010,986,499	3,775,194,146
ii) Others	7,320,688,288	2,716,207,748
	<b>30,181,299,160</b>	<b>17,138,604,604</b>

### 8.13 Bills purchased and discounted

In Bangladesh  
Outside Bangladesh

Amount in BDT	
2017	2016
2,089,071,813	1,205,284,497
307,169,301	11,975,627
<b>2,396,241,115</b>	<b>1,217,260,124</b>

#### 8.13.1 Maturity-wise grouping

On demand  
Less than three months  
More than three months but less than one year  
More than one year but less than five years  
More than five years

55,925,379	25,383,570
1,183,488,686	472,865,977
1,156,827,050	719,010,577
-	-
-	-
<b>2,396,241,115</b>	<b>1,217,260,124</b>

### 9 Fixed assets including premises, furniture and fixtures

#### Cost:

Land  
Building  
Furniture and fixture  
Computer and Computer peripheral  
Electrical Equipments  
Motor vehicles

-	-
-	-
139,832,819	122,849,026
49,449,532	40,160,708
103,583,106	83,831,845
31,300,000	31,300,000
<b>324,165,456</b>	<b>278,141,579</b>

#### Less: Accumulated depreciation

Land  
Building  
Furniture and fixture  
Computer and Computer peripheral  
Electrical Equipments  
Motor vehicles

-	-
-	-
33,865,702	22,642,367
21,697,539	15,645,411
39,217,854	25,902,123
22,088,423	15,828,395
<b>116,869,518</b>	<b>80,018,296</b>
<b>207,295,938</b>	<b>198,123,283</b>

#### Software:

Computer Software  
SWIFT Software

39,169,000	34,980,000
4,221,235	4,221,235
<b>43,390,235</b>	<b>39,201,235</b>

#### Less: Amortization during the year

30,699,502	20,702,110
<b>12,690,733</b>	<b>18,499,125</b>

#### Written down value at the end of the year

<b>219,986,671</b>	<b>216,622,408</b>
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Details are shown in Annexure-A



		Amount in BDT	
		2017	2016
<b>10</b>	<b>Other assets</b>	<b>416,198,310</b>	<b>331,162,483</b>
<b>10.1</b>	<b>Classification of other assets</b>		
	<b>a) Income generating other assets</b>		
	i) Interest Receivable Income	244,580,726	213,290,311
	ii) Investment in shares of subsidiary companies:		
	- In Bangladesh	-	-
	- Outside Bangladesh	-	-
	<b>b) Non-income generating other assets:</b>		
	i) Stationery, stamps, printing materials, etc.	1,492,768	1,212,728
	ii) Advance rent	85,110,975	104,681,691
	iii) Security deposits	392,985	397,509
	iv) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	7,379,234	6,378,779
	v) Branch adjustment (Note 10.2)	-	-
	vi) Suspense account	-	-
	vii) Advance income tax	-	-
	viii) Others	77,241,623	5,201,465
		<b>416,198,310</b>	<b>331,162,483</b>
<b>10.2</b>	<b>Branches' adjustment</b>		
	General accounts debit	-	-
	General accounts credit	-	-
		-	-
<b>11</b>	<b>Borrowing from other banks, financial institutions and agents</b>		
	In Bangladesh (Note 11.1)	4,857,709,500	3,121,356,900
	Outside Bangladesh	468,909,000	13,506,500
		<b>5,326,618,500</b>	<b>3,134,863,400</b>
<b>11.1</b>	<b>In Bangladesh</b>		
	<b>Re-Finance from Bangladesh Bank:</b>		
	Re-finance for women entrepreneurs	2,500,000	4,337,500
	Re-Financing scheme for small / micro enterprise holding 10 Taka Account	337,500	-
		<b>2,837,500</b>	<b>4,337,500</b>
	<b>In Bank:</b>		
	Janata Bank Limited	550,000,000	100,000,000
	National Credit and Commerce Bank Limited	200,000,000	200,000,000
	United Commercial Bank Limited	300,000,000	150,000,000
	Rupali Bank Limited	1,000,000,000	600,000,000
	Uttara Bank Limited	250,000,000	500,000,000
	Agrani Bank Limited	350,000,000	-

	Amount in BDT	
	2017	2016
<b>In Bank:</b>		
Bank Asia Limited	300,000,000	-
Dutch-Bangla Bank Limited	300,000,000	-
Sonali Bank Limited	500,000,000	-
Eastern Bank Limited	-	100,000,000
Bank Asia Limited	-	450,000,000
Mutual Trust Bank Limited	-	40,000,000
Soutjheast Bank Limited	-	200,000,000
One Bank Limited	-	150,000,000
	<b>3,750,000,000</b>	<b>2,490,000,000</b>
<b>In Foreign Currency:</b>		
Eastern Bank Limited	248,100,000	193,222,400
Bank Asia Limited	-	79,450,000
Jamuna Bank Limited	-	79,450,000
Dutch-Bangla Bank Limited	-	119,175,000
The City Bank Limited	153,822,000	155,722,000
Commercial Bank of Ceylon	124,050,000	-
The Premier Bank Limited	165,400,000	-
Agrani Bank Limited	413,500,000	-
	<b>1,104,872,000</b>	<b>627,019,400</b>
<b>Outside Bangladesh</b>		
Symbiotics S.A	454,850,000	-
Value Port Ltd.	14,059,000	13,506,500
	<b>468,909,000</b>	<b>13,506,500</b>
	<b>5,326,618,500</b>	<b>3,134,863,400</b>
<b>11.2 Maturity grouping of borrowings</b>		
Repayable on demand	1,050,000,000	1,440,000,000
Repayable within one month	1,206,392,000	249,375,000
Over one month but within six months	2,598,480,000	1,431,858,900
Over six months but within one year	-	75,000
Over one year	471,746,500	13,554,500
	<b>5,326,618,500</b>	<b>3,134,863,400</b>
<b>12 Deposits and other accounts</b>		
<b>Current and other accounts</b>		
Current deposits	1,498,651,800	1,496,982,177
Foreign currency deposits	265,187,009	208,053,200
Sundry deposits (Note 12.1)	1,856,393,846	1,136,729,066
	<b>3,620,232,655</b>	<b>2,841,764,443</b>
<b>Bills payable</b>		
Payment order issued	316,174,805	424,578,464
Demand draft	-	-
	<b>316,174,805</b>	<b>424,578,464</b>
<b>Savings bank deposits</b>	<b>3,301,561,016</b>	<b>4,352,580,023</b>
<b>Term/Fixed deposits</b>		
Fixed deposits Receipts (FDR)	19,315,661,363	11,681,993,519
Special notice deposits (SND)	3,641,316,182	1,726,611,553
Scheme deposits	2,519,838,212	2,011,084,712
Interest Payable on FDR/Scheme	321,652,078	265,125,442
	<b>25,798,467,836</b>	<b>15,684,815,226</b>
	<b>33,036,436,311</b>	<b>23,303,738,156</b>

	Amount in BDT	
	2017	2016
<b>12.1 Sundry deposits</b>		
Margin deposits	698,101,404	347,543,571
Withholding Tax, VAT and Excise duty etc.	63,180,545	33,702,906
FC held against Export Development Fund (EDF)	570,096,955	418,701,582
BLO account -USD	453,404,380	264,492,913
Others	71,610,562	72,288,094
	<b>1,856,393,846</b>	<b>1,136,729,066</b>
<b>12.2 Deposits and Others Account</b>		
Deposits from Banks	50,040,000	100,000,000
Deposits from Customers	32,986,396,311	23,203,738,156
	<b>33,036,436,311</b>	<b>23,303,738,156</b>
<b>12.3 Sector-wise break-up of Deposits and Others account</b>		
Government	3,485,072,570	1,693,999,117
Deposit money banks	50,040,000	100,000,000
Other public	4,392,724,072	3,350,779,290
Foreign currency	265,187,009	208,053,200
Private	24,843,412,661	17,950,906,549
	<b>33,036,436,311</b>	<b>23,303,738,156</b>
<b>12.4 Analysis of residual maturity grouping of deposits</b>		
<b>Inter-bank deposits</b>		
Repayable on demand	-	-
Repayable within 1 month	-	-
Over 1 month but within 6 months	50,040,000	100,000,000
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
	50,040,000	100,000,000
<b>Other Deposits</b>		
Repayable on demand	230,501,518	416,737,833
Repayable within 1 month	2,646,726,806	3,033,607,831
Over 1 month but within 6 months	13,987,188,092	7,835,710,714
Over 6 months but within 1 year	7,822,771,156	4,883,649,241
Over 1 year but within 5 years	7,750,714,776	6,593,338,421
Over 5 years but within 10 years	548,533,963	440,694,116
	<b>32,986,436,311</b>	<b>23,203,738,156</b>
	<b>33,036,476,311</b>	<b>23,303,738,156</b>
<b>12.5 Unclaimed Deposits and valuables</b>	-	-
	-	-

		Amount in BDT	
		2017	2016
<b>13 Other liabilities</b>			
	Provision for loans and advances (Note 13.1)	264,440,000	160,020,000
	Provision for Incentive of Good borrowers (Note 13.1 (a))	1,500,000	-
	Provision for off-balance sheet exposures (Note 13.2)	142,600,000	72,600,000
	Provision for taxation (Note 13.3)	378,268,468	219,236,873
	Interest Suspense Account (Note 13.4)	5,207,031	2,903,123
	Accrued expenses	8,834,635	28,971,275
	Interest payable on borrowings	28,121,648	11,284,561
	Branch adjustment (Note-13.5)	39	1,011
	Provision for audit fee	250,000	250,000
	Others	126,481,104	50,583,833
		<b>955,702,925</b>	<b>545,850,676</b>
<b>13.1 Provision for loans and advances</b>			
<b>A. General</b>			
	Balance at the beginning of the year	144,500,000	88,533,000
	Add: Provision made during the year	86,340,000	55,967,000
		<b>230,840,000</b>	<b>144,500,000</b>
	Less: Provision no longer required	-	-
	<b>Balance at the end of the year</b>	<b>230,840,000</b>	<b>144,500,000</b>
<b>B. Provision for Off-shore Banking Unit (OBU)</b>			
	Balance at the beginning of the year	9,300,000	154,000
	Add: Provision made during the year	12,200,000	9,146,000
	<b>Balance at the end of the year</b>	<b>21,500,000</b>	<b>9,300,000</b>
<b>C. Specific</b>			
	<b>Movement in specific provision on classified loans</b>		
	Provision held as on 1 January	6,220,000	-
	Less: Fully provided debts written off during the year	-	-
	Add: Recoveries of amounts previously written off	-	-
	Add: Specific provision made during the year for other accounts	5,880,000	6,220,000
	Add: Transferred from General Provision	-	-
	<b>Balance at the end of the year</b>	<b>12,100,000</b>	<b>6,220,000</b>
<b>13.1 (a) Provision for Incentive of Good borrowers</b>			
	Balance at the beginning of the year	-	-
	Add: Provision made during the year	1,500,000	-
		<b>1,500,000</b>	<b>-</b>
	Less: Paid during the year	-	-
	<b>Balance at the end of the year</b>	<b>1,500,000</b>	<b>-</b>

Provision for incentive to the eligible good borrowers has been maintained as per Bangladesh Bank, BRPD circular no 6, dated 19 March 2015 & BRPD circular letter no 3 dated 16 February 2016 based on the following selection criteria:



	Amount in BDT	
	2017	2016
i) Relationship with bank for last 3 years i.e. since January 2015		
ii) No past due during last 3 years i.e. since January 2015		
iii) No late servicing of quarterly interest during last 3 years		
iv) Clean CIB report against those borrowers in last 3 years i.e. 2015, 2016 & 2017		
v) Full compliance as per sanction terms		
<b>Total provision on loans and advances (A+B+C+13.01 a)</b>	<b>265,940,000</b>	<b>160,020,000</b>
<b>13.2 Provision for off-balance sheet exposures</b>		
Balance at the beginning of the year	72,600,000	27,312,110
Add: Provision made during the year	70,000,000	45,287,890
	<b>142,600,000</b>	<b>72,600,000</b>
Less: Adjustments made during the year	-	-
<b>Balance at the end of the year</b>	<b>142,600,000</b>	<b>72,600,000</b>
<b>13.3 Provision for taxation</b>		
Current tax ( Note 13.3.1)	367,775,030	206,533,253
Deferred tax ( Note 13.3.2)	10,493,438	12,703,620
	<b>378,268,468</b>	<b>219,236,873</b>
<b>13.3.1 Provision for current tax</b>		
<b>Provision</b>		
Balance at the beginning of the year	595,876,051	340,554,038
Add: Provision made during the year	545,866,968	308,347,484
	1,141,743,019	648,901,522
Less: Settlement/ Adjustment of previous year tax liability	49,116,032	53,025,471
<b>Balance at the end of the year</b>	<b>1,092,626,987</b>	<b>595,876,051</b>
<b>Advance Tax:</b>		
Balance at the beginning of the year	389,342,798	264,311,155
Add: Paid during the year	335,509,159	125,031,643
	724,851,957	389,342,798
Less: Settlement/ Adjustment of previous year tax liability	-	-
<b>Balance at the end of the year</b>	<b>724,851,957</b>	<b>389,342,798</b>
<b>Net balance as at 31 December</b>	<b>367,775,030</b>	<b>206,533,253</b>
Provision for current tax of Tk.545,866,968.00 has been made @ 40% as prescribed by Finance Act 2017 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".		
<b>13.3.2 Provision for deferred tax</b>		
Balance at the beginning of the year	12,703,620	13,109,065
Add : Provision made for deferred tax liabilities		
Charged/(credited) to profit and loss account	(2,210,182)	(405,445)
Charged/(credited) to revaluation reserve	-	-
	(2,210,182)	(405,445)
	10,493,438	12,703,620
Adjustment made during the year for revaluation reserve	-	-
	10,493,438	12,703,620
Less: Provision made for deferred tax assets	-	-
<b>Balance at the end of the year</b>	<b>10,493,438</b>	<b>12,703,620</b>

		Amount in BDT	
		2017	2016
<b>13.4 Interest Suspenses Account</b>			
Balance at the beginning of the year		2,903,123	-
Add: Amount transferred during the year		19,302,358	24,887,194
Less: Amount recovered during the year		(16,998,450)	(21,984,071)
Less: Amount written off during the year		-	-
Balance at the end of the year		5,207,031	2,903,123
<b>13.5 Branches' adjustment</b>			
General accounts debit		-	-
General accounts credit		39	1,011
		<b>39</b>	<b>1,011</b>
<b>14 Share capital</b>			
<b>14.1 Authorised capital:</b>			
2,000,000,000 ordinary shares of BDT 10 each		<b>20,000,000,000</b>	<b>20,000,000,000</b>
<b>14.2 Issued, subscribed and paid up capital:</b>			
452,000,000 ordinary shares of BDT 10 each issued for cash		4,520,000,000	4,520,000,000
		<b>4,520,000,000</b>	<b>4,520,000,000</b>
<b>14.3 Share capital at a glance from inception</b>			

<u>Year</u>	<u>Particulars</u>	<u>Number of shares</u>	<u>Capital amount</u> <u>BDT</u>	<u>Capital amount</u> <u>BDT</u>
2013	Opening / Sponsors Capital	452,000,000	4,520,000,000	4,520,000,000

#### 14.4 Name of the Directors and their shareholdings in the year 2017

SI	Name of the directors	Status	Number of Shares	
			At 31 December 2017	At 31 December 2016
1	Mr. Humayun Kabir	Chairman	8,000,000	8,000,000
2	Mr. Shaikh Salahuddin	Vice- Chairman	18,000,000	18,000,000
3	Mr. Sheikh Fazle Noor Taposh	Director	40,000,000	40,000,000
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 Ms. Tanjima Binthe Mostafa	Director	20,000,000	20,000,000

		Amount in BDT		
		2017	2016	
SI	Name of the directors	Status	Number of Shares	
			At 31 December 2017	At 31 December 2016
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	D & S Pretty Fashions Limited Represented by Mr. Rezin Ahmmad Talukder	Director	6,000,000	6,000,000
16	Meghna Flour & Dal Mills Limited Represented by Mr. Yousuf Ali	Director	12,000,000	12,000,000
17	Mona Financial Consultancy & Securities Limited Represented by Mr. Md. Mahbubur Rahman	Director	10,000,000	10,000,000
18	Mr. Md. Didarul Alam	Director	8,000,000	8,000,000
19	Sharmin Fashions Limited Represented by Mrs. Syeda Sharmin Hossain	Director	8,000,000	8,000,000
			<b>330,000,000</b>	<b>330,000,000</b>

#### 14.5 Classification of shareholders by holding

	Number of holders		% of total holding	
	2017	2016	2017	2016
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
	<b>41</b>	<b>41</b>	<b>100.00</b>	<b>100.00</b>

Amount in BDT	
2017	2016

#### 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)	716,799,672	458,842,253
General reserve	-	-
Surplus in Profit and Loss account/ Retained earnings (Note 17)	489,667,806	453,494,918
	<b>5,726,467,478</b>	<b>5,432,337,171</b>
	-	-
	<b>5,726,467,478</b>	<b>5,432,337,171</b>

###### b) Additional Tier-1 Capital

##### 2) Tier-2 Capital (Gone-concern Capital)

General provision maintained against unclassified loan	252,340,000	153,800,000
General provision on off-balance sheet items	142,600,000	72,600,000
Asset revaluation reserve	-	-
Revaluation reserve of Government securities (50%)	8,535,650	8,535,650
	<b>403,475,650</b>	<b>234,935,650</b>

##### Less: Regulatory Adjustment

Revaluation Reserve for Fixed Assets, Securities & Equity Securities  
(follow in deductions as per Basel-III Guidelines) 60%

	5,121,390	3,414,260
	<b>398,354,260</b>	<b>231,521,390</b>

##### A) Regulatory Capital (1+2)

	<b>6,124,821,738</b>	<b>5,663,858,561</b>
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##### B) Risk weighted assets (RWA)

Credit Risk		
On-Balance Sheet	24,833,860,242	20,919,744,876
Off-Balance Sheet	9,054,837,075	6,149,794,692
	<b>33,888,697,317</b>	<b>27,069,539,568</b>
Market Risk Weighted Assets	589,409,011	149,361,339
Operational Risk Weighted Assets	2,068,277,792	1,949,201,175
<b>Total RWA</b>	<b>36,546,384,120</b>	<b>29,168,102,082</b>

##### C) Required capital (Required Capital Tk.400.00 crore or actual whichever is higher)

	<b>4,000,000,000</b>	<b>4,000,000,000</b>
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##### D) Surplus (A-C)

	<b>2,124,821,738</b>	<b>1,663,858,561</b>
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##### Capital adequacy ratio:

On core capital - against standard of minimum 5%	15.67%	18.62%
On total capital - against standard of minimum 10%	16.76%	19.42%



		Amount in BDT	
		2017	2016
<b>15</b>	<b>Statutory reserve</b>		
	Balance as at 1 January	458,842,253	304,815,324
	Addition during the year ( 20% of pre-tax profit)	257,957,419	154,026,929
	Balance as at 31 December	<b>716,799,672</b>	<b>458,842,253</b>
<b>16</b>	<b>Revaluation gain/(loss) on investment</b>		
	<b>Revaluation reserve on HTM securities</b>		
	Balance as at 1 January	2,641,043	1,771,844
	Addition during the year	2,609	2,641,043
		2,643,652	4,412,887
	Adjustment of amortization/ revaluation gain against sale/maturity	(2,641,043)	(1,771,844)
	Balance as at 31 December	<b>2,609</b>	<b>2,641,043</b>
	<b>Revaluation reserve on HFT securities</b>		
	Balance as at 1 January	4,942,290	101,534,791
	Addition during the year	187,602,785	490,115,244
		192,545,075	591,650,035
	Adjustment of amortization/ revaluation gain against sale/maturity	(188,596,230)	(586,707,745)
	Balance as at 31 December	<b>3,948,845</b>	<b>4,942,290</b>
		<b>3,951,454</b>	<b>7,583,333</b>
<b>17</b>	<b>Surplus in profit and loss account/Retained earnings</b>		
	Balance as at 1 January	453,494,918	597,329,244
	Prior year adjustment	-	-
		<b>453,494,918</b>	<b>597,329,244</b>
	Add: Addition during the year	746,130,307	462,192,603
		1,199,625,225	1,059,521,847
	<b>Less:</b>		
	Transfer to Statutory reserve	257,957,419	154,026,929
	Issue of bonus shares	-	-
	Cash dividend paid	452,000,000	452,000,000
		<b>709,957,419</b>	<b>606,026,929</b>
	<b>Balance as on 31 December</b>	<b>489,667,806</b>	<b>453,494,918</b>
<b>17(a)</b>	<b>Foreign currency translation gain/(loss)</b>		
	Balance as at 1 January	138,490	231
	Addition during the year	690,199	138,259
	Disposal during the year	(138,490)	-
	<b>Balance as on 31 December</b>	<b>690,199</b>	<b>138,490</b>

		Amount in BDT	
		2017	2016
<b>18</b>	<b>Contingent liabilities</b>		
<b>18.1</b>	<b>Acceptances and endorsements</b>		
	Acceptance under Letters of Credit -Cash (Foreign) Deferred	2,693,336,299	1,105,447,684
	Acceptance under Letters of Credit -BTB (Foreign) Usance	318,808,641	171,637,338
	Acceptance under Letters of Credit -BTB EPZ (Foreign) Usance	35,527,737	52,941,484
	Acceptance under Letters of Credit -BTB (Local) Usance	340,255,901	179,135,724
	Acceptance under Letters of Credit -BTB (Foreign) EDF	-	55,625,000
	Acceptance under Letters of Credit -Others	1,679,465	-
		<b>3,389,608,043</b>	<b>1,564,787,230</b>
	Less: Margin	-	-
		<b>3,389,608,043</b>	<b>1,564,787,230</b>
<b>18.2</b>	<b>Letters of guarantee</b>		
	Letters of guarantee (Local)	5,883,235,832	3,087,767,362
	Letters of guarantee (Foreign)	351,000	-
	Foreign counter guarantees	-	-
		<b>5,883,586,832</b>	<b>3,087,767,362</b>
	Less: Margin	284,566,845	103,212,524
		<b>5,599,019,987</b>	<b>2,984,554,838</b>
	<b>Money for which the Bank is contingently liable in respect of guarantee issued favouring:</b>		
	Directors or officers	7,440,635	5,000,000
	Government	-	-
	Banks and other financial institutions	-	-
	Others	5,876,146,197	3,082,767,362
		<b>5,883,586,832</b>	<b>3,087,767,362</b>
	Less: Margin	284,566,845	103,212,524
		<b>5,599,019,987</b>	<b>2,984,554,838</b>
<b>18.3</b>	<b>Irrevocable letters of credit</b>		
	Letter of Credit - Foreign	2,982,754,223	1,411,271,876
	Letter of Credit - BTB Foreign	286,202,522	90,956,608
	Letter of Credit - BTB - EPZ	43,208,425	31,882,648
	Letter of Credit - BTB (Local)	148,248,877	137,263,726
	Letter of Credit - EDF & Others	104,188,731	19,180,731
		<b>3,564,602,778</b>	<b>1,690,555,589</b>
	Less: Margin	399,305,342	244,331,047
		<b>3,165,297,436</b>	<b>1,446,224,542</b>
<b>18.4</b>	<b>Bills for collection</b>		
	Foreign bills for collection	424,806,065	726,934,247
	Local bills for collection	817,895,822	180,707,635
		<b>1,242,701,887</b>	<b>907,641,882</b>
<b>18.5</b>	<b>Other contingent liabilities</b>		
	Other contingent liabilities	168,349,900	462,400
		<b>168,349,900</b>	<b>462,400</b>

		Amount in BDT	
		2017	2016
<b>19</b>	<b>Income statement</b>		
	<b>Income:</b>		
	Interest, discount and similar income	3,439,186,577	2,731,090,986
	Dividend income	8,155,498	6,295,139
	Fees, commission and brokerage	175,653,315	84,224,041
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	171,730,278	182,412,074
	Gains less losses arising from dealing in foreign currencies	216,170,977	76,805,766
	Income from non-banking assets	-	-
	Other operating income	51,318,160	38,408,054
	Profit less losses on interest rate changes	-	-
		<b>4,062,214,805</b>	<b>3,119,236,060</b>
	<b>Expenses:</b>		
	Interest, fees and commission	1,816,110,921	1,589,339,105
	Losses on loans and advances	-	-
	Administrative expenses	615,186,396	485,467,703
	Other operating expenses	118,206,593	115,580,951
	Depreciation on banking assets	47,003,803	42,092,769
		<b>2,596,507,712</b>	<b>2,232,480,528</b>
	Income over expenditure	<b>1,465,707,093</b>	<b>886,755,532</b>
<b>20</b>	<b>Interest income</b>		
	Interest on loans and advances	2,447,882,237	1,581,745,964
	Interest on placement with other banks and financial institutions	646,823,773	779,920,889
	Interest on foreign currency balances	6,092,938	3,557,662
		<b>3,100,798,948</b>	<b>2,365,224,515</b>
<b>21</b>	<b>Interest paid on deposits and borrowings etc.</b>		
	Interest paid on deposits	1,555,599,210	1,500,423,919
	Interest paid on term borrowings	133,940,422	26,349,609
	Interest paid on call borrowings	71,369,825	51,114,264
	Interest paid on borrowings from B. Bank	2,716,799	635,758
	Interest paid on borrowings from outside Bangladesh for OBU	52,484,665	10,815,555
		<b>1,816,110,921</b>	<b>1,589,339,105</b>
<b>22</b>	<b>Investment income</b>		
	Interest income from Government Securities (Note-22.1)	334,163,706	347,252,929
	Gain on sale of Government Securities (Note-22.2)	171,730,278	182,412,074
	Dividend on shares	8,155,498	6,295,139
	Other Investment Income	-	18,613,542
	Gain on sale of shares	4,223,923	-
		<b>518,273,405</b>	<b>554,573,684</b>

	Amount in BDT	
	2017	2016
<b>22.1 Interest Income from Government Securities</b>		
Interest on treasury bills	7,943,133	17,961,307
Interest on treasury bonds	531,861,423	510,826,445
	<b>539,804,555</b>	<b>528,787,752</b>
Interest Expenses on treasury bills/bonds	(205,640,849)	(181,534,823)
<b>Interest Income from Government Securities</b>	<b>334,163,706</b>	<b>347,252,929</b>
<b>22.2 Capital Gain on Government Securities</b>		
Capital Gain on treasury bills	1,604,681	-
Capital Gain on treasury bonds	170,125,597	182,412,074
	<b>171,730,278</b>	<b>182,412,074</b>
<b>23 Commission, exchange and brokerage</b>		
Commission on L/Cs	61,175,265	31,156,559
Commission on L/Cs - EPZ	3,489,462	472,408
Commission on Inland L/Cs	1,367,609	751,181
Commission on L/Cs-back to back	18,580,158	10,843,010
Commission on L/Gs	80,038,314	35,396,311
Commission on Export L/C	6,247,150	2,225,771
Commission on remittance	154,738	106,759
Commission on collection on FDBP/ FDBC/ FDD	3,586,531	1,706,081
Others Commission	1,014,089	1,565,961
Exchange gain (Note-23.1)	216,170,977	76,805,766
	<b>391,824,292</b>	<b>161,029,807</b>
<b>23.1 Exchange gain</b>		
Exchange gain from revaluation/trade of foreign currency	216,313,831	76,895,158
Exchange loss from revaluation/trade of foreign currency	(142,855)	(89,392)
	<b>216,170,977</b>	<b>76,805,766</b>



		Amount in BDT	
		2017	2016
<b>24</b>	<b>Other operating income</b>		
	Account Maintenance Charges	8,091,596	5,853,581
	Postage / SWIFT/ fax recoveries from Import L/Cs	11,974,263	9,357,568
	Postage / SWIFT/ fax recoveries from Export related L/Cs	3,678,689	1,996,550
	Fees on Share Transfer	1,000	3,000
	Cards Fees and Charges	2,887,445	304,946
	Other Fees and Charges	18,579,933	17,654,708
	Fees and Charges on Export related L/Cs	6,105,232	3,237,701
		<b>51,318,160</b>	<b>38,408,054</b>
	<b>Cards Fees and Charges:</b>		
	Fees and Charges (debit and prepaid card)	2,031,961	1,265,324
	<b>Credit Cards:</b>		
	Annual Fees	199,750	750
	VISA POS Reimbursement charges	669,059	548,821
	Cash Advance Fees	167,633	76,680
	Late payment and overlimit fees	577,551	135,724
	Card Cheque Fees (Processing and Issues)	790,370	80,474
	Replacement Fees and Others	67,997	241,808
		<b>4,504,321</b>	<b>2,349,581</b>
	<b>Cards Direct Expenses:</b>		
	VISA POS Reimbursement Charges	54,107	13,092
	VISA Associated Membership Sponsor Charges	304,510	474,900
	Fees and Charges of Card	1,057,207	1,458,517
	ATM Expenses NPSB	201,053	98,126
		<b>1,616,876</b>	<b>2,044,635</b>
	<b>Cards Fees and Charges (Net)</b>	<b>2,887,445</b>	<b>304,946</b>
<b>25</b>	<b>Salaries and Allowances</b>		
	Basic salary	149,777,472	124,037,211
	Other Salary & Allowances	174,219,105	136,776,560
	Bonus (Festival & Incentive/Performance)	56,440,667	36,195,915
	Bank Contribution to Provident Fund	13,110,476	9,901,150
		<b>393,547,719</b>	<b>306,910,836</b>
<b>26</b>	<b>Rent, taxes, insurance, Electricity etc.</b>		
	Rent, rates and taxes (26.1)	104,393,210	88,474,061
	Insurance	15,442,694	11,288,486
	Utilities (except telecommunication)	11,924,151	10,584,096
		<b>131,760,054</b>	<b>110,346,643</b>

		Amount in BDT	
		2017	2016
<b>26.1</b>	<b>Rent, rates and taxes</b>		
	Rent for Office	87,476,826	74,928,502
	Rent for ATM Booth	1,162,041	969,145
	Rent for Grage	90,000	120,000
	VAT on Rent	13,204,206	9,525,609
	Rates and Taxes	2,460,137	2,930,805
		<b>104,393,210</b>	<b>88,474,061</b>
<b>27</b>	<b>Postage, stamp, telecommunication etc.</b>		
	Postage	3,272,645	2,311,338
	Telephone / Mobile	4,573,614	3,593,560
	Networklink, Internet, SWIFT, Reuters etc.	17,913,232	13,395,928
		<b>25,759,492</b>	<b>19,300,826</b>
<b>28</b>	<b>Stationery, printing, advertisements etc.</b>		
	Printing & security stationery	4,725,609	4,882,534
	Petty stationery	4,724,183	3,913,638
	Computer consumable stationery	3,295,110	2,089,979
	Publicity and advertisement	30,328,241	19,361,328
		<b>43,073,144</b>	<b>30,247,479</b>
<b>29</b>	<b>Managing Director's salary and fees</b>		
	Basic Salary	4,200,000	3,525,968
	Other Salary & Allowance	3,510,410	2,518,549
	Bonus (Festival & Incentive/Performance)	1,400,000	1,400,000
	Bank Contribution to Provident Fund	420,000	352,597
		<b>9,530,410</b>	<b>7,797,114</b>
<b>30</b>	<b>Directors' fees and expenses</b>		
	Meeting attendance fees	1,832,000	1,632,000
		<b>1,832,000</b>	<b>1,632,000</b>
	Each Director is paid for BDT 8,000/- per meeting per attendance.		
<b>31</b>	<b>Depreciation and repairs of Bank's assets</b>		
	<b>Depreciation :</b>		
	Furniture and fixtures	11,077,829	9,498,918
	Machinery & Equipment	13,616,426	11,975,729
	Computer and Computer peripherals	6,052,128	5,853,564
	Motor Vehicles	6,260,028	6,260,028
	Software	9,997,392	8,504,530
		<b>47,003,803</b>	<b>42,092,769</b>
	<b>Repairs/ Replacements of the Bank's assets:</b>		
	Furniture & Fixtures	144,345	895,153
	Machinery & Equipment	1,182,164	1,230,081
	Motor Vehicles	457,131	568,371
	Software maintenance	7,899,937	6,539,200
		<b>9,683,577</b>	<b>9,232,805</b>
		<b>56,687,380</b>	<b>51,325,574</b>

		Amount in BDT	
		2017	2016
<b>32</b>	<b>Other expenses</b>		
	Security and cleaning	23,604,871	18,295,314
	Salary of casual staff	13,784,554	12,835,379
	Entertainment	9,273,613	8,123,145
	Other Professional Service charges	1,311,135	277,000
	Books and periodicals	1,082,468	497,955
	Subscription	920,834	856,000
	Donation	19,135,000	34,449,524
	Travelling expenses	2,067,390	1,836,293
	Conveyance	1,603,105	1,190,033
	Gratuity expenses	22,400,000	20,800,000
	Fuel	1,625,534	1,620,318
	Leverage & Uniform	470,220	257,800
	Training/seminar	3,125,635	2,668,604
	Annual General Meeting (AGM)	579,165	732,439
	Bank charges	4,730,776	3,085,949
	Cash carrying charges	2,407,890	687,118
	Amortization of prepaid expenses	396,705	816,104
	Electronic and Other goods	1,066,250	517,366
	VAT on expenditure	5,394,299	2,454,854
	Miscellaneous Expenses	2,440,224	3,054,756
		<b>117,419,668</b>	<b>115,055,951</b>
<b>33</b>	<b>Tax expense</b>		
	Current tax	545,866,968	308,347,484
	Deferred tax	(2,210,182)	(405,445)
		<b>543,656,786</b>	<b>307,942,039</b>
<b>34</b>	<b>Cash received from other operating activities</b>		
	Account Maintenance Charges	8,091,596	5,853,581
	Postage / SWIFT/ fax recoveries from Import L/Cs	11,974,263	9,357,568
	Postage / SWIFT/ fax recoveries from Export related L/Cs	3,678,689	1,996,550
	Fees on Share Transfer	1,000	3,000
	Cards Fees and Charges	2,887,445	304,946
	Other Fees and Charges	18,579,933	17,654,708
	Fees and Charges on Export related L/Cs	6,105,232	3,237,701
		<b>51,318,160</b>	<b>38,408,054</b>

		<b>Amount in BDT</b>	
		<b>2017</b>	<b>2016</b>
<b>35</b>	<b>Payments for other operating activities</b>		
	Rent, rates and taxes	112,189,338	127,058,337
	Postage	25,759,492	17,918,276
	Directors fees	1,832,000	1,632,000
	Repairs	9,683,577	8,268,572
	Legal expenses	536,925	275,000
	Audit fees	250,000	250,000
	Others expenses (Note 32)	117,419,668	170,060,626
		<b>267,670,999</b>	<b>325,462,811</b>
<b>36</b>	<b>Earnings per share (EPS)</b>		
	Net profit after tax for the year ended 31 December (BDT)	<b>746,130,307</b>	<b>462,192,603</b>
	Number of ordinary shares outstanding	<b>452,000,000</b>	<b>452,000,000</b>
	Weighted average number of ordinary shares	<b>452,000,000</b>	<b>452,000,000</b>
	Earnings per share (EPS) on closing number of share	<b>1.65</b>	<b>1.02</b>
	Earnings per share (EPS) - (Weighted Average)	<b>1.65</b>	<b>1.02</b>



## 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.

<u>Sl. no.</u>	<u>Name</u>	<u>Status with the committee</u>
1)	Mr. Shaikh Salahuddin	Chairman
2)	Mr. A. Mannan Khan	Member
3)	Mr. Md. Mahbubur Rahman	Member

#### 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 2017, the audit committee held 4 (four) meetings. In these meetings, the Committee reviewed the Audited Financial Statements for the year 2016 in presence of external auditors and also Inspection Reports by ICCD of the Bank from time to time and also of Bangladesh Bank in purview with Bangladesh 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 2017, 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	Outstanding as on 31.12.2017	Status
Tanveer Food Ltd.	Mr. Mostafa Kamal	Director	L/C	68,682,000	Regular
Sonargaon Seeds Crushing Mills Limited	Mr. Mostafa Kamal	Director	BG	2,440,635	Regular
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 2017**

a)

(BDT in Taka)

Name of Directors	Relationship with the Bank	Nature of transaction	Limit	Security Value	Outstanding as on 31.12.2017
Mr. Sheikh Fazle Noor Taposh	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	-
Mr. Mohammad Ismail Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	-
		Credit Card	USD 20,000	Lien on ERQ A/c for USD 20,000	-
Mr. Salahuddin Alamgir	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	BDT 78,476.25 USD 8.98
Mr. Manwar Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	-
Mrs. Syeda Sharmin Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	-
		Credit Card	USD 10,000	Lien on ERQ A/c for USD 10,000	-

**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 1,600,000.00. The Bank has paid BDT 50,400,000.00 as advance against Office Rent. During the year, Bank has paid total of BDT 19,200,000.00 and outstanding balance as advance of BDT 14,700,000.00 on 31 December 2017.

**c) Related party transactions**

Nature of Party/ Contract	Relationship	Amount
Information Technology Consultants Limited (ITCL)	Common Director	7,397,600
Bengal Media Corporation Ltd.	Common Director	1,694,000

**37.3 Number of employees**

The number of regular employees engaged for the whole year or part thereof who received a total remuneration of BDT 144,000 p.a. or above were 422 at the end of December 2017.

**37.4 Highlights on the overall activities of the Bank**

Highlights on the overall activities of the Bank have been furnished in Annexure - C.

**37.5 Coverage of External Audit**

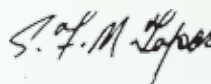
The external auditor of the Bank, M/S A. Qasem & Co., Chartered Accountants worked about in excess of 960 person hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance.



Chairman



Vice Chairman



Director



Managing Director & CEO

## Schedule of fixed assets including premises, furniture and fixtures

As at 31 December 2017

Amount in BDT

Particulars	Cost				Rate of Dep.	Depreciation			Written down value as at 31.12.2017
	Opening balance as on 01.01.2017	Addition during the year	Disposal during the year	Balance as at 31.12.2017		Opening balance as on 01.01.2017	Charged during the year	Disposal/ Adjustment during the year	
Land	-	-	-	-		-	-	-	-
Building	-	-	-	-		-	-	-	-
Furniture and fixtures	122,849,026	17,001,418	17,625	139,832,819	10%	22,642,367	11,034,754	-	33,677,121
Computer and Computer peripheral	40,160,708	9,288,824	-	49,449,532	20%	15,645,411	6,052,128	-	21,697,539
Electrical Equipments	83,831,845	20,057,360	306,099	103,583,106	20%	25,902,123	13,659,509	155,197	39,406,435
Motor vehicles	31,300,000	-	-	31,300,000	20%	15,828,395	6,260,028	-	22,088,423
	<b>278,141,579</b>	<b>46,347,602</b>	<b>323,724</b>	<b>324,165,457</b>		<b>80,018,296</b>	<b>37,006,420</b>	<b>155,197</b>	<b>116,869,519</b>
Software	39,201,235	4,189,000	-	43,390,235	20%	20,702,110	9,997,392	-	30,699,502
<b>Total as at 31st December 2017</b>	<b>317,342,814</b>	<b>50,536,602</b>	<b>323,724</b>	<b>367,555,692</b>		<b>100,720,406</b>	<b>47,003,812</b>	<b>155,197</b>	<b>147,569,021</b>
<b>Total as at 31st December 2016</b>	<b>260,725,012</b>	<b>57,169,970</b>	<b>552,168</b>	<b>317,342,814</b>		<b>59,049,159</b>	<b>42,092,769</b>	<b>421,522</b>	<b>100,720,406</b>
									<b>216,622,408</b>

## 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 Hatcheries 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 (Deep Sea Fishing)	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
			A.M. Fashions Limited	Managing Director
			Ilmeeyat Apparels Limited	Managing Director
5	Mr. Nemaï 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
			Sultana Sweaters 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
			Salma Packers 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			



**Name of the Directors of the Bank and their interest in different entities**

SI. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
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 Oil's Limited	Managing Director
			Tanveer Food Limited	Managing Director
			Tanveer Polymer Industries Limited	Managing Director
			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 & Feeds Limited	Managing Director			
Sonargaon Flour & Dal Mills Limited	Managing Director			
Meghna Beverage Limited	Managing Director			

**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
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 Oil's 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
			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			
Sonargaon Flour and Dal Mills Limited	Director			
Meghna Beverage Limited	Director			

**Name of the Directors of the Bank and their interest in different entities**

SI. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
9	Mr. Humayun Kabir	Director	Bengal Media Corporation Limited (RTV)	Managing Director
			Euphoria Apparels Ltd.	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
			Farzan Navigation	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
			Sultana Sweaters Limited	Director
			Starlight Knitters Limited	Director
			Labib Fashions Limited	Director
			Excel Sweaters Limited	Director
			Sweater Cottage Limited	Director
			Juthi Packaging Industries Limited	Director
			Salma Packers 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			

**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
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 Ltd	Chairman
			Bajnabo Textile Mills Ltd	Chairman
			China Bangla Engineering & Technology Services Ltd	Chairman
			Azbal International Limited	Chairman
			Trustee Securities Ltd	Managing Director
			Northern General Insurance Co. Ltd	Director
			Total Merchandising & Trims Ltd	Director
			United Shipping Lines Ltd	Director
			Bengal Tiger Cement Industries Ltd	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
			BD Finance & Investment Company Limited	Chairman
			BD Finance Securities Limited	Chairman
			BD Finance Capital Holdings Limited	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
			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
Commerce Bank Securities and Investment Limited	Director			



**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
15	Mr. Rezin Ahmmad Talukder Representing D & S Pretty Fashions Limited	Director	D & S Pretty Fashions Limited	Managing Director
			Pan Pacific Sweaters Limited	Managing Director
			Kaveri Sweaters Limited	Managing Director
			Pretty 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
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 Finacial 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

**Name of the Directors of the Bank and their interest in different entities**

SI. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
			M/s. Didarul Alam & Brothers	Proprietor
			Silk Line Travels	Proprietor
			Amena Fishing	Proprietor
19	Mrs. Syeda Sharmin Hossain Representing Sharmin Fashions Limited	Director	Sharmin Apparels Limited	Director
			Sharmin Fashions Limited	Director
			Sharaf Apparels Limited	Director
			Ishayat Apparels Limited	Director
			Sharaf Washing & Dyeing Industries Limited	Director
			Sharaf Embroidery & Printing Limited	Director
			A.M. Design Limited	Director
			A.M. Fashions Limited	Director
			Ilmeeyat Apparels Limited	Director
20	Mr. Md. Shaful Azam	Managing Director & CEO	-	-

## Highlights on the overall activities

As at and for the year ended 31 December 2017

SI No.	Particulars		2017	2016
1	Paid-up capital	Taka	4,520,000,000	4,520,000,000
2	Total capital	Taka	6,124,821,738	5,663,858,561
3	Capital surplus	Taka	2,124,821,738	1,663,858,561
4	Total assets	Taka	45,049,866,867	32,424,511,226
5	Total deposits	Taka	33,036,436,311	23,303,738,156
6	Total loans and advances	Taka	30,181,299,160	17,138,604,604
7	Total contingent liabilities and commitments	Taka	14,248,849,440	7,251,214,463
8	Credit deposit ratio	%	90.87%	73.54%
9	Percentage of classified loans against total loans and advances	%	0.29%	0.26%
10	Profit after tax and provision	Taka	746,130,307	462,192,603
11	Amount of classified loans	Taka	88,287,680	45,119,313
12	Provisions kept against classified loans	Taka	12,100,000	6,220,000
13	Provision surplus/(deficit) against classified loans	Taka	197,262	486,508
14	Cost of fund	%	7.16%	8.17%
15	Interest earning assets	Taka	41,712,917,403	29,373,016,752
16	Non-interest earning assets	Taka	3,336,949,464	3,051,494,475
17	Return on investment (ROI) [PAT/{Average Equity+Long Term Borrowings+Deposits-Non Cash Fund}]	%	1.74%	1.52%
18	Return on assets (ROA) [PAT/ Average assets]	%	1.93%	1.65%
19	Income from investment	Taka	518,273,405	554,573,684
20	Capital adequacy	%	16.76%	19.42%
21	Stock dividend		-	-
22	Earnings per share	Taka	1.65	1.02
23	Net income per share	Taka	1.65	1.02
24	Price earning ratio	Times	-	-

Segment Reporting

Reportable Segment	Operation
Branch Banking	General Banking
	Credit
	Foreign Inward Remittance
	Foreign Trade
Treasury Division	Sale/Purchase of Treasury Bill
	Sale/Purchase of Treasury Bond
	Call Money Lending/Borrowing

Disclosure

Amount in BDT

Particulars	Main Operation	OBU	Total
<b>External Revenue</b>			
Interest Income	3,348,341,852	86,620,802	3,434,962,654
Less: Interest Expense	1,755,554,319	60,556,601	1,816,110,920
<b>Net Interest Income</b>	<b>1,592,787,533</b>	<b>26,064,201</b>	<b>1,618,851,734</b>
Commission, exchange and brokerage	387,797,385	4,026,908	391,824,292
Capital gain	171,730,278	-	171,730,277
Other Income	63,622,493	75,088	63,697,581
<b>Operating Income</b>	<b>2,215,937,688</b>	<b>30,166,197</b>	<b>2,246,103,884</b>
Less: Administrative Expense	779,514,159	882,633	780,396,792
<b>Profit</b>	<b>1,436,423,529</b>	<b>29,283,564</b>	<b>1,465,707,093</b>
<b>Inter-Segment Revenue</b>	-	-	-
<b>Total Segment profit before provision</b>	<b>1,436,423,529</b>	<b>29,283,564</b>	<b>1,465,707,093</b>
<b>Segment Assets</b>	<b>42,878,514,146</b>	<b>2,171,352,720</b>	<b>45,049,866,866</b>
<b>Segment Liabilities</b>	<b>37,177,378,779</b>	<b>2,141,378,957</b>	<b>39,318,757,737</b>



## Off-shore Banking Unit

### Balance Sheet

As at 31 December 2017

Particulars	Note	31-Dec-2017		31-Dec-2016	
		USD	BDT	USD	BDT
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>		-	-	-	-
Cash in hand (including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its Agents Bank (including foreign currency)		-	-	-	-
<b>Balance with other Banks and financial institutions</b>	1	<b>192,904</b>	<b>15,953,175</b>	<b>100,759</b>	<b>8,005,279</b>
In Bangladesh		-	-	-	-
Outside Bangladesh		192,904	15,953,175	100,759	8,005,279
<b>Money at call on short notice</b>		-	-	-	-
<b>Investments</b>		-	-	-	-
Government securities		-	-	-	-
Other investments		-	-	-	-
Outside Bangladesh		-	-	-	-
<b>Loans and advances</b>	2	<b>25,969,270</b>	<b>2,147,658,627</b>	<b>11,638,162</b>	<b>924,651,995</b>
Loans, cash credits, overdrafts, etc.					
Bills purchased and discounted	3	25,969,270	2,147,658,627	11,638,162	924,651,995
<b>Fixed assets including premises, furniture and fixtures</b>	4	<b>4,545</b>	<b>356,814</b>	<b>5,235</b>	<b>416,328</b>
<b>Other assets</b>	5	<b>89,288</b>	<b>7,384,105</b>	<b>2,825</b>	<b>224,273</b>
Non Banking Assets		-	-	-	-
<b>Total assets</b>		<b>26,256,007</b>	<b>2,171,352,720</b>	<b>11,746,981</b>	<b>933,297,875</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowing from other banks, financial Institutions and agents</b>	6	<b>25,483,000</b>	<b>2,107,444,100</b>	<b>11,476,640</b>	<b>911,819,034</b>
In Bangladesh		19,813,000	1,638,535,100	11,476,640	911,819,034
Outside Bangladesh		5,670,000	468,909,000	-	-
<b>Deposit and other accounts</b>	7	<b>231,612</b>	<b>19,154,298</b>	<b>42,370</b>	<b>3,366,263</b>
Current deposits and other accounts		231,612	19,154,298	42,370	3,366,263
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
<b>Other liabilities</b>	8	<b>178,725</b>	<b>14,780,560</b>	<b>82,906</b>	<b>6,586,905</b>
<b>Total liabilities</b>		<b>25,893,337</b>	<b>2,141,378,957</b>	<b>11,601,916</b>	<b>921,772,202</b>
<b>Capital / Shareholders' equity</b>					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
Other reserve		-	-	-	-
Foreign currency translation gain		-	690,199	-	138,490
Surplus in Profit and Loss Account	9	362,671	29,283,564	145,065	11,387,183
<b>Total shareholders' equity</b>		<b>362,671</b>	<b>29,973,763</b>	<b>145,065</b>	<b>11,525,672</b>
<b>Total liabilities and shareholders' equity</b>		<b>26,256,007</b>	<b>2,171,352,720</b>	<b>11,746,981</b>	<b>933,297,875</b>

## Off-shore Banking Unit

Balance Sheet

As at 31 December 2017

Particulars	Note	31-Dec-2017		31-Dec-2016	
		USD	BDT	USD	BDT
<b><u>OFF BALANCE SHEET ITEMS</u></b>					
<b>Contingent liabilities</b>	10				
Acceptances and endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
		-	-	-	-
<b>Other Commitments:</b>					
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 2017

Particulars	Note	31-Dec-2017		31-Dec-2016	
		USD	BDT	USD	BDT
Interest income	11	1,072,836	86,620,802	276,477	21,701,577
Less: Interest paid on deposits, borrowings, etc.	12	750,020	60,556,601	137,779	10,815,556
<b>Net Interest income</b>		<b>322,816</b>	<b>26,064,201</b>	<b>138,698</b>	<b>10,886,022</b>
Income from investment		-	-	-	-
Commission, exchange and brokerage	13	49,875	4,026,908	17,971	1,411,145
Other operating income	14	930	75,088	20	1,575
<b>Total operating income</b>		<b>373,621</b>	<b>30,166,197</b>	<b>156,689</b>	<b>12,298,742</b>
Salaries and allowances		-	-	-	-
Rent, taxes, insurance, lighting and travelling	15	4,327	349,356	9,262	726,402
Legal expenses		4,845	391,156	-	-
Postage, stamp, telegram and telephone	16	6	512	5	414
Auditors' fee		-	-	-	-
Stationery, printing and advertisement	17	233	18,806	60	4,708
Charges on loan loss		-	-	-	-
Managing Director's salary		-	-	-	-
Directors' meeting fee		-	-	-	-
Repair, maintenance and depreciation of assets	18	690	54,133	414	32,462
Other expenses	19	851	68,669	2,444	191,638
<b>Total operating expenses</b>		<b>10,951</b>	<b>882,633</b>	<b>12,185</b>	<b>955,625</b>
<b>Profit before provision</b>		<b>362,671</b>	<b>29,283,564</b>	<b>144,504</b>	<b>11,343,117</b>
Provision for loans & advance, other assets & off BS items		-	-	-	-
<b>Profit before taxation</b>		<b>362,671</b>	<b>29,283,564</b>	<b>144,504</b>	<b>11,343,117</b>

## Off-shore Banking Unit

### Cash Flow Statement

For the year ended 31 December 2017

Particulars	Note	31-Dec-2017		31-Dec-2016	
		USD	BDT	USD	BDT
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest received in cash		1,072,836	86,620,802	276,477	21,701,808
Interest payments		(750,020)	(60,556,601)	(137,779)	(10,815,556)
Dividend received		-	-	-	-
Fees and commission received in cash		49,875	4,026,908	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		930	75,088	20	1,575
Cash paid for other operating activities		(10,261)	(796,023)	(11,771)	(923,625)
<b>Cash flows before charges in operating assets and liabilities</b>		<b>363,360</b>	<b>29,370,174</b>	<b>144,917</b>	<b>11,375,348</b>
<b>Increase / Decrease in operating assets and liabilities</b>					
Loans and advances to customers		(14,331,108)	(1,223,006,632)	(11,443,150)	(909,265,512)
Other assets		(86,463)	(7,159,832)	(2,825)	(224,273)
Borrowing from Banks		-	-	-	-
Deposits from other Banks		-	-	-	-
Deposit from customers		189,242	15,788,034	42,370	3,366,263
Other Liabilities		95,819	8,166,558	82,906	6,586,905
		<b>(14,132,510)</b>	<b>(1,206,211,871)</b>	<b>(11,320,699)</b>	<b>(899,536,617)</b>
<b>Net cash from operating activities</b>		<b>(13,769,150)</b>	<b>(1,176,841,697)</b>	<b>(11,175,781)</b>	<b>(888,161,269)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of securities		-	-	-	-
Cash payments for purchase of securities		-	-	-	-
Purchase/ Sale of property, Plant & equipment of fixed assets		-	-	(5,648,711)	(448,790)
Sales of fixed assets		-	-	-	-
<b>Net cash from investing activities</b>		<b>-</b>	<b>-</b>	<b>(5,649)</b>	<b>(448,790)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Borrowing from other banks, financial institutions and agents		14,006,360	1,195,625,066	11,160,185	886,850,735
Net profit transferred to main operations		(145,065)	(11,387,182)	-	-
<b>Net Cash from Financing activities</b>		<b>13,861,295</b>	<b>1,184,237,884</b>	<b>11,160,185</b>	<b>886,850,735</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>92,145</b>	<b>7,396,187</b>	<b>(21,245)</b>	<b>(1,759,324)</b>
Effects of exchange rate changes on cash and cash equivalents		-	551,709	-	138,490
<b>Opening cash and cash equivalent</b>		<b>100,759</b>	<b>8,005,279</b>	<b>122,004</b>	<b>9,626,113</b>
<b>Closing cash and cash equivalent</b>		<b>192,904</b>	<b>15,953,175</b>	<b>100,759</b>	<b>8,005,279</b>



	31-Dec-2017		31-Dec-2016	
	USD	BDT	USD	BDT
<b>1 Balance with other Banks and Financial Institutions</b>				
In Bangladesh (Note -3.01)	-	-	-	-
Outside Bangladesh (Note -3.02)	192,904	15,953,175	100,759	8,005,279
	<b>192,904</b>	<b>15,953,175</b>	<b>100,759</b>	<b>8,005,279</b>
<b>1.01 In Bangladesh</b>	-	-	-	-
	-	-	-	-
<b>1.02 Outside Bangladesh</b>				
Current Account	192,904	15,953,175	100,759	8,005,279
	<b>192,904</b>	<b>15,953,175</b>	<b>100,759</b>	<b>8,005,279</b>
<b>2 Loans and advances</b>				
<b>i) Loans, cash credits, overdrafts, etc</b>				
Term Loan				
Lease Finance				
T.R. Loan				
	-	-	-	-
<b>ii) Bills purchased and discounted (note-5)</b>				
<b>Inside Bangladesh</b>				
Inland bills purchased and discounted	25,182,085	2,082,558,396	11,638,162	924,651,995
<b>Outside Bangladesh</b>				
Foreign bills purchased and discounted	787,185	65,100,231		
	<b>25,969,270</b>	<b>2,147,658,627</b>	<b>11,638,162</b>	<b>924,651,995</b>
	<b>25,969,270</b>	<b>2,147,658,627</b>	<b>11,638,162</b>	<b>924,651,995</b>
<b>2.01 Geographical location-wise Loans and Advances</b>				
Dhaka	25,969,270	2,147,658,627	11,638,162	924,651,995
Chittagong Division	-	-	-	-
Sylhet	-	-	-	-
Rajshahi Division	-	-	-	-
Khulna	-	-	-	-
Barisal	-	-	-	-
	<b>25,969,270</b>	<b>2,147,658,627</b>	<b>11,638,162</b>	<b>924,651,995</b>
<b>2.02 Classification of Loans and Advances</b>				
<b>Unclassified :</b>				
(i) Standard	25,969,270	2,147,658,627	11,638,162	924,651,995
(ii) Special mention account	-	-	-	-
<b>Classified :</b>				
(i) Substandard	-	-	-	-
(ii) Doubtful	-	-	-	-
(iii) Bad / Loss	-	-	-	-
	<b>25,969,270</b>	<b>2,147,658,627</b>	<b>11,638,162</b>	<b>924,651,995</b>

	31-Dec-2017		31-Dec-2016	
	USD	BDT	USD	BDT
<b>3 Bills purchased and discounted</b>				
In Bangladesh	25,182,085	2,082,558,396	11,638,162	924,651,995
Outside Bangladesh	787,185	65,100,231	-	-
	<b>25,969,270</b>	<b>2,147,658,627</b>	<b>11,638,162</b>	<b>924,651,995</b>
<b>4 Fixed assets including premises, furniture and fixtures</b>				
<b>Cost</b>				
Furniture and fixtures	4,196	329,424	4,196	333,410
Electrical Equipments	1,452	114,000	1,452	115,380
	<b>5,649</b>	<b>443,424</b>	<b>5,649</b>	<b>448,790</b>
<b>Less: Accumulated depreciation</b>				
Furniture and fixture	652	51,184	244	19,184
Electrical Equipments	451	35,426	169	13,278
	<b>1,103</b>	<b>86,610</b>	<b>414</b>	<b>32,462</b>
	<b>4,545</b>	<b>356,814</b>	<b>5,235</b>	<b>416,328</b>
<b>5 Other assets</b>				
Advance deposits and advance rent	1,125	93,030	1,125	89,374
Other prepaid expense	88,163	7,291,075	1,700	134,899
Interest receivable on Bills discount				
	<b>89,288</b>	<b>7,384,105</b>	<b>2,825</b>	<b>224,273</b>
<b>6 Borrowing from other banks, financial Institutions and its agents</b>				
<b>In Bangladesh:</b>				
Modhumoti Bank Limited	6,453,000	533,663,100	3,414,640	271,293,134
Eastern Bank Limited	3,000,000	248,100,000	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	1,860,000	153,822,000	1,960,000	155,722,000
Value Port Ltd	-	-	170,000	13,506,500
Agrani Bank Ltd.	5,000,000	413,500,000	-	-
Commercial Bank of Ceylon	1,500,000	124,050,000	-	-
The Premier Bank Ltd.	2,000,000	165,400,000	-	-
Bangladesh Bank	-	-	-	-
	<b>19,813,000</b>	<b>1,638,535,100</b>	<b>11,476,640</b>	<b>911,819,034</b>
<b>Outside Bangladesh</b>	5,670,000	468,909,000	-	-
	<b>25,483,000</b>	<b>2,107,444,100</b>	<b>11,476,640</b>	<b>911,819,034</b>
<b>7 Deposit and other accounts</b>				
Current deposits and other accounts	231,612	19,154,298	42,370	3,366,263
Modhumoti Bank Limited				
Bangladesh Bank	-	-	-	-
	<b>231,612</b>	<b>19,154,298</b>	<b>42,370</b>	<b>3,366,263</b>

		31-Dec-2017		31-Dec-2016	
		USD	BDT	USD	BDT
<b>8</b>	<b>Other liabilities</b>				
	Interest payable on borrowings	150,059	12,409,885	82,906	6,586,905
	Due to Head Office	28,570	2,362,747		
	Others	96	7,928	-	-
		<b>178,725</b>	<b>14,780,560</b>	<b>82,906</b>	<b>6,586,905</b>
<b>9</b>	<b>Surplus in Profit and Loss Account</b>				
	Opening balance	145,065	11,387,183	561	44,066
	Less: Adjustment/ payment for the year	(145,065)	(11,387,183)	-	-
	Add: Addition during the year	362,671	29,283,564	144,504	11,343,117
		<b>362,671</b>	<b>29,283,564</b>	<b>145,065</b>	<b>11,387,183</b>
		31-Dec-2017		31-Dec-2016	
		USD	BDT	USD	BDT
<b>10</b>	<b>Contingent liabilities</b>				
<b>10.01</b>	<b>Acceptance &amp; endorsement</b>				
	Back to Back bills	-	-	-	-
	Less: Margin	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10.02</b>	<b>Letters of credits</b>				
	Letters of credits	-	-	-	-
	Back to Back letter of credit	-	-	-	-
	Less: Margin	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10.03</b>	<b>Letter of guarantee</b>				
	Letters of guarantee (Local)	-	-	-	-
	Letters of guarantee (Foreign)	-	-	-	-
	Foreign counter guarantees	-	-	-	-
	Less: Margin	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10.04</b>	<b>Bills for collection</b>				
	Outward local bills for collection	-	-	-	-
	Inward foreign bills for collection	-	-	-	-
	Less: Margin	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	31-Dec-2017		31-Dec-2016	
	USD	BDT	USD	BDT
<b>11 Interest income</b>				
Term Loan				
LTR loan				
Bills discount	1,070,103	86,400,149	275,875	21,654,351
Others	-	-	-	-
<b>Interest on loans and advances</b>	<b>1,070,103</b>	<b>86,400,149</b>	<b>275,875</b>	<b>21,654,351</b>
Interest on balance with other banks and financial institutions	2,733	220,653	602	47,227
Interest received from foreign banks	-	-	-	-
	2,733	220,653	602	47,227
<b>Total Interest income</b>	<b>1,072,836</b>	<b>86,620,802</b>	<b>276,477</b>	<b>21,701,577</b>
<b>12 Interest paid on deposits, borrowings, etc.</b>				
Interest paid on borrowings, etc.	750,020	60,556,601	137,779	10,815,556
Interest paid on Bangladesh Bank				
	<b>750,020</b>	<b>60,556,601</b>	<b>137,779</b>	<b>10,815,556</b>
<b>13 Commission, exchange and brokerage</b>				
Commission, exchange and brokerage	49,875	4,026,908	17,971	1,411,145
	<b>49,875</b>	<b>4,026,908</b>	<b>17,971</b>	<b>1,411,145</b>
<b>14 Other operating income</b>				
Postage / SWIFT/ fax recoveries from Others Business	930	75,088	20	1,575
	<b>930</b>	<b>75,088</b>	<b>20</b>	<b>1,575</b>
<b>15 Rent, taxes, insurance, electricity etc.</b>				
Rent, rates and taxes	3,588	289,695	8,227	645,175
Insurance	27	2,149	28	2,172
Electricity and lighting	712	57,512	1,008	79,055
	<b>4,327</b>	<b>349,356</b>	<b>9,262</b>	<b>726,402</b>
<b>16 Postage, stamp, telecommunication etc.</b>				
Postage				
Telephone	6	512	5	414
	<b>6</b>	<b>512</b>	<b>5</b>	<b>414</b>
<b>17 Stationery, printing, advertisements etc.</b>				
Petty stationery	135	10,886	17	1,349
Publicity and advertisement	98	7,920	43	3,359
	<b>233</b>	<b>18,806</b>	<b>60</b>	<b>4,708</b>



		31-Dec-2017		31-Dec-2016	
		USD	BDT	USD	BDT
<b>18</b>	<b>Depreciation and repairs of Bank's assets</b>				
	<b>Depreciation :</b>				
	Furniture and fixtures	408	31,991	244	19,184
	Electrical appliance	282	22,142	169	13,278
		<b>690</b>	<b>54,133</b>	<b>414</b>	<b>32,462</b>
<b>19</b>	<b>Other expenses</b>				
	Security and cleaning				
	Entertainment	374	30,223	102	8,034
	Travelling expenses	64	5,193	17	1,311
	Conveyance	91	7,342	44	3,479
	Other expense	321	25,912	2,280	178,815
		<b>851</b>	<b>68,669</b>	<b>2,444</b>	<b>191,638</b>



The Bank always emphasized on establishing ATMs and using technology-based banking facilities.



The Bank prioritised women education in CSR activities.



The Bank always extended helping hand to local community.



The Bank has established Agent points at 265 unions so far.

# **Sustainability Report**

## **Brief Report on Risk Management**

### **Disclosures under Basel III**



Moving towards sustainability is also a social challenge that entails international and national law, urban planning and transport, local and individual lifestyles and ethical consumerism. By integrating social and environmental responsibility into core business processes and stakeholder management, the Bank recognizes its ability to achieve the ultimate goal of creating both social and corporate value.





## Few words on Sustainable Finance

‘Sustainable Finance’ is comparatively a new phenomenon in 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 banking and selection of borrowers in such a way so that a bank can contribute in the Sustainable Development Goals (SDGs) to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity.

There is a growing movement, worldwide, to not only be a more responsible corporate citizen, but to trade on that fact and Sustainability Reporting is the prerequisite of this undertaking for diverse organizations in the recent time. Sustainable Business, Corporate Social Responsibility, Environmental and Social Risk Assessments are other terms heard increasingly in business, investment and governance forums today and this belies the growing significance of this activity.

Bangladesh Bank has already provided a guideline and circulars for all banks and financial organizations which include the Environmental & Social Risk Management, based on which banks in Bangladesh formulated their own policy. Modhumoti Bank Limited has also adopted a policy in this context duly approved by the Board of Directors. To ensure the sustainable financing (environment and society friendly), we have taken the endeavor to report the activities relating to sustainable financing, green banking initiatives and corporate social responsibility (CSR) for our stakeholders.

It is our immense pleasure that the Bank believes in ethical banking business which takes into consideration of the environment and society in lending and also creating different deposit products.

The Bank has lending exposure in environment friendly brick kiln and also has around 29 per cent of its financing in SME sectors which creates huge job opportunities for the communities involved. The Bank has already established more than 200 agent points across the country from a view point of financial inclusion, an effort to include the unbanked population of the country in the formal banking channel. The Bank has also contributed to a wide range of local initiatives in many areas including to Honorable Prime Minister’s Relief Fund under CSR activities of the Bank.

We are committed to be profitable and sustainable in doing business complying the environmental and social risk management guidelines of Bangladesh Bank and also the SDG of UNDP. We believe, this will pave us the way to help more people and eventually the businesses of the Bank to prosper. And last but not the least; we will continue to value the demand of the society as a whole including the people, customers, shareholders, communities and our customers.

Best Regards,

**Kazi Ahsan Khalil**

Deputy Managing Director & Head of Business  
Chairman, Sustainable Finance Committee



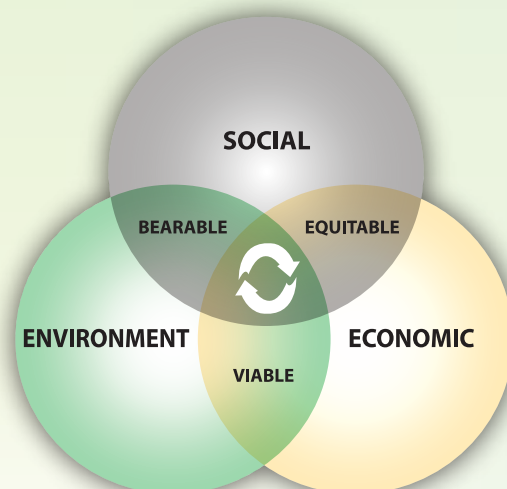
# Sustainability Report

## Sustainable Banking

Sustainability is the process of change, in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential. Sustainable development is such development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

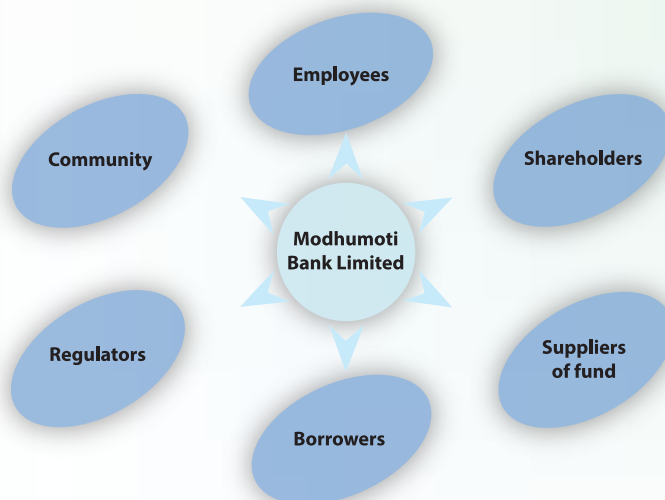
Moving towards sustainability is also a social challenge that entails international and national law, urban planning and transport, local and individual lifestyles and ethical consumerism. By integrating social and environmental responsibility into core business processes and stakeholder management, the Bank recognizes its ability to achieve the ultimate goal of creating both social and corporate value. Modhumoti Bank Limited is growing both in terms of asset and liability, profit and human resources. We are committed to serve all strata of society and through careful customer segmentation that provide financial access and services across the continuum of socio-demographic groups.

Modhumoti Bank always believes that growth should be both inclusive and environmentally sound to reduce poverty and build shared prosperity for our society to continue to meet up the needs of future generations. We are working towards building a solid business model capable of generating stable revenue, delighted customers, disciplined use of capital, rationalization of cost, prudent risk management, and strength of brand to become sustainable banking institute of the country. Being sustainable also means taking responsible decisions in context of ethical, social and environmental issues as well as long term welfare of the community.



## Stakeholders of sustainable banking

As a commercial bank, Modhumoti Bank has a large number of stakeholders which include, but not limited to employees, suppliers of funds and borrowers, communities, regulators, government institutions, shareholders and the society as a whole. Wider community has the right to know the banking footprint of the Bank and corresponding impact on them. The Bank always values the right of the stakeholders.



## Organizational Structure for Sustainable Banking & Green Initiatives

Bangladesh Bank has instructed the banks to form a 'Sustainable Finance Unit' in the Bank through SFD Circular No.02 dated December 01, 2016. As per para 2.1 of the circular, the Green Banking Cell & CSR Desk of the Bank will be dissolved with the newly formed Sustainable Finance Unit. Accordingly, the Bank formed Sustainable Finance Unit duly approved by the Board's Risk Management Committee. The Unit is working to implement the green banking activities and ensuring the corporate social responsibility.

As per BB guidance, the Risk Management Committee of Board is entrusted with the following responsibilities regarding Sustainable Banking & Sustainable Finance (Green Banking & CSR) of the Bank:

- To perform the activities regarding authorizing, managing & evaluating the functions /activities of Sustainable Finance Unit (SFU) and Sustainable Finance Committee;
- To authorize annual budget for Green Finance, CSR, Climate Risk Fund, Green Marketing.
- To approve the setting up of Sustainable Finance Unit (SFU) and Sustainable Finance Committee.

Modhumoti Bank has a Sustainable Finance Committee headed by the Deputy Managing Director of the Bank and comprises the heads of different divisions following the instruction Bangladesh Bank. This Committee meets at least once a quarter and proposes, coordinates and promotes the Bank's sustainability initiatives. The Sustainable Finance Committee is entrusted with the following responsibilities:

- To perform the activities regarding authorizing, managing & evaluating the functions/activities of Sustainable Finance Unit (SFU);
- To provide yearly goals & targets for the Sustainable Finance Unit (SFU) and evaluate the achievement;
- To ensure the co-ordination & co-operation among all the departments of the Bank regarding the activities of Sustainable Finance Unit (SFU).

## Green Banking Initiatives

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 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). The Bank has established Sustainable Finance Unit in 2017 dissolving the Green Banking Cell and CSR Desk of the Bank as per the SFD Circular No.02 dated December 01, 2016.

### Sustainable Finance Committee

**Chairman** : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Head of Business

**Members** : Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management  
Mr. Md. Shaheen Howlader, SEVP and Head of SME & Retail Banking  
Mr. Sufi Tofail Ahamed, EVP and Head of ICT  
Mr. Javed Khan, EVP and Head of Corporate  
Ms. Fahmida Saeed Saki, SVP and Head of International Division  
Mr. Md. Shafiqur Rahman, SVP and Head of HRD  
Mr. Md. Zainul Abedin, VP and Head of ICCD  
Mr. Shah Md. Humayun Kabir, VP, Banking Operation Division  
Mr. R.M. Sariful Islam, VP, Credit Administration Division  
Ms. Hasi Rani Bepari, FVP, Credit Risk Management Division  
Mr. Md. Humayun Kabir Bhuiyan, FVP, E&CSD  
Mr. Md. Gias Uddin, FVP, Finance and Accounts Division  
Mr. Md. Mojammel Hoque, AVP, Risk Management Division & Member Secretary  
Mr. S. M. Ashikur Rahman, AVP, Card Division  
Mr. Golam Mortuza, Officer, PRD

*\*As of December 31, 2017*

*The Committee has been formed with incumbent officials of the functional designation. The senior most responsible incumbent official represents in the committee.*

- Activities or functions regarding the development of own rules & regulations, rectification, updating and implementing in the Bank including green banking, CSR, ESRM, Green Office Guide, Green Strategic Planning and Gender Parity;
- Financing to projects that are environmental friendly;
- Checking the necessary environmental due diligence factors before lending;
- Make efficient and effective use of our resources and channel our financing in an environment friendly manner;
- Introducing new technology in our banking operations that would not only benefit our customers but also increase the productivity of our employees;
- Reduce carbon footprint in our branches and corporate Offices;
- Create awareness amongst the stakeholders about environmental and social responsibility enabling them to adopt environment friendly business practices;
- Effectively and efficiently manage the activities of both Green Banking and CSR;
- Improving our reporting capacity as per regulatory norms & in line with international standards;
- Strengthening our monitoring capabilities on our sustainable activities;
- Developing own Strategic Paper, rectification, updating and implementation including Carbon Footprint Measurement, establish & manage the Climate Risk Fund, Green Marketing;
- Ensuring all the activities regarding Sustainable Development Goals (SDG) announced by United Nations (UN) as instructed by Bangladesh Bank;
- Ensuring having training of the official/staff of the Bank upon environment friendly banking, CSR, sustainable banking and Sustainable finance.

### Sustainable performance highlights in 2017

Performance criteria	Achievement of the Bank	Remarks
Gender diversity among permanent employees	Permanent employees include 343 male and 78 female i.e. 18.52 per cent female employees.	The Bank has no gender prejudice and treats all the employees and customers fairly and equally.
Training	Different training attended by 528 employees including 82 female attendees.	The Bank believes in training and development for all the employees for sustainable banking and state of the art servicing.
Green finance	The bank had green finance of Tk.286.70 million in 2017.	The Bank is committed to increase the portfolio over the years.
Consumption of Water	Consumption of water decreased by 22 per cent in 2017 compared to 2016.	The Bank is always trying to improve the performance standard in relation to green banking.
Energy Consumption	Fuel consumption decreased by 68 per cent in 2017 compared to 2016.	We want to minimize carbon footprint as far as possible.
Climate Risk Fund	The Bank donated Tk.9.80 million as CSR for the flood affected people of the country.	We are committed to help the society in return as a corporate entity.
Online Banking	All 29 branches of the Bank are operating through online coverage.	The Bank believes in hassle-free banking for the customers for the ultimate success.
SMS Banking	74.79 per cent of total accounts are facilitated with SMS Banking	The Bank is eying to serve the customers.

## **Commitment to Sustainable Development**

On 25 September 2015, the United Nations General Assembly formally adopted the 2030 Agenda for Sustainable Development, along with a set of 17 Sustainable Development Goals and 169 associated targets. Building upon the success of the Millennium Development Goals, this new development agenda is the international community's primary guide for sustainable development in the years to come. Like never before, the sustainability aspects of development are considered of primary concern at local, national, regional and international levels.

Modhumoti Bank is in a process of managing relationships with stakeholders in the context of the world's foremost sustainability challenges and committed towards these goals and is helping to achieve them through its business activities and its community investment program.

## **Social Development**

Inclusive Social Development encompasses a wide range of issues, including but not limited to: poverty eradication, the reduction of inequalities, employment generation, the promotion of cooperatives, family, the role of civil society, older persons and ageing, youth, disability, and indigenous peoples.

In this aspect, Modhumoti Bank Limited has taken a number of initiatives including Tk.10 account opening for the marginal farmers, employment of 553 people including support staffs, CSR expenditure for the society, opened more than 200 Agent Banking Points for bringing unbanked population in the formal banking channel.

## **Environmental & Social Risk Management**

The Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh has been issued by Bangladesh Bank through SFD Circular No.2 dated February 08, 2017. From January 01, 2018 'Guidelines on ESRM' will be enforceable under Bank Company Act, 1991 and Financial Institutions Act, 1993. During 2017, Modhumoti Bank initiated a number steps including establishment of Sustainable Finance Unit and developing ESRM Policy so that ESRM guidelines of the regulator can be implemented in the Bank from the year 2018.

## **Online & SMS Banking**

The customers can transact online through all the branches of the Bank i.e. 100% online banking network. The internet banking of the Bank is also getting momentum. Presently 74.79 per cent of the total accounts are facilitated with SMS Banking, which is targeted to reach to 100 per cent. In addition, the Bank has already been connected to the National Payment Switch of Bangladesh (NPSB) which enables the Bank widely through almost all the ATM Booths of the country.

## **Community Investment**

Modhumoti Bank also contributes to economic and social development through initiatives and programs that support the community. We believe that the most rewarding investment is investing for the society. We are driven by our purpose to sustain and ensure growth by making profit for the stakeholders. We believe in creating long-lasting value for our clientele, shareholders, and employees and above all for the community we operate in. As a responsible corporate, we ensure our CSR activities are anchored on the principle of 'Building Social Capital'. We recognize that we have some definite responsibilities to our customers, employees, government, environment, and to the communities at large.

## **Corporate Social Responsibility**

In the context of Banking, Corporate Social Responsibility is the commitment of the Bank to the stakeholders in conducting business in an economically, socially and environmentally sustainable manner that is transparent and ethical so that stakeholders are not negatively impacted for the activities of the Bank. The stakeholders include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organizations, local communities, environment and society at large.

Our system of corporate governance provides the basis for the responsible management, transparency of processes and compliance to regulatory bodies with a focus on sustainable value creation. Since inception, the Bank actively participated in many endeavor as part of the CSR activities of the Bank. Sustainable Finance Unit of the Bank presently looks after the CSR activities of the Bank including reporting on CSR activities in the prescribed format to Bangladesh Bank in timely manner.



In this respect, the Bank has a well-defined policy titled 'Corporate Social Responsibility (CSR) Policy of Modhumoti Bank Limited' with the following objectives:

- The policy will act as the guiding principles for implementing CSR initiatives of the Bank;
- The philosophy and spirit of corporate social responsibility is to get embedded in the core values of the Bank;
- The Policy will help to create awareness of the responsibility of the Bank regarding CSR activities among the stakeholders;
- The adoption of CSR activities and performance (in CSR) of the bank are being treated as an additional indicator for Management's efficiency which reflects in CAMELS rating;
- Actively participated in achieving the Sustainable Development Goals (SDGs) by the Government of the country by 2030.

The Bank has following indicative areas for CSR initiatives as recommended by Bangladesh Bank:

CSR Initiatives	Indicative CSR Allocation
Education	30%
Preventive and curative healthcare	20%
Other areas	50%

Apart from the above, the Bank will have the CSR initiatives/activities as follows:

- Financial inclusion including subsidized lending as per BB circulars;
- The Bank may consider establishing Scholarship Program for poor and meritorious students or other CSR initiatives to participate directly in the community development program of the country.
- Other areas as per the decision of the Board of Directors from time to time.

However, the indicative allocation of CSR expenditure may vary with the proper approval of the competent authority.

### Expenditure as Corporate Social Responsibility in 2017

The Bank contributed a total sum of BDT.19.14 million in 2017 for the purpose of CSR in a number of local initiatives. The detail of the contribution is appended below:

Particulars	Amount
<b>Prime Minister's Relief Fund</b>	12.30
Donation for conducting relief initiatives including support to flood victims and cold wave	
<b>Pradhanmontrir Sikkha Sohayata Trust</b>	2.50
Donation for promoting educational, health and social activities	
<b>Suchona Foundation</b>	2.50
Contribution for development of education institutes	
Contribution for development of girls' education	1.00
Donation to the dependent child of a deceased Bank Employee	0.50
Others	0.34
<b>Total</b>	<b>19.14</b>

### Disaster Management and our commitment

The Bank always stands by the people in need and reaching out to them in crisis. We believe that as a Bank it has greater responsibility for the society we belong and we have always come forward with as much financial help as possible. Our society is our first preference, be it distributing blankets to cold-hit people of the country, reaching out relief to flood-affected people, or responding to any national emergency. In 2017, we have contributed Tk.5.00 million to the Honorable Prime Minister's Relief Fund for the flood affected people of the country under CSR initiatives of the Bank.



The Bank organized a 'Tree Plantation Program' on the occasion of World Environment Day-2017.

### Contribution to National Exchequer

Being a responsible and tax abiding corporate citizen, the Bank regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time by deducting from employees' salary as well as payments to customers and vendors according to rules. Contribution of the Bank to the national exchequer in 2017 is noted below:

Amount in BDT Million

Sln.	Particulars	Amount
1	Withheld tax , Excise duty and VAT	405.32
2	Corporate income tax	384.63
	<b>Total</b>	<b>789.95</b>

### Environment-responsive

The Bank believes that every small 'GREEN' step taken today would go a long way in building a greener future. As an environment responsive bank we initiated Go Green campaign in our Bank. After reducing the use of electricity and paper at the office, Modhumoti Bank is now gearing up for carbon trading to show its commitment to environment-friendly funding. Some of our branches and ATMs of the bank are now run partially on solar power. The Bank also ensures that customers having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities.

We have observed the World Environment Day-2017 through Tree Plantation Program at Gulshan Branch premises, wherein Mr. Md. Shafiul Azam, Managing Director & CEO was present as Chief Guest. To create awareness amongst the employees, we have designed a 'Go Green' desktop Wallpaper and arranged to display the Wallpaper in all the computers of the Bank. The wallpaper includes the following go green tips:

- Conserve energy! Use natural light ventilating rooms through windows.
- Switch off lights and electronic devices while not in use.
- Green your daily routine! Avoid using plastics and opt for paper bags.

- You are requested not to keep the water running longer than necessary.
- Print double-sided, work on drafts electronically.
- Plant a tree! Help achieve UNEP's Billion Tree Campaign target of planting seven billion trees – one for every person on the planet – by the end of this year!
- Try extensive online communication.

### **Empowering women**

Empowering women to participate fully in economic life across all sectors is essential to build stronger economies, achieve internationally agreed goals for development and sustainability, and improve the quality of life for women, men, families and communities.

We have special products for women entrepreneurs at special discounted loan pricing to provide growth support. Women clients can avail Modhumoti Labonnyo Loan up to BDT0.08 million without any collateral security but up-to BDT5.00 million with collateral under SME Loans. It is to be noted that the outstanding loan for women entrepreneur was BDT 26.20 million as of December 31, 2017.

### **Community Services**

To serve the community as part of our responsibility, we have introduced Agent Banking services and till 2017 we have established 200 digital points across the country. The agent points are located in the Union Digital Point which facilitate less privileged population segments and underserved economic sectors of the country. The Bank facilitates the freedom fighters and women with higher interest rate for deposits and lower interest rate for loans. The Bank is going to serve the underprivileged people especially who get allowances under Social Safety Net of the Government through opening 80,000 bank accounts through agent points of the Bank in Gopalganj. The Bank also sponsors different sports and individual adventure for enriching the image of the country.

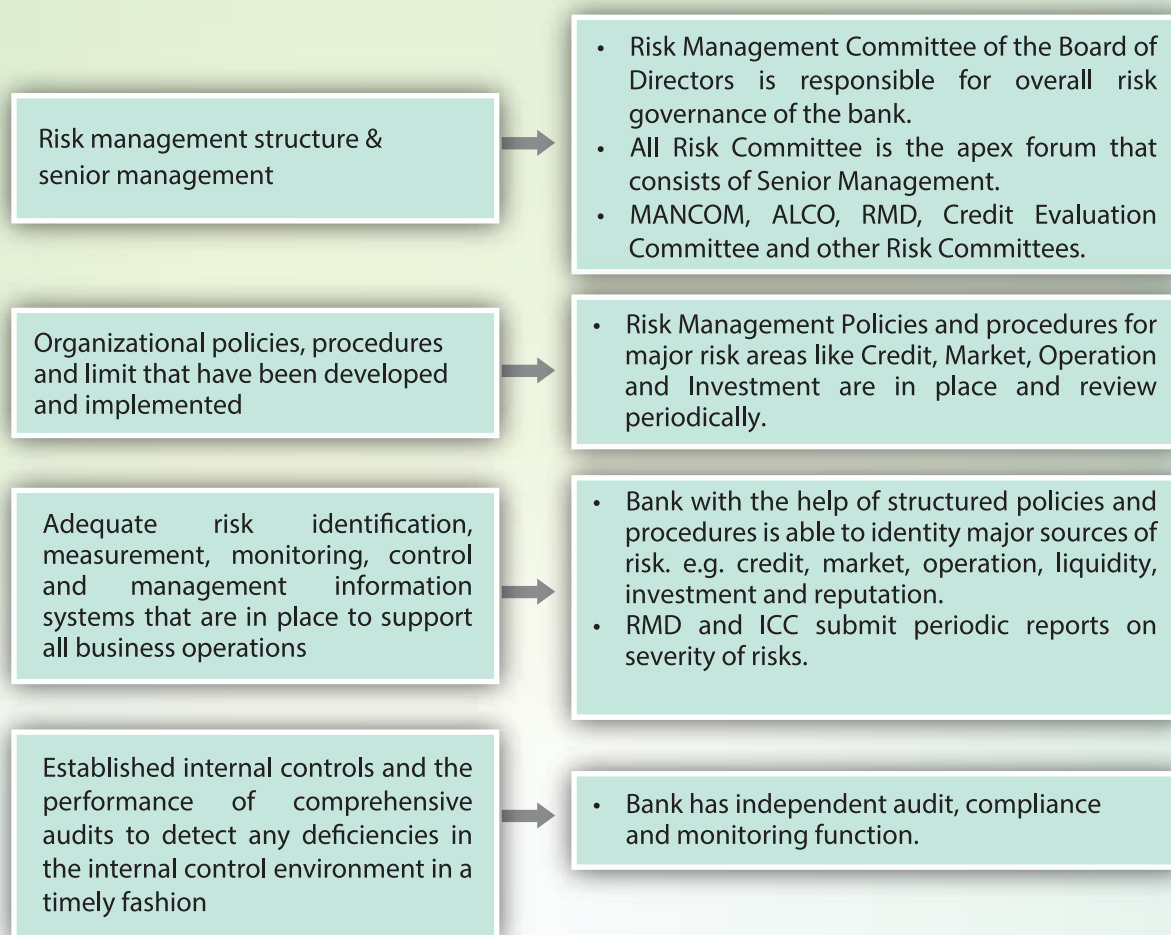
# Brief Report on Overall Risk Management

Risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. We seek to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite.

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. 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.

Effective risk management is fundamental to the business activities of the bank. 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.

## Key Elements of Risk Management System



## Objectives of risk management

The objectives of the 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.
- √ To analyze the self-resilience capability by the Basel- III and Stress Testing of the bank;
- √ To develop the information systems/MIS inflow and data management capabilities to support the risk management functions of the bank.
- √ To review and update risks on systematic basis as necessary at least annually, preferably twice a year, ensuring that adequate controls exist and that the related returns reflect these risks and the capital allocated to support them;

### **Risk Management Framework**

The Bank has a Comprehensive Risk Management Policy and risk management policies including 6 (six) core risks guidelines issued by Bangladesh Bank and Basel III framework, which assigns accountability and responsibility for the management and control of risk. Apart from these, the Bank has Risk Appetite Framework which defines the risk management strategy of the Bank.

The Board of Directors of the Bank has overall responsibility for managing risks. There is a Risk Management Committee in the bank comprising three members from the Board of Directors. 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 of Management, 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 a Risk Management Division (RMD).

### **Risks under the Guidelines on Risk Based Capital Adequacy (BASEL-III):**

To cope up with the international best practices and make the bank's capital shock absorbent, 'Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (Revised regulatory capital framework in line with Basel III) was introduced from January 01, 2015 as a parallel run with Basel II. Under RBCA guidelines, Modhumoti Bank considers the following risk against Pillar-1 & Pillar-2.

Sl.	Risks as per BB Guidelines	Risks Considered in Basel Accords	Remarks
1	Credit Risk	Credit Risk	Pillar- I & II
2	Foreign Exchange Risk	Market Risk	Pillar-I & II
3	Asset Liability Risk	Operational Risk	Pillar-I & II
4	Money Laundering Risk	Residual Risk	Pillar-II
5	Internal Control & Compliance Risk	Concentration Risk	Pillar-II
6	Information & Communication Technology Risk	Liquidity Risk	Pillar-II
7	Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh	Reputation Risk	Pillar-II
8	Supervisory review process	Strategic Risk	Pillar-II
9	Supervisory review process	Evaluation of Core Risk Management	Pillar-II
10	Supervisory review process	Settlement Risk	Pillar-II
11	Supervisory review process	Environmental & Climate Change Risk	Pillar-II

The bank has a full-fledged Risk Management Division 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.

## 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;
- Supervisory Review Process Team;
- Basel Unit (Supervisory Committee)

### All Risk Committee of Management

The bank has Board approved All Risk Committee comprising senior management of the Bank as per DOS Circular Letter No.13, dated September 09, 2015 of Bangladesh Bank headed by Chief Risk Officer. The responsibilities of All Risk Committee are noted below:

- Meet frequently and discuss all significant risks;
- Setting targets for capital ratios and capital composition;
- Managing the balance sheet and the funding structure;
- Developing risk policies for business units and determining the overall investment strategy;
- Identifying, monitoring, and managing the bank's current and potential operational risk exposures;
- Handling "critical risks" (risks that require follow-up and further reporting);
- Follow up the reports prepared by Internal Audit and inform the Board about unusual circumstances;
- Preparing management information on issues such as IT security, physical security, business continuity, and compliance.

#### The All Risk Committee

**Chairman** : Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management & Chief Risk Officer

**Members** : Mr. Sufi Tofail Ahamed, EVP and Head of ICT

Mr. Javed Khan, EVP and Head of Corporate

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

Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Service Division

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

Mr. Biswas Arifur Rahman, VP and Head of Treasury Division

Mr. Md. Mahboobur Rahman, FVP, Anti-Money Laundering Division

Ms. Hasi Rani Bepari, FVP, Credit Risk Management Division

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

Mr. Md. Mojammel Hoque, AVP, Risk Management Division & Member Secretary

*\*As of December 31, 2017*

*The Committee has been formed with incumbent officials of the functional designation. The senior most responsible incumbent official represents in the committee.*

### Supervisory Review Process (SRP) Team

As per the Revised Process Document for SRP-SREP Dialogue on ICAAP (Implementation of Pillar 2 of Basel II & Basel III) Banks must have an exclusive body naming SRP Team in the 'Managerial Layer' which will be constituted by the concerned departmental heads of a bank and headed by Managing Director.

Accordingly, the Bank has a SRP Team duly approved by the Board of Directors of the Bank. The responsibilities of SRP Team are noted below:

- The committee must meet at least bi-monthly to monitor the implementation of Pillar 2 Supervisory Review Process under Basel II & Basel III;
- The team will review and assess overall capital adequacy in relation to the Bank's risk Profile and strategy for maintaining Bank's Capital at an adequate level, i.e. enough capital to compensate all the risks in the Bank's business, and to develop and practice better risk management techniques in monitoring and managing risks;
- The SRP Team of the Bank is responsible to ensure that the Bank has adequate capital to support its risks beyond the minimum regulatory requirements;

- The SRP Team will help our Core Risk Management Division to prepare Internal Capital Adequacy assessment Process (ICAAP) and submit the same to the Board for onward reporting to Bangladesh Bank.
- The Team will guide the Operational Layer during data collection, process and the preparation of ICAAP.
- The Team will maintain liaison with the Supervisory Review Evaluation Process-SREP Team of Bangladesh Bank.
- The Team will ensure effective dialogue between the Supervisory Review Process Team and the Supervisory Review Evaluation Process Team of Bangladesh Bank.

#### **SRP Team**

**Chairman** : Mr. Md. Shafiul Azam, Managing Director & CEO

**Members** : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Head of Business  
 Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management  
 Mr. Sufi Tofail Ahamed, EVP and Head of ICT  
 Mr. Javed Khan, EVP and Head of Corporate  
 Ms. Fahmida Saeed Saki, SVP and Head of International Division  
 Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Service Division  
 Mr. Biswas Arifur Rahman, VP and Head of Treasury Division  
 Mr. Md. Zainul Abedin, VP and Head of ICCD  
 Mr. Md. Gias Uddin, FVP, Finance and Accounts Division  
 Mr. Md. Mojammel Hoque, AVP, Risk Management Division & Member Secretary

*\*As of December 31, 2017*

*The Committee has been formed with incumbent officials of the functional designation. The senior most responsible incumbent official represents in the committee.*

#### **Basel Unit (Supervisory Committee)**

The bank has Board approved Basel Unit (Supervisory Committee) comprising senior management of the Bank with following responsibilities:

- Implementation of the Action Plan of Basel Accords in Bank;
- Communicate issues related to Basel implementation to the Bank Management;
- Attend Quantitative Impact Study (QIS) and accountability for the compliance of Basel Accords;
- Arranging customized training programs according to Training Need Assessment.

#### **Basel Unit (Supervisory Committee)**

**Chairman** : Mr. Md. Shafiul Azam, Managing Director & CEO

**Members** : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Head of Business  
 Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management  
 Mr. Sufi Tofail Ahamed, EVP and Head of ICT  
 Mr. Md. Zainul Abedin, VP and Head of ICCD  
 Mr. Biswas Arifur Rahman, VP and Head of Treasury Division  
 Mr. Md. Gias Uddin, FVP, Finance and Accounts Division  
 Mr. Md. Mojammel Hoque, AVP, Risk Management Division & Member Secretary

*\*As of December 31, 2017*

*The Committee has been formed with incumbent officials of the functional designation. The senior most responsible incumbent official represents in the committee.*

#### **Capital Management as per Basel Accords**

Capital management usually refers to implementing measures aimed at maintaining adequate capital, assessing internal capital adequacy of the bank and calculating its capital adequacy ratio.

The followings indicate the relationship between risk management and capital 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

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. These new global regulatory and supervisory standards mainly address the following areas:

Raise the quality and level of capital to ensure banks are better able to absorb losses on both a going concern and a gone concern basis;

- Increase the risk coverage of the capital framework;
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- Raise the standards for the supervisory review process (Pillar 2); and
- Public disclosures (Pillar 3) etc.

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%
<b>Phase-in of deductions from CET1</b>						
Excess investment over 10% of a bank's equity in the equity of banking, financial and insurance entities	20%	40%	60%	80%	100%	100%
<b>Phase-in of deductions from Tier 2 Revaluation Reserve (RR)</b>						
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%

The Bank took proper steps to implement the requirements of Basel III. As a result we have adequate capital surplus for implementing the Basel III in the Bank.

### Stress Testing

Stress Testing is a risk management technique used to evaluate the potential effects of Bank's financial condition of a specific event and/or movement in a set of financial variables. It is also an integral part of the Capital Adequacy Framework. The traditional focus of stress testing relates to exceptional but plausible events. Modhumoti Bank performs quarterly basis stress testing within the scope of Bangladesh Bank FSD circular no. 01 dated September 24, 2012.



Before shock the Capital to Risk Weighted Assets (CRAR) was 16.76% on 31.12.2017. The positions of CRAR after shock are noted below:

Description of different types of shocks	Extent of Shock			CRAR after Shock		
	Minor	Moderate	Major	Minor	Moderate	Major
Performing loans directly downgraded to B/L: SME	3%	9%	15%	16.43	15.77	15.11
Performing loans directly downgraded to B/L: Trade Service	3%	9%	15%	16.59	16.26	15.92
Increase in NPLs due to default of top large loan borrowers	Top 3	Top 7	Top 10	11.86	9.12	7.22
Negative shift in NPLs categories	5%	10%	15%	16.74	16.60	16.59
Decrease in the FSV of collateral	10%	20%	40%	16.76	16.76	16.76
Increase in NPLs	3%	9%	15%	14.67	10.17	5.16
Interest Rate	1%	2%	3%	16.68	16.60	16.52
FEX: Currency Appreciation	5%	10%	15%	16.74	16.73	16.71
Equity Shock	10%	20%	40%	16.74	16.71	16.67
<b>Combined Shock</b>				<b>14.53</b>	<b>9.77</b>	<b>4.62</b>

The Bank placed the result of the stress testing on quarterly basis to the Board Risk Management Committee so that Board can be sanguine regarding different stress situation and act accordingly.

### Comprehensive Risk Management Report

Risk Management Report is prepared on monthly interval which comprises risks related issues of credit, market and operational risk across the Bank during the month and submitted towards Bangladesh Bank for all months other than June and December within 30 days following the month end. In addition, Comprehensive Risk Management Report (CRMR) is submitted to Bangladesh Bank by August 10 (based on June 30 data) and February 10 (based on December 31 data). The All Risk Committee of Management reviews these paper on monthly interval; recommend action plans to concern department for mitigating identified risk areas and follow-up the implementation of previous recommendations. During 2017, there were held 12 meetings of All Risk Committee of Management.

### Compliance status in risk management reporting

The RMD analyses and identifies the risk issues from the information and the activities of the bank on an ongoing basis especially at end month, quarter, semi-annual and annual basis. Accordingly RMD prepares different reporting as followings:

Sln.	Name of Report	Frequency	Compliance Status
1	Monthly Risk Management Report	Monthly	Complied
2	Quarterly Risk Management Report	Quarterly	Complied
3	Comprehensive Risk Management Report	Semi-annually	Complied
4	Capital Adequacy Statement	Quarterly	Complied
5	Stress Testing & Gap Analysis	Quarterly	Complied
6	Internal Capital Adequacy Assessment Process (ICAAP) Statement	Yearly	Complied
7	Risk Appetite Statement	Yearly	Complied

The bank met all the regulatory requirements relating to risk management activities of the Bank in 2017.

## Pillar 3 Market Discipline

### **Disclosures on Risk Based Capital (Basel III) for the year ended December 31, 2017**

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, 2017).

##### **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, 2017 prepared under the historical cost convention except investments and in accordance with the

"First Schedule" (section 38) 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 2017 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, 2017). 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 2017 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	
		Complied (√)	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, 2017

Tier-1 capital of the bank as of December 31, 2017 was Tk. 5,726.47 million which is 93.50% of total regulatory capital and rest 6.50% from Tier-2 capital. Tier-1 capital comprised 73.80% from paid up capital, 11.70% from statutory reserve and rest 7.99% from retained earnings of the Bank. Tier-2 capital is Tk. 398.35 million which is 6.50% of total regulatory capital and the major contributors are general provision on loans and advances including Off-Balance sheet items.

Amount in Million BDT

Sln.	Regulatory Capital	Solo
<b>1</b>	<b>Common Equity Tier (CET)-1 (Going Concern Capital)</b>	
2	Fully Paid-up Capital	4,520.00
3	Statutory Reserve	716.80
4	Retained Earnings	489.67
<b>5</b>	<b>Sub-total (CET-1)</b>	<b>5,726.47</b>
<b>6</b>	<b>Regulatory adjustment from CET-1</b>	<b>-</b>
<b>7</b>	<b>Total CET-1 Capital (Net of adjustment)</b>	<b>5,726.47</b>
<b>8</b>	<b>Additional Tier-1 Capital</b>	<b>-</b>
<b>9</b>	<b>Total Tier-1 Capital</b>	<b>5,726.47</b>
<b>10</b>	<b>Tier-2 Capital (Gone Concern Capital)</b>	
11	General Provision	394.94
12	Revaluation reserve as for as on 31 December, 2014 (50% of Fixed Asset & Securities & 10% of Equities)	8.54
<b>13</b>	<b>Sub-Total</b>	<b>403.48</b>
14	Regulatory Adjustment	
15	Revaluation Reserve for Fixed Asset, Securities & Equity Securities (follow 5.12 in deductions as per Basel-III Guidelines)	
<b>16</b>	<b>Total Tier-2 Capital Available (Net of adjustment)</b>	<b>398.35</b>
<b>17</b>	<b>Total Admissible Tier-2 Capital</b>	<b>398.35</b>
<b>18</b>	<b>Total Regulatory Capital (Tier-1+Tier-2)</b>	<b>6,124.82</b>

## 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 2017, MMBL maintained a Capital to Risk Weighted Asset (CRAR) of 16.76% 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. 3,654.64 million whichever is higher i.e. Tk.4000.00 million has to be maintained. We had an excess capital of BDT 2,124.82 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
<b>1.</b>	<b>Risk Weighted Assets:</b>	
	For Credit Risk:	33,888.70
	On-Balance Sheet	24,833.86
	Off-Balance Sheet	9,054.84
	For Market Risk	589.41
	For Operational Risk	2,068.28
	<b>Total:</b>	<b>36,546.38</b>
<b>2.</b>	<b>Minimum Capital Required (10% of RWA):</b>	
	For Credit Risk	3,388.87
	For Market Risk	58.94
	For Operational Risk	206.83
	<b>Total:</b>	<b>3,654.64</b>
	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	<b>4,000.00</b>

### Capital to Risk Weighted Assets Ratio (CRAR)

Sln.	Capital Adequacy	Solo
<b>A.</b>	<b>Regulatory Capital:</b>	
	a. Tier-1 (Going Concern Capital)	5,726.47
	b. Tier-2 (Gone Concern Capital)	398.35
	<b>c. Total eligible capital</b>	<b>6,124.82</b>

Sln.	Particulars	Solo
<b>B</b>	<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	
	Tier-1 Capital to RWA	15.67%
	Tier-2 Capital to RWA	1.09%
	<b>Total:</b>	<b>16.76%</b>
C	MCR Tk.4,000.00 million or 10% of RWA whichever is higher	4,000.00
<b>D</b>	<b>Capital surplus (A-C)</b>	<b>2,124.82</b>

## 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) and Retail & SME Banking Division at Head Office level and finally placed the note to the Credit Risk Management Division (CRMD). Then Credit Evaluation Committee (CEC) of the Bank review the proposals 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/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:

### 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%	1%	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"> <li>• the loan was not made in compliance with the bank's internal policies;</li> <li>• failure to maintain adequate and enforceable documentation; or</li> <li>• poor control over collateral</li> </ul>
	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"> <li>• occasional overdrawn within the past year,</li> <li>• below-average or declining profitability;</li> <li>• barely acceptable liquidity;</li> <li>• problems in strategic planning.</li> </ul>

Classification		Conditions to be fulfilled
Sub-standard	i)	Assets must be classified no higher than Sub-standard if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> <li>• recurrent overdrawn,</li> <li>• low account turnover,</li> <li>• competitive difficulties,</li> <li>• location in a volatile industry with an acute drop in demand;</li> <li>• very low profitability that is also declining;</li> <li>• inadequate liquidity;</li> <li>• cash flow less than repayment of principal and interest;</li> <li>• weak management;</li> <li>• doubts about integrity of management;</li> <li>• conflict in corporate governance;</li> <li>• unjustifiable lack of external audit; and</li> <li>• pending litigation of a significant nature.</li> </ul>
	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.
	iii)	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		Assets must be classified no higher than Doubtful if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> <li>• permanent overdrawn;</li> <li>• location in an industry with poor aggregate earnings or loss of markets;</li> <li>• serious competitive problems; failure of key products; operational losses;</li> <li>• illiquidity, including the necessity to sell assets to meet operating expenses;</li> <li>• cash flow less than required interest payments; very poor management;</li> <li>• non-cooperative or hostile management;</li> <li>• serious doubts of the integrity of management;</li> <li>• doubts about true ownership; and</li> <li>• complete absence of faith in financial statements.</li> </ul>
Bad/Loss		Assets must be classified no higher than Bad/Loss if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> <li>• the obligor seeks new loans to finance operational losses;</li> <li>• location in an industry that is disappearing;</li> <li>• location in the bottom quartile of its industry in terms of profitability;</li> <li>• technological obsolescence and very high losses;</li> <li>• asset sales at a loss to meet operational expenses;</li> <li>• cash flow less than production costs;</li> <li>• no repayment source except liquidation;</li> <li>• presence of money laundering, fraud, embezzlement, or other criminal activity; and</li> <li>• no further support by owners.</li> </ul>

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	2017	2016
1	Agriculture, fishing, forestry and dairy firm	136.90	146.33
2	Industry (Other than working capital)	5,200.83	3,585.24
3	Working capital financing	7,312.46	6,148.05
4	Export credit	1,440.31	407.51
5	Import credit	3,279.81	767.41
6	Commercial credit	1,255.36	2,123.32
7	Constructions	2,816.92	1,141.73
8	Transport and Communication	688.40	662.21
9	Consumer Credit	347.58	323.58
10	Others	7,702.72	1,833.21
	<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>

**c) Geographical distribution of exposures:***Amount in Million BDT*

	Name of Division	2017	2016
Region Based	Dhaka	27,150.93	14,483.32
	Chittagong	1,843.68	1,784.51
	Rajshahi	64.54	85.64
	Sylhet	102.04	108.26
	Khulna	851.86	633.06
	Rangpur	116.85	22.78
	Barisal	51.41	21.04
	<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>
Country Based	Domestic	30,181.30	17,138.60
	Overseas	-	-

**d) Major industry-wise distribution of exposures:**

Major industry wise credit exposure of the bank as of December 31, 2017 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	2017	2016
1	Agriculture	137.50	146.30
2	Industry	11,168.30	8,502.60
3	Constructions	2,720.50	1,141.70
4	Power, Gas, Water & Sanitary Services	1,329.10	269.40
5	Transport, Storage & Communication	688.40	662.20
6	Trade Services	5,339.80	1,838.20
7	Housing Services	1,563.70	621.90
8	Banking & Insurance	3,918.60	1,199.30
9	Professional & Misc. services	3,315.40	2,757.00
	<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>

**e) Residual contractual maturity breakdown of the whole portfolio:***Amount in Million BDT*

Particulars	2017	2016
On demand	545.48	369.98
Less than three months	7,615.06	4,362.68
More than three months but less than one year	9,255.80	6,217.23
More than one year but less than five years	8,836.03	3,688.09
More than five years	3,928.93	2,500.62
<b>Total</b>	<b>30,181.30</b>	<b>17,138.60</b>

**f) Major industry type amount of impaired loans:**

Amount in Million BDT

Particulars	2017	2016
Agriculture	-	-
Industry	44.89	29.90
Constructions	4.20	-
Power, Gas, Water & Sanitary Services	-	-
Transport, Storage & Communication	-	-
Trade Services	34.10	13.50
Housing Services	0.70	0.70
Banking & Insurance	-	-
Professional & Misc. services	4.40	1.00
<b>Total</b>	<b>88.29</b>	<b>45.10</b>

**g) Gross Non Performing Assets (NPAs)**

Amount in Million BDT

Particulars	2017	2016
Gross Non Performing Assets (NPAs)	88.29	45.10
Nonperforming assets to outstanding loans and advances	0.29%	0.26%
Movement of Non-Performing Assets (NPAs):		
Opening balance	45.10	0.00
Additions	43.19	45.10
Reductions	0.00	0.00
<b>Closing balance</b>	<b>88.29</b>	<b>45.10</b>
Movement of specific provisions for NPAs:		
Opening balance	6.22	0.00
Provision made during the period	5.84	6.22
Write off	0.00	0.00
Write back of excess provisions	0.00	0.00
Closing balance	<b>12.06</b>	<b>6.22</b>

**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:**

Amount in Million BDT

Particulars	Solo	
	Cost Price	Market Price
Unquoted Share	100.00	100.00
Quoted Share	0.12	0.97

**For Banking Book Equity**

Amount in Million BDT

Sln.	Particulars	Solo (Bank)
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	4.22
d)	Total unrealized gains (losses)	0.85
	Total latent revaluation gains (losses)	0.00
	Any amounts of the above included in Tier 2 capital	0.00

## e) Capital Requirement

Amount in Million BDT

Particulars	Solo (Bank)
Unquoted Share	1.50
Quoted Share	0.02

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

### Qualitative Disclosures:

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

Sl.No.	Particulars	Amount		
1	Market value of assets	44,144.30		
2	Market value of liabilities	39,406.00		
3	Weighted average duration of assets (DA) in years	1.72		
4	Weighted average duration of liabilities (DL) in years	0.30		
5	Duration gap (DA-DL) in years	1.45		
6	Yield to maturity (YTM-Assets)	9.12%		
7	Yield to maturity (YTM-Liability)	5.93%		
8	Change of market value of equity due to increase in interest rates	1%	2%	3%
9	Fall in Market Value of Equity	(585.89)	(1,171.79)	(1757.68)
10	<b>Stress testing</b>	<b>Minor Shock</b>	<b>Moderate Shock</b>	<b>Major Shock</b>
11	Regulatory capital (after shock)	5,538.90	4,953.00	4367.10
12	RWA (After shock)	35,960.50	35,374.60	34,788.70
13	CRAR (After shock)	15.40%	14.00%	12.55%

### 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, 2017 under earnings perspective with Simple Sensitivity Analysis:

Amount in Million BDT

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	12,631.98	3,794.23	7,588.47	17,330.98
Interest sensitive liabilities	18,075.24	2,932.35	5,864.70	5,654.37
Net gap	(5,443.27)	861.88	1,723.77	11,676.61
Cumulative gap	(5,443.27)	(4,581.38)	(2,857.61)	8,819.00
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	54.43	45.81	28.58	(88.19)
Accumulated earnings impact	54.43	100.24	128.82	(40.63)

## 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 Bangladesh Bank.
- ALCO analyzes market and determines strategies to attain business goals.
- Reconciliation of foreign currency transactions.



## Quantitative Disclosures:

### b) The capital requirements:

Amount in Million BDT

Particulars	2017	2016
Interest rate risk	24.49	14.39
Equity position risk	20.18	-
Foreign exchange risk	14.28	0.54
Commodity risk	-	-
<b>Total</b>	<b>58.94</b>	<b>14.93</b>

## 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

Amount in Million BDT

Particulars	Solo	
	2017	2016
The capital requirements for operational risk	206.83	194.42

### Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

Amount in Million BDT

Year	Gross Income (GI)	Average GI	15% of Average GI
2017	1,438.86	1,378.85	206.83
2016	1,233.53		
2015	1,464.16		
<b>Total</b>	<b>4,136.56</b>	<b>1,378.85</b>	<b>206.83</b>

## 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 20% 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	2017	2016
Liquidity Coverage Ratio (LCR)	268.20%	380.43%
Net Stable Funding Ratio (NSFR)	121.39%	134.48%
Stock of High quality liquid assets	6,852.99	5,967.47
Total net cash outflows over the next 30 calendar days	2,555.18	1,568.60
Available amount of stable funding	35,845.72	24,894.31
Required amount of stable funding	29,530.60	18,511.20

## 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:

Amount in Million BDT

Particulars	2017	2016
Leverage Ratio	10.71%	14.47%
On balance sheet exposure	45,034.63	32,418.29
Off balance sheet exposure	8,438.08	5,120.53
<b>Total exposure</b>	<b>53,472.72</b>	<b>37,538.82</b>

## 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 34 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 Bsiness Development & Marketing Division and 29 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 12 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:

<b>Fixed Pay</b>	:	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.
<b>Benefits</b>	:	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.
<b>Annual Incentive</b>	:	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 business 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 claw back arrangements:**

The bank has no claw back arrangements after providing deferred remuneration (PF, GF etc.). However, in case of special cases, the management may claw back 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 2017**

*Amount in Million BDT*

Particulars	Number	Amount
Number of meetings held of Board of Directors	9	
Remuneration paid to Board of Directors		0.89

#### h) Variable remuneration, bonuses and other payments during 2017

Amount in Million BDT

Particulars	Number	Amount
Employees having received a variable remuneration award (Profit Bonuses)		15.60
Guaranteed bonuses awarded (Eid and Festival Bonuses)		24.76
Sign-on awards made		
Severance payments made (PF, GF, Leave Encashment)		0.21

#### i) Deferred remuneration in 2017

Amount in Million BDT

Particulars	Amount
<b>Total amount of outstanding deferred remuneration (PF, GF etc.):</b>	
Cash	64.90
Shares	0.00
Share-linked instruments & others	0.00
<b>Total amount of deferred remuneration paid out in 2017</b>	<b>0.00</b>

#### j) Breakdown of amount of remuneration

Amount in Million BDT

Particulars	Amount
<b>Breakdown of amount of remuneration:</b>	
Fixed	362.51
Variable	40.57
Deferred	64.90
Non-deferred	0.00
<b>Different forms used</b>	
Cash	64.90
Shares	0.00
Share-linked instruments & others	0.00

#### k) Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. clawbacks 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	0.00
Total amount of reduction during 2017 due to ex post explicit adjustments	0.00
Total amount of reduction during 2017 due to ex post implicit adjustments	0.00



## The Network & Managers



Modhumoti Bank has presently 32 Branches with on-site ATM facility, also has Agent Points at 265 Unions of the country, which all are connected with the nearest monitoring branch through modern technology.

# Footprint



 Branch of Modhumoti Bank Limited

## The Branch Network & Managers

Barishal Division			01 Branch
District: Bhola			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Charfassion</b> 25 October 2015	<b>Mr. Chandan Kumar Saha</b> First Assistant Vice President Cell: 01716491265	Zilla Parisad Market (1 <sup>st</sup> floor), Sadar Road Charfassion, Bhola	(0492) 374067
Chattogram Division			03 Branches
District: Brahmanbaria			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Ashuganj</b> 13 April 2017	<b>Mr. S.M. Abul Hossain</b> First Assistant Vice President Cell: 01712966593	Hazi Fazlul Huq Mansion (1 <sup>st</sup> floor), Kachari Road Ashuganj Sadar Brahmanbaria	--
District: Chattogram			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Agrabad</b> 27 November 2014	<b>Mr. Mohammad Abu Toyab</b> First Vice President Cell: 01823925323	Dar-E-Shahidi (1 <sup>st</sup> floor) 69 Agrabad Commercial Area Chattogram	(031) 2520449 (031) 2520450
District: Cumilla			
Branch Name / Date of opening	Manager Details	Address	Phone
<b>Konkapoit</b> 03 August 2017	<b>Mr. Md. Jamal Hossain</b> Senior Executive Officer Cell: 01714320018	Al-Mostafa Heritage (1 <sup>st</sup> floor), Konkapoit Bazar Chouddogram, Cumilla	--
Dhaka Division			18 Branches
District: Dhaka			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Aganagar</b> 14 May 2015	<b>Mr. Mohammad Najib Ullah</b> Assistant Vice President Cell: 01713329470	Alam Tower East Aganagar, Keraniganj Dhaka	(02) 7761888 (02) 7762111
<b>Ashulia</b> 23 January 2014	<b>Mr. Ashaduzzaman</b> Senior Executive Officer Cell: 01816571946	Altab Plaza (1 <sup>st</sup> floor) Jamgora, Ashulia, Savar Dhaka	--
<b>Banglamotor</b> 28 November 2016	<b>Mr. Noman Kabir</b> Vice President Cell: 01716223007	Rupayan Trade Centre (1 <sup>st</sup> floor), 114 Kazi Nazrul Islam Avenue Banglamotor, Dhaka	(02) 55138544 (02) 55138545 (02) 55138546
<b>Gulshan</b> 30 January 2014	<b>Mr. Atiqul Islam Akhand</b> Vice President Cell: 01713329380	75 Gulshan Avenue Gulshan, Dhaka	(02) 9860392 (02) 9860332 (02) 9860011 (02) 9860310
<b>Mirpur</b> 07 December 2017	<b>Mr. Md. Kawsar Ali Molla</b> First Vice President Cell: 01707011137	Mid Town Trade Centre (1 <sup>st</sup> floor), Main Road-3, Section-7, Pallabi, Mirpur, Dhaka	(02) 58051128 (02) 58051129
<b>Mitford</b> 02 October 2014	<b>Mr. Md. Touhidur Rahman</b> Assistant Vice President Cell: 01611449915	57-58 Mitford Road Dhaka	(02) 7343678 (02) 7343035

Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Motijheel</b> 19 September 2013	<b>Ms. Fahmida Saeed Saki</b> Senior Vice President Cell: 01819434591	DCCI Building (ground floor) 65-66, Motijheel Com. Area Dhaka-1000	(02) 9586686 (02) 9586687 (02) 9583806
<b>Sheikh Kamal Sarani</b> 01 September 2016	<b>Mr. Mohammad Anas</b> Senior Vice President Cell: 01715199759	24/C, Sheikh Kamal Sarani Road 27 (old), 16 (new) Dhanmondi R/A, Dhaka	(02) 9119405 (02) 9119406
<b>Uttara</b> 18 December 2014	<b>Mr. Muhammad Amir Hossain Sarker</b> Vice President Cell: 01715162664	Singapore Plaza (1st floor) House-17, Road-02, Sector-03, Uttara Model Town, Dhaka	(02) 7914690 (02) 7914672 (02) 7914696

#### District: Faridpur

Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Kanaipur</b> 16 March 2014	<b>Mr. Md. Asfakur Rahaman</b> Assistant Vice President Cell: 01914948576	Co-Operative Market (1 <sup>st</sup> floor), Kanaipur Bazar Kanaipur, Faridpur	--

#### District: Gazipur

Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Mawna</b> 31 October 2016	<b>Mr. Mohammad Sanowar Hossain</b> Assistant Vice President Cell: 01712677460	Haji A. Salam Super Market (1 <sup>st</sup> floor), Mawna Bazar, Sreepur, Gazipur.	--

#### District: Gopalganj

Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Muksudpur</b> 12 April 2018	<b>Mr. Shihab Jahangir</b> First Assistant Vice President Cell:01714005649	Monowara Shopping Complex (1 <sup>st</sup> floor) Chourangi, Muksudpur Sadar Gopalganj	--
<b>Sheikh Fajilatunnessa Mujib Eye Hospital</b> 05 June 2016	<b>Mr. Sheik Kamal Hossain</b> Principal Officer Cell: 01776336753	Rental Hostel (1st floor), Sheikh Fajilatunnessa Mujib Eye Hospital, Ghonapara Gopalganj	(02) 6681254

#### District: Madaripur

Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Shibchar</b> 29 November 2015	<b>Mr. Abdul Wadud</b> Principal Officer Cell: 01948604206	Ilias Ahmed Chowdhury Pouro Super Market (1st floor), Shibchar Madaripur.	(06624) 56350 (06624) 56351-2

#### District: Munshiganj

Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Shekharnagar</b> 24 March 2016	<b>Mr. Mohammad Almas Ali</b> Principal Officer Cell: 01675289818	Baitul Mamur Jame Masjid Market (1st floor) Shekharnagar Sirajdikhan Munshiganj	--



<b>District: Narayanganj</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Kanchan</b> 16 April 2015	<b>Mr. Kazi Asif Mahbub</b> Assistant Vice President Cell: 01977818707	Chan Plaza (1 <sup>st</sup> floor), Kanchan Bazar, Rupganj Narayanganj	--

<b>District: Narsingdi</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Shibpur</b> 27 December 2017	<b>Mr. Enayet Hossain Robin</b> Senior Executive Officer 01684915370	Holding No.135/1 (1 <sup>st</sup> floor), College Gate, Shibpur Sadar, Narsingdi.	--

<b>District: Tangail</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Shakhipur</b> 13 November 2014	<b>Mr. Md. Shahidul Islam</b> Assistant Vice President Cell: 01717935968	SMG Shopping Complex (1 <sup>st</sup> floor), Dhaka Road Shakhipur, Tangail	--

<b>Khulna Division</b>	<b>03 Branches</b>
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<b>District: Jhenaidah</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Jinnahnagar</b> 27 March 2014	<b>Mr. Kazi Shakhawat Hossain</b> Principal Officer Cell: 01718770568	Jinnahnagar Bazar Durgapur, Maheshpur, Jhenaidah.	--

<b>District: Khulna</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Khulna</b> 31 March 2016	<b>Mr. Md. Kayum Zaman</b> Vice President Cell: 01719632906	Islam Trade Centre (1 <sup>st</sup> floor), 18 KDA Avenue, Khulna.	--

<b>District: Kushtia</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Bheramara</b> 02 February 2017	<b>Mr. Md. Azizul Islam</b> First Assistant Vice President Cell: 01715016891	Professor Para, Godown More, Bheramara, Kushtia	--

<b>District: Narail</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Kalia</b> 30 July 2018	<b>Mr. Sharif Abu Aslam</b> Senior Executive Officer Cell: 01914154493	778 Godown Road, Ramnagar Ward No-2, Kalia Pouroshova, Kalia, Narail	--

<b>Mymensingh Division</b>	<b>01 Branch</b>
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<b>District: Mymensingh</b>			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Shambhuganj</b> 10 October 2016	<b>Mr. Mohammad Musabbir Hossan</b> Principal Officer Cell: 01912637937	Saha Market (1 <sup>st</sup> floor) Shambhuganj Bazar Shambhuganj, Mymensingh	--

Rajshahi Division			03 Branches
District: Pabna			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Pabna</b> 07 June 2018	<b>Mr. G. M. Hasan Shahrior</b> Principal Officer Cell: 01717462508	Omar Shopping Complex (1 <sup>st</sup> floor) 65 M. M. Ali Road Shibrampur, Pabna Sadar Pabna	--
District: Naogaon			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Naogaon</b> 26 December 2017	<b>Mr. Md. Anamul Haque</b> Executive Officer Cell: 01775508837	Time Square (1 <sup>st</sup> floor) Bazar Road, Naogaon Sadar Naogaon	(0741) 81481 (0741) 81482
District: Rajshahi			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Rajshahi</b> 20 October 2015	<b>Mr. Dipon Chandra Roy</b> First Assistant Vice President Cell: 01716690409	RCCI Chamber Building (1st Floor), Station Road, Rajshahi	(0721) 770428 (0721) 770429
Rangpur Division			01 Branch
District: Rangpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Pirganj</b> 11 February 2016	<b>Mr. Md. Abul Kalam Azad</b> First Assistant Vice President Cell: 01716337301	Zaman Plaza (1 <sup>st</sup> floor) Thana Road, Pirganj Rangpur	(05227) 56208
Sylhet Division			01 Branch
District: Sylhet			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Amberkhana</b> 24 November 2013	<b>Mr. Syed Yasir Hussain</b> Assistant Vice President Cell: 01711362203	Amin Complex (1 <sup>st</sup> floor) 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 32 ATMs, i.e., 30 On-site and 2 Off-site ATMs in a Booth.

\*As of 19th August 2018

## Foreign Correspondent Bank Network

Country	Bank Name	
AUSTRALIA	MIZUHO BANK, LTD. SYDNEY BRANCH	
	STATE BANK OF INDIA AUSTRALIA	
BAHRAIN	KEB HANA BANK, BAHRAIN BRANCH	
	MASHREQ BANK PSC	
	NATIONAL BANK OF PAKISTAN	
BELGIUM	BELFIUS BANK SA/NV	
	KBC BANK NV	
CHINA	AXIS BANK LIMITED SHANGHAI BRANCH	
	BANK OF WENZHOU (FORMERLY WENZHOU CITY COMMERCIAL BANK)	
	CHINA EVERBRIGHT BANK	
	BANK OF COMMUNICATIONS	
	BANK OF NINGBO	
	INDUSTRIAL BANK CO. LTD.	
	INDUSTRIAL BANK OF KOREA (CHINA) LIMITED	
	JIANGSU JIANGYAN RURAL COMMERCIAL BANK CO., LTD	
	JIANGSU JIANGNAN RURAL COMMERCIAL BANK CO.,LTD.(FORMALY JIANGSU WUJIN RURAL BANK)	
	JIANGSU JINGJIANG RURAL COMMERCIAL BANK CO., LTD	
	BANK OF HUZHOU CO.,LTD CHINA	
	YINZHOU BANK	
	RURAL COMMERCIAL BANK OF ZHANGJIAGANG CHINA	
	CHANGSHU RURAL COMMERCIAL BANK CHINA	
	SHINHAN BANK	
	EGYPT	MASHREQ BANK
	FRANCE	KBC BANK NV, FRANCE
U.B.A.F (UNION DE BANQUES ARABES ET FRANCAISES)		
NATIONAL BANK OF PAKISTAN		
GERMANY	ICICI BANK UK PLC	
	MIZUHO BANK, LTD. DUESSELDORF BRANCH	
	NATIONAL BANK OF PAKISTAN, FRANKFURT	
HONGKONG	PBL FINANCE (HONG KONG) LIMITED	
	EBL FINANCE (HK) LIMITED	
	AXIS BANK LIMITED	
	AB INTERNATIONAL FINANCE LTD (A SUBSIDIARY COMPANY OF AB BANK LIMITED, DHAKA, BANGLADESH)	
	MASHREQBANK PSC., HONG KONG BRANCH	
	THE BANK OF NEW YORK MELLON, HONG KONG BRANCH	
	TORONTO DOMINION BANK	
ICELAND	NBI HF	
INDIA	AXIS BANK LIMITED	
	AB BANK LIMITED- MUMBAI BRANCH	
	SONALI BANK KOLKATA	
	ICICI BANK LIMITED	
	MASHREQ BANK, INDIA	
	UNITED BANK OF INDIA	
	INDUSIND BANK LIMITED	
ITALY	UNICREDIT S.P.A.	
	BANCA UBAE SPA	
	BANCA POPOLARE DELL'EMILIA ROMAGNA	
	CREDITO EMILIANO S.P.A. ITALY	
	KBC BANK NV, ITALY	

Country	Bank Name
JAPAN	U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES TOKYO BRANCH
	KEB HANA BANK, JAPAN BRANCH
	NATIONAL BANK OF PAKISTAN
	MIZUHO BANK, LTD.
KOREA	U.B.A.F.-UNION DE BANQUES ARABES ET FRANCAISES
	KOOKMIN BANK
	SHINHAN BANK
	BUSAN BANK
	INDUSTRIAL BANK OF KOREA
	KEB HANA BANK
KUWAIT	MASHREQ BANK
LATVIA	AS 'PRIVATBANK'
MALAYSIA	MIZUHO BANK (MALAYSIA) BERHAD
NETHERLAND	DEUTSCHE BANK A.G. AMSTERDAM
	KBC BANK NV, NETHERLAND
PAKISTAN	NIB BANK LIMITED
	MCB BANK LIMITED
POLAND	POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA POLAND
QATAR	UNITED BANK LIMITED, DOHA
	MASHREQ BANK, QATAR
RUSSIA	VOZROZHDENIE BANK RUSSIAN FEDERATION
SAUDI ARABIA	NATIONAL BANK OF PAKISTAN
	BANK AL-JAZIRA
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 LTD.
	COMMERCIAL BANK OF CEYLON PLC
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	HABIB BANK AG ZURICH
	AXIS BANK LIMITED, DIFC BRANCH (REGULATED BY DFSA)
	ICICI BANK LIMITED, UAE BRANCH
	MASHREQ BANK PSC.
	NOOR BANK P.J.S.C.
UK	HABIB-UK PLC
	ICICI BANK UK PLC
	KEB HANA BANK, LONDON BRANCH
	MASHREQ BANK PSC, LONDON BRANCH
UKRAINE	PJSC 'BANK CREDIT DNEPR'
USA	MASHREQ BANK PSC., NEW YORK BRANCH
	NATIONAL BANK OF PAKISTAN, NEW YORK



## Division & District-wise Agent Details of Modhumoti Digital Banking

Dhaka Division			120 Agent Points	
District: Dhaka				
Upazila: Nawabganj		Monitoring Branch: Shekhar 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	
Kajjuri Union Digital Centre 15-11-16	Md. Romjan Khan +8801713575727	Kajjuri 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.	uisrajon@yahoo.com	
Upazila: Saltha		Monitoring Branch: Kanaipur		07 Agent Points
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Atghor Union Digital Centre 08-05-18	Md. Tarek Islam 01714285346	Atghor Union Parishad, Saltha Upazila, Faridpur.	shovon.udc2014@gmail.com	
Sonapur Union Digital Centre 08-05-18	Md. Hannan Khan 01911564552	Sonapur Union Parishad, Saltha Upazila, Faridpur.	uics.titul52@gmail.com	
Jadunandi Union Digital Centre 08-05-18	Md. Abul Basar Juwel 0175766611	Jadunandi Union Parishad, Saltha Upazila, Faridpur.	juwelmollah.uiscc@gmail.com	
Ramkantapur Union Digital Centre 08-05-18	Md. Anayet Hossain Molla 01720588479	Ramkantapur Union Parishad, Saltha Upazila, Faridpur.	anayetmollauisc@gmail.com	
Ballabhadi Union Digital Centre 08-05-18	Sajedul Islam 01741392917	Ballabhadi Union Parishad, Saltha Upazila, Faridpur.	sajedulislam77@gmail.com	

Upazila: Gopalganj Sadar	Monitoring Branch: SFMEH		17 Agent Points
Bhawal Union Digital Centre 08-05-18	Sonjoy Biswas 01716796672	Bhawal Union Parishad, Saltha Upazila, Faridpur.	s01716796672@gmail.com
Majhardia Union Digital Centre 08-05-18	Md. Ripon Hossain 017577968889	Majhardia Union Parishad, Saltha Upazila, Faridpur.	

**District: Gopalganj**

Upazila: Gopalganj Sadar	Monitoring Branch: SFMEH		17 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	Avisek 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 UP, Gopalganj Sadar, Gopalganj.	nigambose@gmail.com
Kati Union Digital Centre 30-10-16	Md. Shafiqul Alam +8801712440338	Kati Union Parishad, Gopalganj Sadar, Gopalganj.	rinkuislam2020@gmail.com
Chandradigholia Union Digital Centre 12-12-17	S M Touhidul Islam01922-802557	Chandradigholia Union Parishad, Sadar Upazila, Gopalganj.	touhidulalamch@gmail.com
Nizra Union Digital Centre 12-12-17	Rabiul Islam 01734-551919	Nizra Union Parishad, Sadar Upazila, Gopalganj.	udcnizra@gmail.com
Sahapur Union Digital Centre 12-12-17	Ashok Sarkar 01728-818585	Sahapur Union Parishad, Sadar Upazila, Gopalganj.	ashoksarker01@gmail.com
Jalalabad Union Digital Centre 12-12-17	Md. Meher 01714881747	Jalalabad Union Parishad, Sadar Upazila, Gopalganj.	uiccmeharab@gmail.com
Satpar Union Digital Centre 26-04-18	Kamalesh Mandol 01719762405	Satpar Union Parishad, Sadar Upazila, Gopalganj.	mandolbulet@gmail.com
Boultali Union Digital Centre 26-04-18	Iyamin Munsu 01721200071	Boultali Union Parishad, Sadar Upazila, Gopalganj.	boneeamine@gmail.com
Latifpur Union Digital Centre 26-04-18	Md. Kabir Hossain 01719172719	Latifpur Union Parishad, Sadar Upazila, Gopalganj.	mmkabirshike10@gmail.com
Gobra Union Digital Centre 26-04-18	Dulal Chandra Biswas 01711519817	Gobra Union Parishad, Sadar Upazila, Gopalganj.	udcgobra@gmail.com
Paikkandi Union Digital Centre 26-04-18	Md. Sagar Sarder 01632122904	Paikkandi Union Parishad, Sadar Upazila, Gopalganj.	sagarnewsbd@gmail.com
Karpara Union Digital Centre 26-04-18	Md. Osman Molla 01725609190	Karpara Union Parishad, Sadar Upazila, Gopalganj.	osman609190@gmail.com
Borashi Union Digital Centre 26-04-18	M.M. Maruf Billah 01736213171	Borashi Union Parishad, Sadar Upazila, Gopalganj.	21borashi@gmail.com
Urfi Union Digital Centre 26-04-18	Md. Rana Khan 01757902780	Urfi Union Parishad, Sadar Upazila, Gopalganj.	rana.k6533@gmail.com

Upazila: Tungipara	Monitoring Branch: SFMEH		05 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

<b>Upazila: Gopalganj Sadar</b>		<b>Monitoring Branch: SFMEH</b>		<b>05 Agent Points</b>
Kushli Union Digital Centre 26-04-18	Zahangir Alam 01716123403	Kushli Union Parishad, Tungipara Upazila, Gopalganj.	uisc2011.bd@gmail.com	
Dumria Union Digital Centre 26-04-18	Sohel 01712612225	Dumria Union Parishad, Tungipara Upazila, Gopalganj.	mollahsohel@yahoo.com	
Gopalpur Union Digital Centre 26-04-18	Asit Biswas 01728382551	Gopalpur Union Parishad, Tungipara Upazila, Gopalganj.	asit.biswas60@gmail.com	

<b>Upazila: Kashiani</b>		<b>Monitoring Branch: SFMEH</b>		<b>06 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Moheshpur Digital Centre 12-12-17	Azizur Rahman 01718-448861	Moheshpur Union Parishad, Kashiani Upazila, Gopalganj.	ictkashiani@gmail.com	
Orakandi Union Digital Centre 12-12-17	Palash Chandra Tikader 01739-571830	Orakandi Union Parishad, Kashiani Upazila, Gopalganj.	uisc1122@gmail.com	
Parulia Union Digital Centre 12-12-17	Sajol Molla 01948-066175	Parulia Union Parishad, Kashiani Upazila, Gopalganj.	smsajolup0088@gmail.com	
Ratoil Union Digital Centre 12-12-17	Arifuzzaman Shichir 01712-505196	Ratoil Union Parishad, Kashiani Upazila, Gopalganj.	smshishir39@gmail.com	
Sazail Union Digital Centre 12-12-17	Ibna Jabir Munshi 01928-794581	Sazail Union Parishad, Kashiani Upazila, Gopalganj.	86ramjanali@gmail.com	
Kashiani Union Digital Centre 26-04-18	Rubiya Akhter 01706170301	Kashiani Union Parishad, Kashiani Upazila, Gopalganj.	Islambristy685@gmail.com	

<b>Upazila: Mokshedpur</b>		<b>Monitoring Branch: SFMEH</b>		<b>04 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Bahugram Union Digital Centre 12-12-17	Rakibul Hasan Molla 01767-499646	Bahugram Union Parishad, Mokshedpur Upazila, Gopalganj.	rakibul.hasan2148@gmail.com	
Jalirpar Union Digital Centre 12-12-17	Sumon Mojumdar 01758-689021	Jalirpar Union Parishad, Mokshedpur Upazila, Gopalganj.	sumanmajumder966@yahoo.com	
Khandarpara Union Digital Centre 12-12-17	Nuralam Shaikh 01712-325360	Khandarpara Union Parishad, Mokshedpur Upazila, Gopalganj.	khandarparaudc@gmail.com	
Ujani Union Digital Centre 12-12-17	Sujit Mandal 01740-595899	Ujani Union Parishad, Mokshedpur Upazila, Gopalganj.	sujit.mandal87@gmail.com	

<b>Upazila: Kotalipara</b>		<b>Monitoring Branch: SFMEH</b>		<b>09 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Amtali Union Digital Centre 12-12-17	Rumon Mia 01915-595640	Amtali Union Parishad, Kotalipara Upazila, Gopalganj	rumonmiah88@gmail.com	
Hiron Union Digital Centre 12-12-17	Md. Omar Faruk 01920-205922	Hiron Union Parishad Kotalipara Upazila, Gopalganj	mir.omar34@yahoo.com	

Upazila: Kotalipara	Monitoring Branch: SFMEH		09 Agent Points
Pinjuri Union Digital Centre 12-12-17	Sifat Ahmad 01934-324702	Pinjuri Union Parishad, Kotalipara Upazila, Gopalganj	sifatahmed111@gmail.com
Ramshil Union Digital Centre 26-04-18	Dipankar Barai 01913781534	Ramshil Union Parishad, Kotalipara Upazila, Gopalganj.	dipankarbarai@gmail.com
Kushla Union Digital Centre 26-04-18	Mohiuddin Fakir 01753445000	Kushla Union Parishad, Kotalipara Upazila, Gopalganj.	mohiuddinfokir@gmail.com
Suagram Union Digital Centre 26-04-18	Subash Chandra Hazra 01933517702	Suagram Union Parishad, Kotalipara Upazila, Gopalganj.	subashhazra@yahoo.com
Kalabari Union Digital Centre 26-04-18	Ramlal Barai01966572000	Kalabari Union Parishad, Kotalipara Upazila, Gopalganj.	rambarai2013@gmail.com
Sadullapur Union Digital Centre 26-04-18	Biplab Chakroborti 01710157104	Sadullapur Union Parishad, Kotalipara Upazila, Gopalganj.	bsc505050@gmail.com
Bandhabari Union Digital Centre 26-04-18	Asadul Sheikh 01976229622	Bandhabari Union Parishad, Kotalipara Upazila, Gopalganj.	asadulsheikh@gmail.com

#### District: Madaripur

Upazila: Shibchar	Monitoring Branch: Shibchar		11 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	Sahanaz 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.	bhadrasonuisc21@gmail.com
Sannasirchar Union Digital Centre 15-11-17	Aspreya 01791-605511	Sannasirchar Union Parishad, Shibchar Upazila, Madaripur.	marathossain247@gmail.com
Kadirpur Union Digital Centre 15-11-17	Abu Syid Miah 01729-140809	Kadirpur Union Parishad, Shibchar Upazila, Madaripur.	abusyid2013@yahoo.com
Panchar Union Digital Centre 15-11-17	Md. Simul Hossain 01752-088000	Panchar Union Parishad, Shibchar Upazila, Madaripur.	shimull300@gmail.com



<b>Upazila: Madaripur Sadar</b>		<b>Monitoring Branch: Shibchar</b>		<b>12 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Bahadurpur Union Digital Centre 07-05-18	Kazi Rubel 01722-119946	Bahadurpur Union Parishad, Sadar Upazila, Madaripur.	uisc.bahadurpur@gmail.com	
Kalkapur Union Digital Centre 07-05-18	Md. Rubel 01777-827038	Kalkapur Union Parishad, Sadar Upazila, Madaripur.	mahim.hossain7@gmail.com	
Kendua Union Digital Centre 07-05-18	Rifat Azad 01920-740848	Kendua Union Parishad, Sadar Upazila, Madaripur.	rifatazad2015@gmail.com	
Shirkhara Union Digital Centre 07-05-18	Nazmul Rahman 01763-319265	Shirkhara Union Parishad, Sadar Upazila, Madaripur.	upshirkhara@gmail.com	
Jhaoudi Union Digital Centre 07-05-18	Shafikul Isalm 01727-922352	Jhaoudi Union Parishad, Sadar Upazila, Madaripur.	shafikjibon@gmail.com	
Khoajpur Union Digital Centre 07-05-18	Juel 01930-658203	Khoajpur Union Parishad, Sadar Upazila, Madaripur.	jewelt222@gmail.com	
Chilarchar Union Digital Centre 07-05-18	Dulal Sarnokar 01742-509267	Chilarchar Union Parishad, Sadar Upazila, Madaripur.	upchilarchar@gmail.com	
Ghatmajhi Union Digital Centre, 07-05-18	Md. Alauddin Khan 01917459643	Ghatmajhi Union Parishad, Sadar Upazila, Madaripur.	alauddinkhan45@gmail.com	
Rasti Union Digital Centre 07-05-18	Md Muhibullah 01761-730408	Rasti Union Parishad, Sadar Upazila, Madaripur.	smnayemahmed@gmail.com	
Dhurail Union Digital Centre. 07-05-18	Sharmin Akter 01758-367933	Dhurail Union Parishad, Sadar Upazila, Madaripur	smirity786@gmail.com	
Kunia union Centre 07-05-18	Emon 01765-673246	Kunia Union Parishad, Sadar Upazila, Madaripur.	emonkhan1996@gmail.com	
Pearpur Union Digital Centre 07-05-18	Ariful Islam 01912-761609	Pearpur Union Parishad, Sadar Upazila, Madaripur.	arifnil2021@gmail.com	

<b>Upazila: Rajoir</b>		<b>Monitoring Branch: Shibchar</b>		<b>10 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Ishibpur Union Digital Centre 07-05-18	Arafat Hosen 01711-308444	Ishibpur Union Parishad, Rajoir Upazila, Madaripur.	arafathosen@gmail.com	
Badarpasha Union Digital Centre 07-05-18	Md. Arifur Rahman Miah 01712-793917	Badarpasha Union Parishad, Rajoir Upazila, Madaripur.	badarpasaudc@gmail.com	
Paikpara Union Digital Centre 07-05-18	Md. Merajul Islam 01714-799725	Paikpara Union Parishad, Rajoir Upazila, Madaripur.	paikparaudc@gmail.com	
Bajitpur Union Digital Centre 07-05-18	Rima Akter 01937-797878	Bajitpur Union Parishad, Rajoir Upazila, Madaripur.	sarminadry06@gmail.com	
Khalia Union Digital Centre 07-05-18	Habiba Akter 01765-518928	Khalia Union Parishad, Rajoir Upazila, Madaripur.	khaliyaudc@gmail.com	
Kadambari union Digital Centre 07-05-18	Prokash Chandra Bhakta 01743-549226	Kadambari Union Parishad, Rajoir Upazila, Madaripur.	kadambariudc@gmail.com	
Amgram Union Digital Centre 07-05-18	Kabir Hossain 01746-681179	Amgram Union Parishad, Rajoir Upazila, Madaripur.	amgramup@gmail.com	
Hossenpur Digital Centre 07-05-18	Naima Akter 01768-902389	Hossenpur Union Parishad, Rajoir Upazila, Madaripur.	naimalijue@gmail.com	
Horidasdi Union Digital Centre 07-05-18	Md. Easin Sheikh Tipu 01718-437221	Horidasdi Union Parishad, Rajoir Upazila, Madaripur.	haridasdiudc@gmail.com	
Kabirajpur Union Digital Centre 07-05-18	Salma Khanom 01720-097582	Kabirajpur Union Parishad, Rajoir Upazila, Madaripur.	kabirajpurudc@gmail.com	

**District: Tangail**

<b>Upazila: Delduar</b>	<b>Monitoring Branch: Shakhipur</b>		<b>08 Agent Points</b>
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_uiscc@yahoo.com
Dubail Union Digital Centre 27-04-17	Liton Kumer Paul +8801915428687	Dubail Union Parishad, Delduar Upazila, Tangail.	litonpaul533@yahoo.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.	uisccjui@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

<b>Upazila: Shakhipur</b>	<b>Monitoring Branch: Shakhipur</b>		<b>06 Agent Points</b>
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

<b>Upazila: Nagarpur</b>	<b>Monitoring Branch: Shakhipur</b>		<b>12 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Salimabad Union Digital Centre 17-07-17	Md. Imran Hossen 01716292937	Salimabad Union Parishad, Nagarpur Upazila, Tangail.	imranuiscca@yahoo.com
Gayhata Union Digital Centre 17-07-17	Md. Ariful Islam 01716222913	Gayhata Union Parishad, Nagarpur Upazila, Tangail.	ariful.uiscc22@gmail.com
Mokna Union Digital Centre 17-07-17	Md. Abdullah 01762358316	Mokna Union Parishad, Nagarpur Upazila, Tangail.	uisccmokna@gmail.com
Dhubria Union Digital Centre 17-07-17	Md. Nazrul Islam 01734327110	Dhubria Union Parishad, Nagarpur Upazila, Tangail.	nazrul.rx33@yahoo.com
Doptiar Union Digital Centre 17-07-17	Md. Babul Hossain 01722404026	Doptiar Union Parishad, Nagarpur Upazila, Tangail.	jakarulbabu@gmail.com
Nagarpur Union Digital Centre 17-07-17	Aynal Kabir 01717992474	Nagarpur Union Parishad, Nagarpur Upazila, Tangail.	mdaynal@gmail.com
Bhadra Union Digital Centre 17-07-17	Md. Ahidur Rahman 01712898823	Bhadra Union Parishad, Nagarpur Upazila, Tangail.	ahidkhan01@gmail.com

Upazila: Nagarpur	Monitoring Branch: Shakhipur		12 Agent Points
Bekra Atgram Union Digital Centre 17-07-17	Shahida Parvin 01714827426	Bekra Atgram Union Parishad, Nagarpur Upazila, Tangail.	shahidaparvin.uisc@gmail.com
Shahabatpur Union Digital Centre 17-07-17	Md. Nur Alam Khan 01748069796	Shahabatpur Union Parishad, Nagarpur Upazila, Tangail.	junaed2008@gmail.com
Mamudnagar Union Digital Centre 17-07-17	Md. Sariful Islam 01727583228	Mamudnagar Union Parishad, Nagarpur Upazila, Tangail.	soreful1010@yahoo.com
Pakutia Union Digital Centre 17-07-17	Mohammad Amdad Hossen 01753560884	Pakutia Union Parishad, Nagarpur Upazila, Tangail.	uisc_pakutia@yahoo.com
Bharra Union Digital Centre 17-07-17	Md. Razib Miah 01746792813	Bharra Union Parishad, Nagarpur Upazila, Tangail.	razibmiah01@gmail.com

### District: Gazipur

Upazila: Sreepur	Monitoring Branch: Mawna		05 Agent Points
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Barmi Union Digital Centre 01-08-17	Md. Mobarak Hossain +8801717815037	Barmi Union Parishad, Sreepur Upazila, Gazipur.	uiscbarmi100@gmail.com
Gazipur Union Digital Centre 01-08-17	Md. Sohorab Hossain +8801728918418	Gazipur Union Parishad, Sreepur Upazila, Gazipur.	gazipur.uisc89@gmail.com
Mawna Union Digital Centre 01-08-17	Razib Mollah +8801740633093	Mawna Union Parishad, Sreepur Upazila, Gazipur.	razibhasan82@gmail.com
Telihati Union Digital Centre 01-08-17	Mahotab Uddin +8801914177156	Telihati Union Parishad, Sreepur Upazila, Gazipur.	uisc.telihati@gmail.com
Kaoraid Union Digital Centre 01-08-17	Md. Monwar Hossain +8801768602306	Kaoraid Union Parishad, Sreepur Upazila, Gazipur.	kaoraiduisc9999@gmail.com

### Division: Khulna

60 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

<b>Upazila: Chitolmari</b>		<b>Monitoring Branch: SFMEH</b>		<b>07 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Barabaria Union Digital Centre 26-09-17	Sujon Sheikh +8801740947626	Barabaria Union Parishad, Chitolmari Upazila, Bagerhat.	sujanmodu506@gmail.com	
Kolatata Union Digital Centre 26-09-17	Mintu Sheikh +88017322519015	Kolatata Union Parishad, Chitolmari Upazila, Bagerhat.	mintu01740@gmail.com	
Shibpur Union Digital Centre 26-09-17	Md. Abdullah Al Mamun +8801934171217	Shibpur Union Parishad, Chitolmari Upazila, Bagerhat.	abdullaha137@gmail.com	
Santoshpur Union Digital Centre 26-09-17	Salma Akter +8801700882846	Santoshpur Union Parishad, Chitolmari Upazila, Bagerhat.	salma.rima10@gmail.com	
Charbaniari Union Digital Centre 26-09-17	Mithun Biswas +8801913348087	Charbaniari Union Parishad, Chitolmari Upazila, Bagerhat.	biswasmithun496@gmail.com	
Chitolmari Union Digital Centre 26-09-17	Md. Abul Hosen +8801930361826	Chitolmari Union Parishad, Chitolmari Upazila, Bagerhat.	abul.hossen29@gmail.com	
Hizla Union Digital Centre 26-09-17	Gobinda Ray +8801925382622	Hizla Union Parishad, Chitolmari Upazila, Bagerhat.	gobindaroy23@gmail.com	

<b>Upazila: Fakirhat</b>		<b>Monitoring Branch: Khulna</b>		<b>08 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Fakirhat Union Digital Centre 28-09-17	Dalia Khatun +8801783158970	Fakirhat Union Parishad, Fakirhat Upazila, Bagerhat.	fakirhatudc04@gmail.com	
Piljang Union Digital Centre 28-09-17	Mousumi Khatun +8801787189026	Piljang Union Parishad, Fakirhat Upazila, Bagerhat.	mowshumi14@yahoo.com	
Shuvodia Union Digital Centre 28-09-17	Md. Mazharul Islam +8801741418875	Shuvodia Union Parishad, Fakirhat Upazila, Bagerhat.	mdmazharulli606@gmail.com	
Lakhpur Union Digital Centre 28-09-17	Md. Deloar Hossain +8801950643552	Lakhpur Union Parishad, Fakirhat Upazila, Bagerhat.	delwar3552@gmail.com	
Naldha-Maubhogh Union Digital Centre 28-09-17	Abdulahil Mamun +8801851672959	Naldha-Maubhogh Union Parishad, Fakirhat Upazila, Bagerhat.	naldhaup@gmail.com	
Betaga Union Digital Centre 28-09-17	Md. Iqbal Hossain +8801920182262	Betaga Union Parishad, Fakirhat Upazila, Bagerhat.	iqbaluisc1@gmail.com	
Mulghar Union Digital Centre 28-09-17	Masura Khatun +8801825478007	Mulghar Union Parishad, Fakirhat Upazila, Bagerhat.	msaurakhatunup@gmail.com	
Bahirdia Mansa Union Digital Centre 28-09-17	Farzana Khatun +8801722467015	Bahirdia Mansa Union Parishad, Fakirhat Upazila, Bagerhat.	farjanakhatun1993@gmail.com	

### District: Khulna

<b>Upazila: Batiaghata</b>		<b>Monitoring Branch: Khulna</b>		<b>05 Agent Points</b>
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	



<b>Upazila: Batiaghata</b>	<b>Monitoring Branch: Khulna</b>		<b>05 Agent Points</b>
Bhanderkote Union Digital Centre 16-11-16	Md. Monirul Islam +8801925216241	Bhanderkote Union Parishad, Batiaghata Upazila, Khulna	monirul.b1982@gmail.com

<b>Upazila: Dumuria</b>	<b>Monitoring Branch: Khulna</b>		<b>08 Agent Points</b>
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.	kithumondol1992@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
Atlia Union Digital Centre 27-09-17	Santo Kumer Mitra +8801718780858	Atlia Union Parishad, Dumuria Upazila, Khulna.	meherun.shanto@gmail.com
Gutudia Union Digital Centre 27-09-17	Shekhar Kumer Mondal +8801915518565	Gutudia Union Parishad, Dumuria Upazila, Khulna.	shakarmondal11@gmail.com

<b>Upazila: Rupsha</b>	<b>Monitoring Branch: Khulna</b>		<b>05 Agent Points</b>
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

<b>Upazila: Phultala</b>	<b>Monitoring Branch: Khulna</b>		<b>04 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Atra Gilatala Union Digital Centre 27-09-17	Md. Shanewas Sardar +8801918606731	Atra Gilatala Union Parishad, Phultala Upazila, Khulna.	shahnawaz2012sardar@gmail.com
Damodar Union Digital Centre 27-09-17	Md. Ilias Gazi +8801916284398	Damodar Union Parishad, Phultala Upazila, Khulna.	issaggazi08@gmail.com
Phultala Union Digital Centre 27-09-17	Muzahidul Islam +8801913227117	Phultala Union Parishad, Phultala Fultala Upazila, Khulna.	mugahid2014islam@gmail.com
Zamira Union Digital Centre 27-09-17	Md. Alamgir Hossain +8801762473508	Zamira Union Parishad, Phultala Upazila, Khulna.	alamgirh553@gmail.com

<b>Upazila: Digholia</b>		<b>Monitoring Branch: Khulna</b>		<b>06 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Aranghata Union Digital Centre 27-09-17	Melon Ray +8801911140398	Aranghata Union Parishad, Digholia Upazila, Khulna.	meelonr@gmail.com	
Barakpur Union Digital Centre 27-09-17	Md. Abdul Wahid Moral +88019250504546	Barakpur Union Parishad, Digholia Upazila, Khulna.	wahidmorol@gmail.com	
Digholia Union Digital Centre 27-09-17	Hasib Israk Nayan +8801925513695	Digholia Union Parishad, Digholia Upazila, Khulna.	hasibisrak@gmail.com	
Gazirhat Union Digital Centre 27-09-17	Uzzal Biswas +8801732592876	Gazirhat Union Parishad, Digholia Upazila, Khulna.	ujjlbiswas1987@gmail.com	
Jogipal Union Digital Centre 27-09-17	Manira Akter +8801914143840	Jogipal Union Parishad, Digholia Upazila, Khulna.	minusonali16@gmail.com	
Senhati Union Digital Centre 27-09-17	G.M Shariful Islam +8801911399485	Senhati Union Parishad, Digholia Upazila, Khulna.	pcsurjo@gmail.com	

<b>Upazila: Paikgacha</b>		<b>Monitoring Branch: Khulna</b>		<b>06 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address	
Horidhali Union Digital Centre 27-09-17	Anamul Ahmed +881718849890	Horidhali Union Parishad, Paikgacha Upazila, Khulna.	udccana1995@gmail.com	
Laskar Union Digital Centre 27-09-17	Mohammad Osman Ali +8801710643388	Laskar Union Parishad, Paikgacha Upazila, Khulna.	osmanali199270@yahoo.com	
Raruli Union Digital Centre	Sumon Debnath +8801746159192	Raruli Union Parishad, Paikgacha Upazila, Khulna.	udcsumon1995@gmail.com	
Chandkhali Union Digital Centre 27-09-17	Md. Habibur Rahman(Habib) +8801708636760	Chandkhali Union Parishad, Paikgacha Upazila, Khulna.	habiburbashar96@gmail.com	
Gadaipur Union Digital Centre 27-09-17	Kazi Hasnat Hossain +8801708915805	Gadaipur Union Parishad, Paikgacha Upazila, Khulna.	kazinoyon12@gmail.com	
Lata Union Digital Centre 27-09-17	Binesh Sarkar +8801761733397	Lata Union Parishad, Paikgacha Upazila, Khulna.	sbimanesh@gmail.com	
Kapilmuni Union Digital Centre 27-09-17	Md. Monirul Islam +8801719032711	Kapilmuni Union Parishad, Paikgacha Upazila, Khulna.	monirul.kapilmuni@gmail.com	
Deluti Union Digital Centre 27-09-17	Sadananda Gain +8801711272086	Deluti Union Parishad, Paikgacha Upazila, Khulna.	milongain86@gmail.com	
Soladana Union Digital Centre 27-09-17	Amirul Islam Gazi 01916682156	Soladana Union Parishad, Paikgacha Upazila, Khulna.	md.rajuuisc@gmail.com	
Garaikhali Union Digital Centre 27-09-17	Abu Hena Mostafa Kamal 01916002004	Garaikhali Union Parishad, Paikgacha Upazila, Khulna.	abuhena002004@gmail.com	

<b>Mymensingh Division</b>	<b>33 Agent Points</b>
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<b>District: Mymensingh</b>
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<b>Upazila: Mymensingh Sadar</b>		<b>Monitoring Branch: Shambhugonj</b>		<b>10 Agent Points</b>
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	

<b>Upazila: Mymensingh Sadar</b>	<b>Monitoring Branch: Shambhugonj</b>		<b>10 Agent Points</b>
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.uiscc@gmail.com
Austadhar Union Digital Centre 27-12-16	Md. Nahid Hasan +8801925028639	Austadhar Union Parishad, Sadar Upazila, Mymensingh.	nahidhasan1uiscc@gmail.com
Char Iswardia Union Digital Centre 27-12-16	Kamrul Hasan +8801879360302	Char Iswardia Union Parishad, Sadar Upazila, Mymensingh.	kamrul.uiscc2@gmail.com

<b>Upazila: Tarakanda</b>	<b>Monitoring Branch: Shambhugonj</b>		<b>07 Agent Points</b>
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.uiscc@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.uiscc41@gmail.com
Kamargaon Union Digital Centre 25-04-17	Md. Kamal Hossain +8801718946088	Kamargaon Union Parishad, Tarakanda Upazila, Mymensingh.	kamalhossain217@gmail.com

<b>Upazila: Iswarganj</b>	<b>Monitoring Branch: Shambhugonj</b>		<b>10 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Atharabari Union Digital Centre 08-11-17	Md. Saddam Hossain 01926268338	Atharabari Union Parishad, Ishwarganj Upazila, Mymensingh.	saddamhossain.shb@gmail.com
Ishwarganj Union Digital Centre 08-11-17	Bilkis Akter 01740824452	Ishwarganj Union Parishad, Ishwarganj Upazila, Mymensingh.	--
Jatia Union Digital Centre 08-11-17	Mohammad Mossarrof Hossen 01761526263	Jatia Union Parishad, Ishwarganj Upazila, Mymensingh.	mosarrofossen355@yahoo.com

Upazila: Iswarganj	Monitoring Branch: Shambhugonj		10 Agent Points
Magtula Union Digital Centre 08-11-17	Md. Atikur Rahman 01683420338	Magtula Union Parishad, Ishwarganj Upazila, Mymensingh.	mogtola.up7@gmail.com
Maijbag Union Digital Centre 08-11-17	Anisuzzaman 01714707199	Maijbag Union Parishad, Ishwarganj Upazila, Mymensingh.	zaman01687@gmail.com
Rajibpur Union Digital Centre 08-11-17	Md. Aktaruzzaman 01763579775	Rajibpur Union Parishad, Ishwarganj Upazila, Mymensingh.	md.aktaruzzaman641@yahoo.com
Sarisha Union Digital Centre 08-11-17	Md. Mazharul Islam 01761915218	Sarisha Union Parishad, Ishwarganj Upazila, Mymensingh.	mazharul.uisc@gmail.com
Sohagi Union Digital Centre 08-11-17	Shohel Rana 01725062988	Sohagi Union Parishad, Ishwarganj Upazila, Mymensingh.	sohel@gmail.com
Tarundia Union Digital Centre 08-11-17	Siddiqur Rahman 01749300717	Tarundia Union Parishad, Ishwarganj Upazila, Mymensingh.	siddiqkajol@gmail.com
Uchakhila Union Digital Centre 08-11-17	Md. Hamidur Rahman 01740873983	Uchakhila Union Parishad, Ishwarganj Upazila, Mymensingh.	uisc_uchakhila@yahoo.com

Upazila: Gauripur	Monitoring Branch: Shambhugonj		06 Agent Points
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Gauripur Union Digital Centre 09-08-17	Mst. Ripa Akter +8801740846656	Gauripur Union Parishad, Gauripur Upazila, Mymensingh.	2nounionpsrshadgauripur31@gmail.com
Mailakanda Union Digital Centre 09-08-17	Sudipta Sarker +8801960122387	Mailakanda Union Parishad, Gauripur Upazila, Mymensingh.	malaikandaup@gmail.com
Achintapur Union Digital Centre 09-08-17	Hasim Uddin +8801714914162	Achintapur Union Parishad, Gauripur Upazila, Mymensingh.	hasimuddin14924@gmail.com
Bokainagar Union Digital Centre 09-08-17	Hussain Ahmmed +8801713593490	Bokainagar Union Parishad, Gauripur Upazila, Mymensingh.	bokainagarup@gmail.com
Maoha Union Digital Centre 09-08-17	Md. Touhidul Islam +8801736851706	Maoha Union Parishad, Gauripur Upazila, Mymensingh.	thouhidul8211@gmail.com
Sahanati Union Digital Centre 09-08-17	Md. Golam Mahmud Faridi +880171738211	Sahanati Union Parishad, Gauripur Upazila, Mymensingh.	mahmudpiaus@gmail.com

### Rajshahi Division

09 Agent Points

### District: Rajshahi

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

<b>Rangpur Division</b>	<b>14 Agent Points</b>
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<b>District: Rangpur</b>
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Upazila: Pirganj		Monitoring Branch: Pirganj		14 Agent Points
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
Pirganj Union Digital Centre	05-12-17	Md. Rabiul Alam 01723271463	Pirganj Union Parishad, Pirganj Upazila, Rangpur.	rabiulalam1985@gmail.com
Boro Alampur Union Digital Centre	05-12-17	Md. Shariful islam 01791841588	Boro Alam pur Union Parishad Pirganj Upazila, Rangpur	boroalampurup.rang@gmail.com
Mithipur Union Digital Centre	05-12-17	Md. Oyares Ali 01750684022	Mithipur Union Parishad, Pirganj Upazila, Rangpur.	udc.mithipur@gmail.com
Tukuria Union Digital Centre	05-12-17	Md. Fajjur Rahman 01727062072	Tukuria Union Parishad, Pirganj Upazila, Rangpur.	rebekasultana.fajjur@gmail.com
Roypur Union Digital Centre	05-12-17	Md. Helal Mia 01737524979	Roypur Union Parishad, Pirganj Upazila, Rangpur.	helalkhan1991@gmail.com
Kabilpur Union Digital Centre	05-12-17	Md. Touhidul Islam 01764749200	Kabilpur Union Parishad, Pirganj Upazila, Rangpur.	touhidgion@gmail.com
Chaitrakul Union Digital Centre	05-12-17	Md. Bakibillha All 01710727621	Chaitrakul Union Parishad, Pirganj Upazila, Rangpur.	bakibillhaallhasan1980@gmail.com

<b>Sylhet Division</b>	<b>7 Agent Points</b>
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<b>District: Sylhet</b>
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<b>Upazila: South Surma</b>	<b>Monitoring Branch: Amberkhana</b>		<b>05 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Kamal Bazar Union Digital Centre 31-05-16	Md. Moin Uddin +8801712302356	Kamalbazar 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.	mдемran.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

<b>Upazila: Sylhet Sadar</b>	<b>Monitoring Branch: Amberkhana</b>		<b>02 Agent Points</b>
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

<b>Barisal: Division</b>	<b>4 Agent Points</b>
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<b>District: Bhola</b>
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<b>Upazila: Charfassion</b>	<b>Monitoring Branch: Charfassion</b>		<b>04 Agent Points</b>
Agent Point Name/ Date of Opening	Entrepreneur Details	Address	Email Address
Aslampur Union Digital Centre 28-11-17	Minhazul Islam 01714-868232	Aslampur Union Parishad, Charfassion Upazila, Bhola.	minhazul.up@gmail.com
Jahanpur Union Digital Centre 28-11-17	Mphammad Omar Faruk 01741-005087	Jahanpur Union Parishad, Charfassion Upazila, Bhola.	farukjahanpur01@gmail.com
Hazariganj Union Digital Centre 28-11-17	Md. Hasnain( Al Amin) 01716607517	Hazariganj Union Parishad, Charfassion Upazila, Bhola.	hasnainhu@gmail.com
Abu Bakarpur Union Digital Centre 28-11-17	Md. Jahirul Islam 01727 924531	Abu Bakarpur Union Parishad, Charfassion Upazila, Bhola.	jahirulislam7235@gmail.com



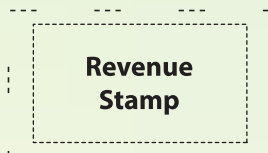
Registered Office: Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000, Bangladesh  
Head Office: DCCI Building (4th Floor), 65-66 Motijheel C/A, Dhaka-1000

### 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 Fifth Annual General Meeting of the Bank to be held on Thursday, the 27th September 2018 at 12:30 p.m at Radisson Blu Dhaka Water Garden and at any adjournment thereof and the poll that may be taken in consequence thereof.

As witness my/our hand this ..... day of ..... 2018.

(Signature of the Proxy)  
Date : .....



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 Fifth 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 Fifth Annual General Meeting of Modhumoti Bank Limited on Thursday, the 27th September 2018 at 12:30 p.m at Radisson Blu Dhaka Water Garden.

Name of Shareholder(s)/ Proxy : .....  
Registered Folio No.: .....

Signature(s) of Shareholder(s)/ Proxy







**HEAD OFFICE:**

DCCI Building (2nd, 3rd & 4th Floor), 65-66 Motijheel C/A, Dhaka  
Phone: +8802 9583808,+8802 9583809, Fax: +8802-9583803,+8802-47119350  
[www.modhumotibankltd.com](http://www.modhumotibankltd.com)