

# ANNUAL REPORT

# 2014



**Modhumoti  
Bank Limited**

*Your Access to Success*

# ANNUAL REPORT 2014



# Table of Contents

- Letter of Transmittal ..... 03
- Corporate Profile ..... 04
- Important Events ..... 05
- Our Vision ..... 06
- Our Mission ..... 06
- Strategic Objectives ..... 06
- Core Value ..... 07
- Our Commitment ..... 07
- Profile of the Board of Directors ..... 08
- The Sponsors ..... 15
- The Executive Committee ..... 19
- The Audit Committee ..... 20
- The Risk Management Committee ..... 20
- The Senior Management ..... 21
- The Management Committee (MANCOM) ..... 22
- The Asset Liability Committee (ALCO) ..... 23
- Key Financial Indicators ..... 24
- Value Added Statement (VAS) ..... 26
- Message from Chairman ..... 28
- Managing Director & CEO’s Round-up ..... 31
- Directors’ Report ..... 37
- Report on Activities on the Board’s Audit Committee ..... 64
- Statement on Green Banking Initiatives ..... 67
- CSR Activities at a glance ..... 69
- Disclosures on Risk Based Capital (Basel II) ..... 72
- Independent Auditor’s Report & Financial Statements ..... 90
- Branch & ATM Network ..... 139
- Foreign Correspondent Bank Network ..... 140
- List of Executives ..... 141
- Notice of the Second Annual General Meeting ..... 142
- Proxy Form ..... 143

## Letter of Transmittal

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

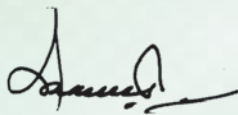
Sub: **Annual Report of Modhumoti Bank Limited for the year ended 31 December, 2014**

Dear Sir(s),

We are pleased to enclose a copy of Bank's Annual Report 2014 together with the audited financial statements including balance sheet as at 31st December, 2014 and profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31st December, 2014 along with notes thereto of Modhumoti Bank Limited for your kind information and record.

Best regards,

Yours truly,



**Md. Mizanur Rahman**  
Managing Director & CEO



## Corporate Profile

# Modhumoti Bank Limited

### Legal form

A scheduled commercial bank incorporated in Bangladesh as a Public Limited Company under the Companies Act 1994 and Bank Companies Act, 1991.

Chairman, The Board of Directors  
**Mr. Humayun Kabir**

Chairman, Audit Committee of the Board of Directors  
**Mr. Shaikh Salahuddin**

Chairman, Executive Committee of the Board of Directors  
**Barrister Sheikh Fazle Noor Taposh MP**

Chairman, Risk Management Committee of the Board of Directors  
**Mr. Mostafa Kamal**

Managing Director & CEO  
**Mr. Md. Mizanur Rahman**

VAT Registration  
19011088268-Area Code 190101

Auditors  
**M/s. Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

**Rating Agency**  
Credit Rating Agency of Bangladesh Limited  
(CRAB)

### Credit Rating as on 31 December 2014:

Long Term - BBB<sub>2</sub>  
Short Term - ST-2  
Outlook - Developing

Date of Incorporation  
**4<sup>th</sup> June 2013**

Date of Commencement of Business  
**4<sup>th</sup> June 2013**

Date of Approval for establishing Office  
**9<sup>th</sup> June 2013**

Date of inclusion as Scheduled Bank  
**16<sup>th</sup> June 2013**

Formal Inauguration  
**19<sup>th</sup> September 2013**

**Head office**  
DCCI Building, 3<sup>rd</sup> & 4<sup>th</sup> Floor  
65-66 Motijheel C/A, Dhaka-1000  
Phone: 02-958 3809, Fax: 02-958 3808

Website  
**[www.modhumotibankltd.com](http://www.modhumotibankltd.com)**

Tax-Payer Identification Number, TIN  
718496557566

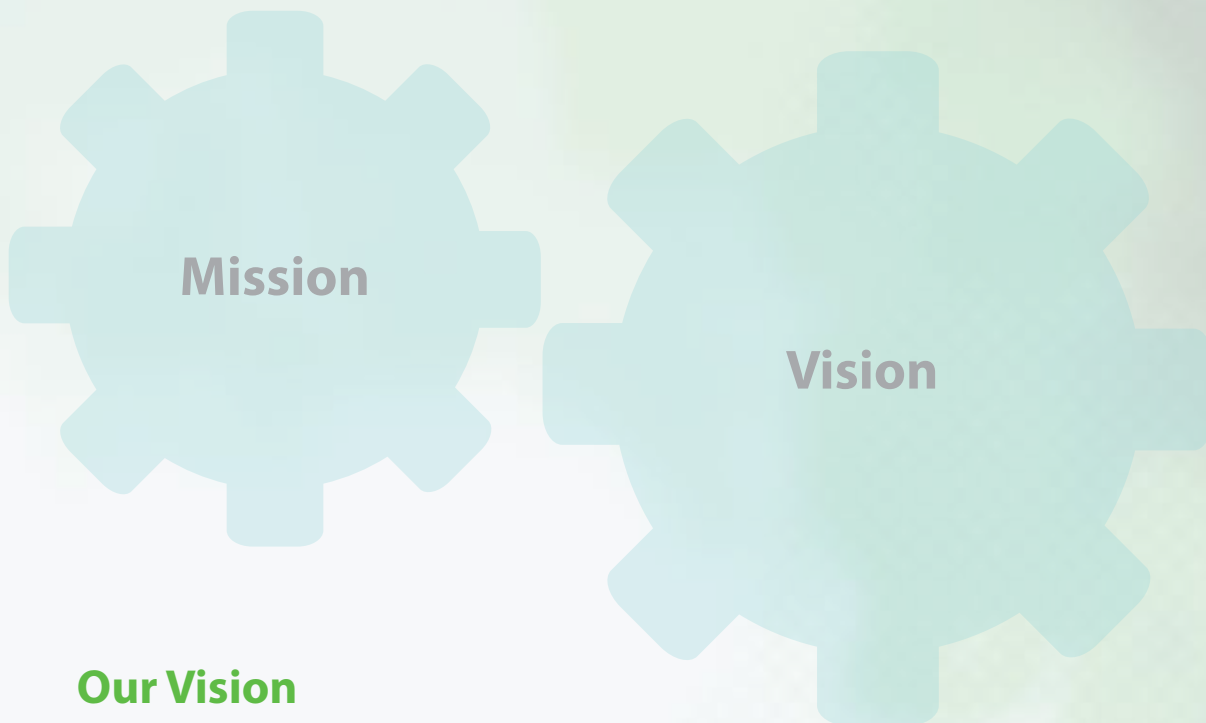
Legal Retainer  
**Barrister Ali Asif Khan**  
Hossain & Khan Associates

**Registered Office**  
Banglar Bani Bhavan  
81 Motijheel C/A, Dhaka-1000

**Network**  
Total Branches: 12  
Total ATMs in live: 12  
Total RMA: 111  
Total Nostro Accounts: 11

## Important Events

Application for Bank License	29 November 2011
Letter of Intent (LOI) received from Bangladesh Bank	17 April 2012
Signing MoU between the Sponsors	29 December 2012
Registration with the RJSC	4 June 2013
Approval for opening Office from Bangladesh Bank	9 June 2013
Appointment of Managing Director & CEO	10 June 2013
Inclusion by Bangladesh Bank as Scheduled Bank	16 June 2013
Launching Ceremony	6 July 2013
Opening Head Office at DCCI Building	1 August 2013
The First Meeting of the Board of Directors (BOD)	01 August 2013
Obtaining License for the First Branch (Motijheel Branch)	21 August 2013
Opening of the First Branch (Motijheel Branch)	19 September 2013
The First Meeting of the Executive Committee of BOD	10 October 2013
The First Meeting of the Audit Committee of BOD	30 December 2013
Signing Agreement with CRAB for Credit Rating	10 March 2014
Launching of a campaign namely 'Freedom' under Privilege Banking	13 March 2014
Launching of Debit Card through ITCL	17 April 2014
Holding Statutory Meeting of the Shareholders	6 May 2014
Signing Agreement with Bangladesh Bank for Re-finance for Financing Schemes under 'Brick Kiln Efficiency Improvement Project'	19 May 2014
Signing Agreement with Western Union in association with Mercantile Bank Limited	24 June 2014
Participating live in BEFTN	15 July 2014
Signing Agreement with Bangladesh Bank for Re-finance for Agro-based Product Processing Industries in Rural Areas and Small Enterprises	22 July 2014
Launching 'Priority Banking'	1 September 2014
Celebrating the First Anniversary	20 September 2014
The First Meeting of the Risk Management Committee	22 September 2014
The First Annual General Meeting	25 November, 2014
Launching of MODHUMOT প্রত্যশা Deposit Scheme	01 January 2015
Participation at Dhaka International Trade Fair	01 January 2015
Signing MoU with Central Procurement Technical Unit (CPTU)	14 January 2015
Holding Annual Managers' Conference-2015	29 January 2015
Inauguration of Dhaka WASA Bill Collection activities	26 February 2015
Signing agreement with Jamuna Bank for joining VISA International	08 April 2015
Obtaining license for Off-shore Banking	24 April 2015
Inauguration of 12th Branch at Aganagar, Keraniganj	14 May 2015
Signing IME-Sub Agency Agreement with NCC Bank Limited	27 May 2015
Signing MoU with Access to Information (a2i), PMO	17 June 2015
Obtaining license for Agent Banking	30 June 2015



## Our 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.

## Our 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



## Profile of the Board of Directors



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.

**Humayun Kabir**  
Chairman

Mr. Shaikh Salahuddin is the Vice-Chairman of the Board of Directors and the Chairman of the Audit Committee of the Board of Directors of the Bank. He was born in a respectable Muslim family in 1967 in Khulna. His father, Late Shaikh Abu Naser, younger brother of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman. He is a successful businessman having vast experiences in transport and shipping businesses. Mr. Salahuddin is proprietor of Fardin Fishing and Ajmeer Navigation and also a sponsor shareholder of Islami Commercial Insurance Company Limited. He also acts as President of Khulna Nou Paribahan Malik Group.



**Shaikh Salahuddin**  
Vice-Chairman



Mr. Sheikh Fazle Noor Taposh, Barrister-at-Law, is a Director and the Chairman of Executive Committee of the Board of Directors of the Bank. He was born in a respectable Muslim family in 1971 during the War of Liberation at Gopalganj. He is younger son of Late Sheikh Fazlul Haque Moni, a great Freedom Fighter, journalist and politician and Late Shamsun Nessa Arju Moni. Mr. Taposh is 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. Then he completed his Bar Final Course under the General Council of the Bar of England and Wales in 1997. He is a Member of the Honorable Society of Lincoln's Inn, U.K.

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

## Profile of the Board of Directors



Mr. Md. Ismail Hossain, representing Sharmin Apparels Limited, was born in a respectable Muslim family in 1966 at Faridpur. He 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 FBCCI, an apex body of the country's trade and business. He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

**Md. Ismail Hossain**  
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.

**Nemai Kumer Saha**  
Director



Alhaj Anwar Hossain was born in a respectable Muslim family in 1937 in Dhaka. He is a renowned businessman and the group Chairman of Anwar Group of Industries, one of largest business conglomerate in the country established in 1834. Mr. Hossain is one of the promoters of the country's private sector banking industry in early '80s. He enjoys high reputation in the society and has also served the nation as a legislator. He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

**Alhaj Anwar Hossain**  
Director

## Profile of the Board of Directors



Mr. Salahuddin Alamgir (CIP) was born in a respectable Muslim family in 1975 at Tangail. He is the Chairman of Labib Group, a renowned businessman in the sector of apparel manufacturing, exporting, trading and Mobile handset distribution since long. He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

**Salahuddin Alamgir**  
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. He started career with trading in the year 1976 and became a successful importer within a very short span of time. He had taken endeavour in 1989 to setting up industries and subsequently became a successful and leading entrepreneur of the country establishing as many as 30 major industries of different categories including heavy industries like cement, chemical, shipbuilding, steel, power generation etc. He is entrusted with various prestigious positions in business arena.



**Mostafa Kamal**  
Director



Ms. Tanjima Binthe Mostafa, representing Everest Power Generation Company Limited, was born in a respectable Muslim family in 1987 in Dhaka. She is a Director of Meghna Group of Industries, which is one of the biggest & leading conglomerates of Bangladesh. She obtained her graduation from Babson College, Boston in 2009, majoring in Marketing and Economics.

**Tanjima Binthe Mostafa**  
Director



## Profile of the Board of Directors



Mr. Humayun Kabir (Bablu) is graduated from California State University, Los Angeles, CA, USA in 1996 in Production & Operation Management. He is a Director of Bengal Group of Industries- one of the leading business Group in the country and Managing Director of National Television Limited (RTV). He is a member of the Executive Committee of the Bank. Mr. Kabir is declared as Commercially Important Person (CIP) by the Government of Bangladesh (GOB) for his remarkable contribution in exports.

**Humayun Kabir**  
Director

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

**Shahana Yasmin**  
Director



Ms. Sultana Jahan (CIP) was born in a respectable Muslim family in 1975 at Chandpur. She is the Vice Chairman of Labib Group, a renowned business entrepreneur affiliated with apparel manufacturing, exporting, trading and Mobile distribution since long.

**Sultana Jahan**  
Director



## Profile of the Board of Directors

Mr. Md. Abul Hossain, representing S. Jute Industries Limited was born in 1958 in a respectable Muslim family, Karimpur, Kanaipur at Faridpur. During that period, his family was one of renowned Muslim Businessmen in that locality. He is the Managing Director of H. Group, a reputed business house with vast experiences of exporting jute & jute products. He becomes the Vice-Chairman of BJSa, Executive Vice-President of IJSG, Executive Committee Member of BJMC, Director of BJMA & BCI as well as members of DCCI, BJA, BJGA & SCB. He is a Member of the Audit Committee of the Board of Director of the Bank.

**Md. Abul Hossain**  
Director



Mr. A. Mannan Khan, representing Mango Teleservices Limited, was born in a respectable Muslim family in 1966 at Manikgonj. He obtained B.Sc. in Engineering (Computer) degree from Tianjin University, China. Mr. Khan has vast experiences in ICT and telecommunication sector. He is also the Chairman of Playpen, a English medium international school and college. To spread higher education in his locality, he founded a college in Baira, at where he is President of its Governing Body. He is a Member of the Audit Committee of the Board of Directors of the Bank.

**A.Mannan Khan**  
Director

Ms. 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 Ltd. She is also the Chairman of China-Bangla Ceramic Industries Ltd., Managing Director of Trustee Securities Ltd. and Director of Northern General Insurance Company Ltd. and United Shipping Lines Ltd. Mrs. Islam is also associated with many philanthropic activities and travelled many countries.

**Ferdousi Islam**  
Director



## Profile of the Board of Directors



Mr. Mohammad Ali Talukder was born in a respectable Muslim family in 1952 in Bakergonj, Barisal. Being a visionary entrepreneur, he is the Chairman of Pretty Group, a conglomerate of 100% export oriented manufacturing industries. Having prominent insurance career, Mr. Talukder is the founder Director of Provati Insurance Company Limited as well executed in the office of the Managing Director during the period of 1997 to 2003. Besides Mr. Talukder is a Member of the Risk Management Committee of the Board of Directors of the Bank.

**Mohammad Ali Talukder**  
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 Commerce from Dhaka University in 1996 and became an ICMA qualified Cost Management Accountant in 2000.



**Yousuf Ali, FCMA**  
Director



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

**Mahbubur Rahaman**  
Director

## Profile of the Board of Directors

Mr. Didarul Alam was born in a respectable Muslim family in 1968 in Chittagong. He is a Director of Taher Group of Industries and a renowned industrialist having exposures in steel, shipbreaking, cement, industrial gas and textile manufacturing and also has fishing vessels. He is a Member of National Parliament of Bangladesh. He is also a Member of the Risk Management Committee of the Board of Directors of the Bank.

**Md. Didarul Alam, MP**  
Director

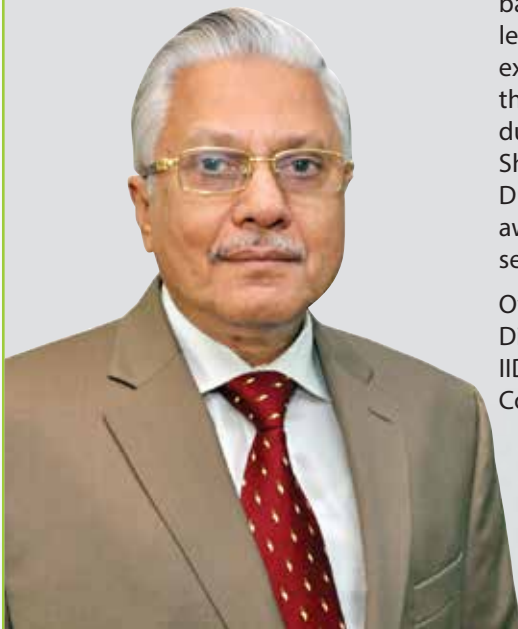


Mr. Md. Mizanur Rahman was born in respectable Muslim family in 1952 in Comilla. He joined as the Managing Director & CEO of the Bank in 2013. He has an illustrious banking career with over 37 years of banking experience starting from Sonali Bank in 1978. Prior to joining Modhumati Bank Ltd, he served as the Managing Director for multiple state-owned banks like Bangladesh Development Bank Ltd, Bangladesh Shilpa Bank, Bangladesh Shilpa Reen Shangstha and Janata Bank.

Among Mizanur Rahman's numerous achievements are successful merger of two nationalized financial institutions, Bangladesh Shilpa Bank and Bangladesh Shilpa Reen Shangstha, and formation of a new state-owned commercial bank Bangladesh Development Bank Limited under his able leadership. He has more than 9 years of overseas banking experience in Kolkata, India and improved the performance of the branch significantly which resulted in highest profit during his tenure of posting and opened a new branch at Shiliguri without borrowing any fund from Bangladesh. During his service career, he received a number of banking awards and visited various countries to attend banking seminars and training courses.

Over the years, Mizanur Rahman was affiliated as the Director/Member with many important organizations such as IIDFC, ICB, BIBM, BAFEDA, IBB, DSE, CSE & Bangladesh Commerce Bank etc.

**Md. Mizanur Rahman**  
Managing Director & CEO





## 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. Md. Ismail Hossain



Sandhani Life Insurance Co. Limited  
Rep. by Mr. Nemai 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



Everest Power Generation Co. Limited  
Rep. by Ms. 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 Ahamed 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 Khandaker Reza-E-Rabbi



Barrister Mohammad Mehedi  
Hasan Chowdhury



E. B. Solutions Limited  
Rep. by Mr. Rafiu 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 Preety 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



## The Executive Committee of the Board of Directors



Barrister Sheikh Fazle Noor Taposh, MP  
Chairman



Alhaj Anwar Hossain



Mr. Mostafa Kamal



Mr. Salahuddin Alamgir



Mr. Md. Ismail Hossain



Mr. Nemai Kumer Saha



Mr. Humayun Kabir



## The Audit Committee of the Board of Directors



Mr. Md. Abul Hossain



Mr. Shaikh Salahuddin, Chairman



Mr. A Mannan Khan

## The Risk Management Committee of the Board of Directors



Mr. Mohammad Ali Talukder



Mr. Mostafa Kamal, Chairman



Mr. Md. Didarul Alam, MP

## The Senior Management



Mr. Md. Mizanur Rahman, Managing Director & CEO

Mr. Md. Shafiqul Azam, Additional Managing Director

Mr. Khondaker Rahimuzzaman, Senior Executive Vice President & Head of Operations

Mr. Md. Shaheen Howlader, Executive Vice President & Head of Business

Mr. Sufi Tofail Ahamed, Executive Vice President & Head of ICT

Mr. Javed Khan, Senior Vice President & Head of Corporate & Investment Banking

Ms. Fahmida Saeed Saki, Senior Vice President & Head of International Division

## The Management Committee (MANCOM)



Mr. Md. Mizanur Rahman, Managing Director & CEO

Mr. Md. Shafiu Azam, Additional Managing Director

Mr. Khondaker Rahimuzzaman, Senior Executive Vice President & Head of Operations

Mr. Md. Shaheen Howlader, Executive Vice President & Head of Business

Mr. Sufi Tofail Ahamed, Executive Vice President & Head of ICT

Mr. Javed Khan, Senior Vice President & Head of Corporate & Investment Banking

Ms. Fahmida Saeed Saki, Senior Vice President & Head of International Division

Mr. Shaikh Mohammad Shoieb, Vice President & Head of Trade Finance

Mr. Arif Hasan Khan, Vice President, Business Development & Marketing Division

Mr. Biswas Arifur Rahman, First Vice President & Head of Treasury

Mr. Md. Sharif Uddin Ahammed – Al Mahmud, First Vice President, ICCD

Mr. Md. Gias Uddin, Assistant Vice President, Finance and Accounts Division

Mr. S. M. Imran Alam, Assistant Vice President, Human Resource Division

Mr. Md. Mojammel Hoque, Assistant Vice President, Risk Management Division

Mr. Ashutosh Talukder, Assistant Vice President, Company Secretary (Current Charge)

## The Asset Liability Committee (ALCO)



Mr. Md. Mizanur Rahman, Managing Director & CEO

Mr. Md. Shaful Azam, Additional Managing Director

Mr. Khondaker Rahimuzzaman, Senior Executive Vice President & Head of Operations

Mr. Md. Shaheen Howlader, Executive Vice President & Head of Business

Mr. Sufi Tofail Ahamed, Executive Vice President & Head of ICT

Mr. Javed Khan, Senior Vice President & Head of Corporate & Investment Banking

Ms. Fahmida Saeed Saki, Senior Vice President & Head of International Division

Mr. Shaikh Mohammad Shoieb, Vice President & Head of Trade Finance

Mr. Biswas Arifur Rahman, First Vice President & Head of Treasury

Mr. Md. Gias Uddin, Assistant Vice President, Finance and Accounts Division

Mr. S. M. Imran Alam, Assistant Vice President, Human Resource Division

Mr. Md. Mojammel Hoque, Assistant Vice President, Risk Management Division



## Key Financial Indicators

Particulars	Amount in million BDT	
	2014	2013
<b>Balance Sheet Focus</b>		
Authorized Capital	20,000.00	20,000.00
Paid-up Capital	4,520.00	4,520.00
Reserve & Retained surplus	380.28	57.50
Total Shareholders' Equity	4,900.28	4,577.49
Total Deposits	9,838.13	1,679.69
Borrowings and Other Liabilities	1,636.60	1,626.60
Total Liabilities	11,474.73	3,306.30
Loans and Advances	4,130.89	34.71
Investments	6,954.97	129.12
Fixed Assets	150.55	88.06
Total Assets	16,375.01	7,883.80
Off-balance sheet items	1,632.30	156.21
<b>Income Statement Focus</b>		
Interest Income	880.57	256.16
Interest Expense	697.70	48.62
Investment Income	535.04	-
Non-interest Income	88.50	2.42
Operating Income	806.41	209.96
Operating Expense	308.71	96.86
Operating Profit	497.70	113.10
Profit before Tax	442.05	111.19
Profit after tax and provision	306.29	56.91
<b>Non-funded Business Information</b>		
Import	1,804.20	6.20
Export	547.70	-
Bank Guarantee	824.60	150.00
<b>Capital Information</b>		
Risk Weighted Assets	9,686.89	3,045.40
Core Capital (Tier—I)	4,883.21	4,576.91
Supplementary Capital (Tier—II)	66.09	2.20
Total Capital	4,949.30	4,579.11
Capital Surplus/(Deficit)	949.30	579.11
Total Capital at the time of Financial Statement authorized to issue	4,949.30	4,579.11
<b>Credit Quality Information</b>		
Volume of Non-performing loan	Nil	Nil
Provision for Unclassified Loan	40.65	0.035
Provision for Classified Loan	Nil	Nil

## Key Financial Indicators

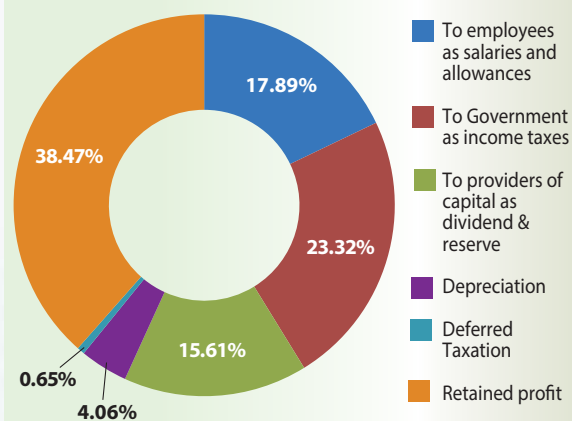
Particulars	Amount in million BDT	
	2014	2013
Advance Deposit Ratio	41.99%	2.07%
Cost Income Ratio	66.91%	56.26%
Yield on Advance	14.14%	--
Cost of Fund	12.26%	12.25%
Return on Assets (ROA)	2.53%	0.72%
Return on Equity (ROE)	6.46%	1.24%
Return on Investment (ROI)	6.46%	1.24%
Percentage of NPL to Total Loans and Advances	--	--
<b>Share Information</b>		
Number of shares outstanding (in million)	452.00	452.00
Number of shareholders	41	41
Net Asset Value per Share (BDT)	10.84	10.13
Earnings Per Share (EPS in BDT)	0.68	0.13
Dividend per Share (BDT)	--	--
Cash	0.50	--
Bonus	--	--
<b>Other Information</b>		
Number of Branches	10	2
Number of ATM	11	-
Number of Employees	205	53
Number of Nostro Accounts	11	-
Number of Foreign/local correspondents	111	24

## Value Added Statement (VAS)

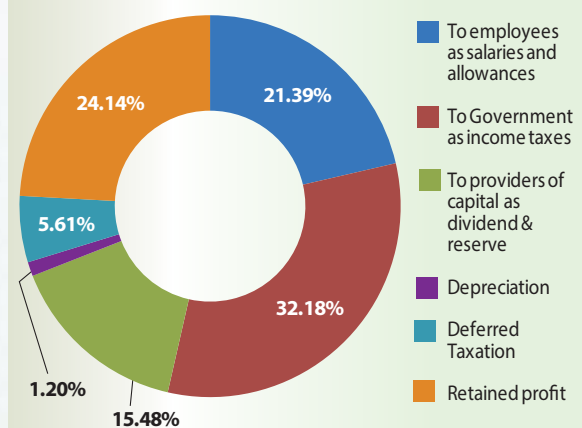
Value added is the wealth created by Modhumoti Bank Limited through its different banking operations. The value added statement shows the total wealth created, how it was distributed to meet certain obligations, reward those responsible for its creation and the portion retained for the continued operation and expansion of the Bank.

	Amount in million BDT			
	2014		2013	
Income from banking services	1,504.12		258.59	
Less: Cost of services & Supplies	(882.08)		(113.04)	
<b>Value added by banking services</b>	<b>622.05</b>		145.55	
Non-banking income	--		--	
Provision for loans & off-balance sheet exposures	(55.65)		(1.91)	
	<b>566.40</b>		<b>143.64</b>	
<b>Distribution of value added</b>				
To employees as salaries and allowances	101.33	17.89%	30.72	21.39%
To Government as income taxes	132.09	23.32%	46.22	32.18%
To providers of capital as dividend & reserve	88.41	15.61%	22.24	15.48%
	<b>321.83</b>	<b>56.82%</b>	<b>99.18</b>	<b>69.05%</b>
To expansion and growth:				
Depreciation	23.01	4.06%	1.73	1.20%
Deferred Taxation	3.66	0.65%	8.06	5.61%
Retained profit	217.89	38.47%	34.67	24.14%
	<b>244.56</b>	<b>43.18%</b>	<b>44.46</b>	<b>30.95%</b>
	<b>566.40</b>	<b>100%</b>	<b>143.64</b>	<b>100%</b>

**Distribution of Value Addition 2014**



**Distribution of Value Addition 2013**





*MESSAGE*





### **Message from Chairman**

**Honourable Shareholders,**

**My Respected Colleagues at the  
Board of Directors,**

Assalamu Alaikum.

I feel proud and honoured to welcome you to the Second Annual General Meeting of Modhumoti Bank Limited.

On the occasion of the first AGM, I delivered a message delineating the Bank's vision and objectives. I am pleased to take the opportunity once again to share with you activities and progress of the Bank for the financial year 2014. As you know, with the corporate slogan, *Your Access to Success*, our operation was launched on 19 September, 2013 amid a climate of tense political situation in the country which continued during the initial month of 2014. However, the situation improved and the country began to move forward in 2014. For the Bank, 2014 was a very challenging year due to several factors relating to operating environment of the industry. As a new player establishing a strong position in the market was and still is a key challenge for us.

#### **Performance of the Bank in 2014**

Despite the challenge facing us, I am pleased to convey to you that the Bank progressed well in 2014 as our performance steadily improved throughout the year. Among the 4th generation private commercial banks in the country, our achievement was remarkable in terms of operating profit. The Bank's operating profit and net profit after tax were to the tune of BDT 497.70 million and BDT 306.30 million respectively, which increased earnings per share (EPS) to BDT 0.68 from BDT 0.13 in 2013. Shareholder's equity at the end of the year also increased to BDT 4,900.28 million from BDT 4,577.50 million in 2013.

The Bank's Balance Sheet expanded significantly during the year. Total assets of the Bank as on 31 December, 2014 grew 107.70 per cent to BDT 16,375.01 million over the previous year. The Bank's loans and advances also grew steadily to BDT 4,130.89 million and there was no non-performing loan in the portfolio. The Bank's other significant assets were investments in government securities for BDT 6,954.97 million and balance with other banks and financial institutions for BDT 3,865.60 million. These assets generated major portion of profit for the Bank. The Bank's deposit base also expanded 485.71 per cent to BDT 9,838.13 million in 2014.

#### **Products and services of the Bank**

The Bank introduced a number of products and services in 2014 to attract and serve a wide range of customers such as individuals, corporate, SMEs and public sector. The Bank also introduced some attractive products, both deposit and lending, specifically for SME, agriculture, women and retail clients. MMBL is the first bank in Bangladesh to have introduced privilege banking services for the Freedom Fighters of the country. The Bank launched several campaigns to popularize the products. The Bank opened 8 branches in 2014 and 2 branches in 2015. Opening of more branches in the country is under process. The branches are connected to online banking network and equipped with ATMs and modern technology. The Bank also entered into agreements with state owned utility service companies to collect bills from their customers. There is no denying of the fact that in these days banks are emphasizing SME financing and financial inclusion. We believe SME and micro and cottage enterprise are the two most potential sectors for expansion of our business. 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. In order to meet the customers' demands we are in continuous endeavour to develop and design products and services for our existing and potential clients. The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at reasonable cost.

As you know today's banking industry is technology based and our bank is no different. We have strong conviction of applying information technology in our operation for ensuring prompt and accurate service to our customers. We have already implemented SMS alert service and limited internet banking service. We are contemplating introduction of other technology based services such as Tele Banking, full-fledged Internet Banking and Mobile Banking within a short period. All these, we believe, would take our Bank to a newer height in auto-banking services.

### **Corporate Governance**

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. The Bank formed the Executive Committee, Audit Committee and the Risk Management Committee of the Board of Directors and Committees are performing accordingly.

### **Corporate Social Responsibility**

Alongside commercial banking operation we contemplate to serve the society as part of our responsibility. We are committed to the cause of humanity and fulfilling social responsibilities. The bank plans to widen its corporate social responsibility activities as it is sensitive to the needs of the community.

### **Human Resources**

The Bank's human resources are essential for our success. We firmly believe that, 'Our people are our assets which are required to be maintained with due care.' For this, we are in constant efforts to boost their morale by creating congenial work atmosphere for them and giving them reasonable compensation package. We believe in maintaining forward looking human resources and enhancing their competence through continuous in-house and on-the-job training. The Human Resources Division regularly arranged trainings, workshops, and seminars for the employees. For maintaining a well-motivated team for our success, we reward them with performance bonus, promotions, and increments.

### **Outlook 2015**

The year 2015 shall be another challenging year for us due to high competition in the banking sector and sluggish growth in private investment. We shall have to compete with many players with strong footing in the industry. I believe Bangladesh economy will continue to grow and macro-economic stability would exist as political stability has already returned. I am optimistic that the bank shall

perform well and grow in 2015 and beyond as we are always committed to building an organization on sound fundamentals, prudence, diligence and financial acumen. Upto June 2015, the Bank achieved operating profit of BDT 280.05 million riding on expanding loans and advances portfolio and deposit base which increased to BDT 8,339.20 million and BDT 11,229.84 million. I am highly confident that the highly competent management team will take the Bank to new heights and deliver expected results of the shareholders at the end of the year.

### **Note of Appreciation**

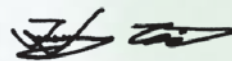
I am immensely indebted to my colleagues for their continued support and prudent counsel. I would like to thank members of the Executive Committee, Audit Committee and Risk Management Committee for their commendable role in our quest for success. I express deep gratitude to all our customers, well-wishers,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

I thank Hoda Vasi Chowdhury & Co., Chartered Accountants for conducting external audit with professionalism and advising us on various matters concerning International Accounting Standards and Bangladesh Accounting Standards.

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

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

With warm personal regards,



**Humayun Kabir**  
Chairman



## Managing Director & CEO's Roundup



Bismillahir Rahmanir Rahim

### **Respected Shareholders and the Board of Directors,**

Assalmu Alaikum.

On the occasion of the Second Annual General Meeting of the Bank, it is my great privilege and honour to present the progress and results of the Bank for the year ended 2014.

With satisfaction, I may assert that in 2014 the Bank continued to remain true to its 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 quality products and services. This is reflected in the financial performance of 2014 as the Bank maintained its top position in terms of profit among the fourth generation commercial banks. However, the year was no less than a challenging one as the country was recovering from the effects of political disturbances in the end of 2013 and the beginning of 2014. Despite these hindrances, the country's economic activities rebounded later as relatively calm political atmosphere returned and prudent action taken by the government.



## Business Review

The year 2014 began amid political disturbances surrounding the general election held in early January. For the Bank which had begun operating few months ago, found itself in a challenging environment as it had to carve a niche in a highly competitive market and demand for credit remained low as private sector investors remained lukewarm about new investment. However, the economy of the country began to move forward after return of political normalcy. I would like to briefly share with you the developments in both global and national economic scenarios as the business of the Bank is directly intertwined with them.

Global economic growth was lower than expected in 2014 as the developed countries, especially Japan and Euro Zone countries, were struggling to gain growth momentum and developing countries growth slowed. However, economic growth in low income countries remained robust. Global trade growth also slowed in both developed and developing countries since the financial crisis and has not reached the trends of 1990s and 2000s. It is forecast that the global economy may grow 3.3 per cent in 2015 due to lower oil price and growth in United States and other major economies such as Japan and the Euro Zone.

During the fiscal year 2014, economy of Bangladesh grew 6.1 per cent as economic activities began to roll mainly driven by growth in public investment, agriculture and service sectors. However, growth of industrial sector declined during the period. Inflation was also on declining trend during the year. Export, import and remittance trend showed positive growth and value of Taka remained stable. Foreign exchange reserve of the country increased to record level. Balance of payment (BOP) was in the surplus despite deficit in the current account. Domestic credit grew 11.18 per cent year-on-year at the end of 2014 which was lower than the target of Bangladesh Bank. Deposit and lending interest rates of banks and financial institutions came down in line with decline in Consumer Price Index (CPI) inflation. Non-Performing Loan (NPL) ratio in the banking sector came down to 9.7 per cent at the end of 2014. These mixed trends show that the country is well poised to achieve desired growth if

certain bottle necks are removed which requires large investments in infrastructure and making available of adequate supply of gas, electricity, adequate rail and road links, skilled manpower and low rate of interest on bank borrowing etc., which may open new opportunities for the Bank's business.

In 2014, the Bank operated for a full financial year, during which the Bank's business grew in slow and steady manner. The Bank opened 8 new branches in important locations such as Ashulia, Mitford, Uttara of Dhaka, Shakhipur of Tangail, Agrabad of Chittagong, Jinnahagar of Jinaidah and Kanaipur of Faridpur and in 2015, two more branches were added. All the branches are connected to online banking network. I am happy to report that despite the challenging environment and limited branch presence in the country, our Bank achieved operating profit of BDT 497.70 million in 2014 which was BDT 113.10 million in 2013, an increase of 340.05 per cent and net profit after tax increased to BDT 306.30 million in 2014 from BDT 56.91 million in 2013.

The Bank's profit was achieved through prudent mobilization of deposits and deployment of funds to assets having high potential for generating earnings. Total Assets of the Bank was BDT 16,375.01 million, which increased 107.70 per cent over BDT 7,883.80 million in 2013. Total deposits of the Bank stood at BDT 9,838.13 million in 2014, which grew 485.71 per cent over BDT 1,679.69 million in 2013. Total loans and advances grew significantly to BDT 4,130.89 million versus BDT 34.71 million in 2013.

Besides utilizing its funds in loans and advances, the Bank also invested its funds in treasury bills, bonds and money market instruments. The Bank earned significant amount of revenue, BDT 535.05 million, from treasury operation. Investment in government security was BDT 6,954.97 million at the end of the year. The Bank's placement of funds with other banks and financial institutions, which stood at BDT 3,865.60 million at the end of the year, was another source of significant income amounting to BDT 602.57 million.

The Bank's loan portfolio has been properly diversified to include all types of enterprises in various sectors of the economy. The Bank's business teams at Head Office and branches

have been working relentlessly to develop a healthy and well-balanced portfolio from the beginning and as a result the portfolio had no classified loan at the end of 2014.

The Bank has been trying to diversify its deposit by increasing low cost deposits and reducing dependency on fixed deposits. The Bank has already entered into agreements to open collection accounts of various government utility services. At the end of 2014, the Bank had 6217 deposit accounts, which were 654 in 2013. The Bank is aware of maintaining spread of advance and deposit interest rate less than 5 per cent and it has reduced interest rates of both in line with market scenario.

These developments in asset had positive impact on total Shareholders' Equity which stood at BDT 4,900.28 million, rising 7.05 per cent over BDT 4,577.50 million in 2013.

In 2013, the Bank started import and export business in a limited way of just facilitating import of BDT 6.21 million. In 2014, the Bank facilitated import of BDT 1,804.2 million, export of BDT 547.7 million through its 2 Authorized Dealer (AD) branches. Currently, we have 3 AD branches, 11 nostro accounts and 111 local and foreign correspondents. The Bank has already obtained license for off-shore banking unit, which will start operation soon. The Bank also signed agreements with international remittance companies for facilitating foreign remittance service to its clients. In 2014, foreign remittance amounting to BDT 10.2 million was channelled through the Bank.

In addition, I would like to take the opportunity to share with you our operating performance of the first half of 2015 as we have already operated for 8 months of 2015.

The Bank continued to maintain overall positive growth momentum of its business activities. At the end of first half of 2015, the Bank achieved operating profit of BDT 280.05 million. Our deposit base and loans and advances portfolio increased to BDT 11,229.84 million and BDT 8,339.20 million, which increased 186.79 per cent and 352.38 per cent respectively over June 2014. Other business such as import and export stood at BDT 2,384 million and BDT 549.40 million respectively.

Since the beginning of operation of the Bank,

we have been offering various loan and deposit products through our branch network. In 2014, we introduced corporate banking, priority banking, retail banking, SME banking, school banking, remittance service, debit cards, ATM services, SMS and internet banking. The Bank is working to add various banking services such as debit & credit cards and mobile banking etc. We are the only bank in the country to have introduced privilege banking services for the Freedom Fighters of the country in recognition of their contribution to the country. The Bank operated two campaigns promoting the product among the freedom fighters. The Bank also arranged programmes to honour freedom fighters. To enhance our brand image we have participated in expo and trade fairs such as Dhaka International Trade Fair. I would like to add that we are on the verge of introducing Agent Banking.

The Bank has been sensitive about making a positive impact on the society and the environment. For operating as a responsible corporate entity, it introduced green banking in 2014 by undertaking initiatives such as green finance, green banking policy and guidelines for the Bank's staff. The Bank also participated in a number of events under corporate social responsibility (CSR), which included donation of BDT 10 million to "Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust" and BDT 2.50 million to Prime Minister's Relief Fund for flood affected people, opening of 'Taka 10' Farmers accounts and sponsorship of social and sports events.

As we believe in financial inclusion and are committed to deliver the best financial services to the people and our clients across the country, our expansion of branch network in different regions, both nurban and rural, shall continue. So far, in 2015 we have opened 2 branches along with ATM booths and opening of more branches are under process.

The Bank believes in utilization of information and communication technology for conducting its operation efficiently and effectively and continuous improvement of technological support to ensure good customer service. From the very first day of operation, the Bank started using centralized real time core banking solution and state-of-art Data centre. For the



expansion of branch network, ICT Division has been playing an important role in providing all kinds of technical setup and facilities.

We believe that the employees of the Bank are valuable resource and key driver of its success. We focus on creating a congenial work place attracting talented people with leadership, good culture and capability. In 2014, number of employees of the bank increased by 257.14% over the previous year. To retain the work force we are providing numerous incentives.

We have given due emphasis on compliance of all regulatory requirements effectively to ensure adequate transparency of banking activities and also set highest ethical standards and professionalism for protecting the interest of all our stakeholders.

### **Future Outlook**

The year 2015 will give us opportunities to consolidate our position in the industry and build on the success of previous year. However, the remaining year will be a challenging one for us. We shall have to maintain the growth momentum and be innovative in our approach to business. As competition in the industry is intense due to limited client base, we will have to explore business opportunities in potential new areas of the country. The political and economic situation of the country has already stabilized and the government is facilitating a stable environment where new opportunities for investment, export and import are expected to grow and we should be ready to reap the advantages of such economic scenario.

The bank shall focus on operating in a prudent manner to face the challenges in 2015. Strategic priorities of the bank in 2015 will be to:

- Maintain operational efficiency, high standard of customer service and sustainable business growth
- Open more branches in rural and urban areas to reach more customers
- Provide customer centric, innovative, technology based banking products
- Increase low cost deposit base
- Widen SME loan portfolio and maintain a balanced portfolio
- Maintain and enhance customer loyalty
- Increase corporate image and become a

well recognized brand•

- Attract and retain dynamic and talented human resources
- Explore alternative delivery channels to provide banking services for the mass population.

When developing this bank, we focused on building something unique– a catalyst for growth. We wanted to participate directly in the socio-economic development of this country by being a stable financial institution with quality products and an integral part of the community, help others to go ahead for positive changes and improve the life of people around. We want to partner with our counterparts in the society and grow together by providing the highest level of services that our customers deserve – with a smile and friendly attitude. We shall always adhere to our core values: ethics, responsibility, innovation, teamwork and transparency all focused on customer centricity.

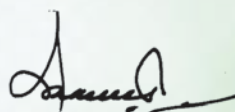
### **Appreciations**

I would like to express my gratitude to the Honourable Governor and other Officials of Bangladesh Bank, and Registrar of Joint Stock Companies and Firms for their continuous assistance, valuable guidelines and co-operation since the very inception of the Bank.

I am also thankful to our customers for their continuous support and unwavering confidence in us.

I express my profound gratitude to our very capable and qualified Board of Directors and its Executive Committee, Audit Committee and Risk Management Committee for their visionary role, insight and guidance in taking the Bank forward. They have been supportive and taking good care in seeing through speedy implementation of policies and programs of the Bank. I would also like to acknowledge contributions of my fellow colleagues and staff who have been working relentlessly for the success of this Bank.

With best regards,



**Md. Mizanur Rahman**  
Managing Director & CEO



*DIRECTORS'  
REPORT*







## Directors' Report

The Board of Directors of Modhumoti Bank Limited has the pleasure of presenting the Annual Report and Audited Financial Statements for the year 2014 together with the Report of the Auditors to the shareholders. Prior to details, we would like to take you back that following incorporation of the bank on June 4, 2013 and after obtaining banking licence on June 9, 2013 we started commercial operation on September 19, 2013 by inaugurating our 1st branch in Motijheel.

The brief overview of the world economic trends especially those having strong relation with our economy and also a glimpse of performance over our economy are addressed in this Report followed by discussion on performance of overall banking industry and of our Bank. A review of this report would reveal growth of the bank in a stiff competitive environment.

### World Economy

Gaining momentum for the global economy has been difficult as many high-income countries are yet to overcome the legacies of the global financial crisis and emerging economies are less vigorous than in the past. Global growth in 2014 was lower than initially expected. Growth picked up only marginally in 2014, to 2.6 per cent, from 2.5 per cent in 2013. Growth in major economies has increasingly varied, while the United States and the United Kingdom are growing with momentum, the Euro Area and Japan lagged behind. While China is still growing at a robust pace, it is, however, undergoing a carefully managed slowdown.

Due to a string of disappointing growth in the Euro Area, Japan, parts of emerging Europe, Russia and Latin America, the global economic recovery has been weaker than anticipated in 2014. More than half of the downward revisions to global growth in 2014 and one-third of the downward revisions to global growth in 2015 have been due to the Euro Area and Japan.

While activity in the United States and the United Kingdom has gathered momentum, the recovery has been sputtering in the Euro Area and Japan. The recovery from the global

financial crisis in high-income economies has been uneven, as some (the United States and the United Kingdom) have exceeded pre-crisis output peaks, but others (the Euro Area) are still below earlier peaks.

Middle and low-income countries' growth also fell to 4.4 per cent in 2014. Lower than expected growth in developing countries in 2014 was mainly due to economic cyclical factors, tight fiscal policy, political tensions, falling demand for export and supply-side constraints. Low-income countries continue to grow at a higher rate generated mainly due to domestic market despite challenging global economic environment.

Weak global growth and lower responsiveness of world trade is also due to significant slowing down of world trade growth from the trend of the 1990s and early 2000s since the global financial crisis. Slow recovery in Europe, which accounts for a quarter of global merchandise trade, reduced trade growth. However, since 2013, fragile recovery in the United States and the Euro Area has resulted in modest expansion in global import demand. Opposite to this development, import growth of developing countries fell to its slowest pace since the 2008 global financial crisis due to weaker domestic demand in some large middle income economies, and exchange rate depreciations since the financial market turmoil of May 2013.

### Future outlook

It has been estimated that world GDP may grow by 3.0 per cent in 2015 and 3.3 per cent in 2016 after rising slightly in 2014 to 2.6 per cent due to gradual recovery in developed economies, low oil prices and stable domestic economic condition in developing countries. In the United States, growth is expected to reach 2.4 per cent in 2014 and 3.2 per cent in 2015 per cent before gradually decelerating to 2.4 per cent in 2017. Developing countries, which grew 4.4 per cent in 2014, are expected to grow at 4.8 per cent in 2015 and 5.3 per cent in 2016. Lower oil prices are expected to benefit oil-importing countries by shifting real income from oil-exporting ones.

There are several important factors that are driving the global outlook: soft commodity prices; persistently low interest rates; and weak world trade. In particular, the sharp decline in oil



*The Bank donated Taka one crore to Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust.*

prices since mid-2014 will support global activity and help offset some of the currents affecting growth in oil-importing developing economies. However, it may reduce growth prospects for oil-exporting countries, with significant regional repercussions.

Recent falling commodity prices, weak trade and accommodative monetary policies of the governments are likely to persist in 2014-15 during lackluster global recovery. The financial conditions are also projected to tighten gradually in the same period.

Global trade growth is not expected to revert to the level of pre-crisis years despite some projected pick-up. Rising demand in high-income countries is expected to lift exports of developing countries to different extents, depending on their major trading partners, and the composition of their export baskets. Acceleration of demand in the United States will support manufacturing exports from Central America and Asia in 2015-17. Economic conditions and activities in other high-income countries, particularly the Euro Area and Japan, would also add some momentum. (Source: World Bank Report on Global Economic Prospects, January 2015)

### **Bangladesh Economy**

Relatively calm political atmosphere and return of normalcy in 2014 facilitated restoration of growth momentum in investment, trade and

output activities in Bangladesh economy. This phenomenon along with a couple of global developments has influenced the economic landscape of Bangladesh. The real GDP growth increased by 0.1 per cent from 6.0 per cent in fiscal year 2013 to 6.1 per cent in fiscal year 2014. GDP growth was aided by agricultural growth of 3.4 per cent, services sector growth of 5.8 per cent and industry sector growth of 8.4 per cent.

The nominal GDP of the country was BDT 13,509.2 billion in fiscal year 2014, which was about 12.7 per cent higher than that of fiscal year 2013. The main force for higher growth was rise in public investment that rose from 6.6 per cent of GDP in fiscal year 2013 to 7.3 per cent in fiscal year 2014. The relative share of the agricultural sector to GDP is gradually declining while the share of industry sector is increasing. The percentage share of the agriculture sector in total GDP decreased from 16.8 per cent in fiscal year 2013 to 16.3 per cent in fiscal year 2014. Similarly, the share of service sector decreased from 54.2 per cent in fiscal year 2013 to 54.1 per cent in fiscal year 2014. Consequently, the share of industry sector increased from 29.0 per cent in fiscal year 2013 to 29.6 per cent in fiscal year 2014. Due to prolonged political disruptions during the last quarter of calendar year 2013, private investment declined to 21.4 per cent of GDP in fiscal year 2014 from 21.8 per cent in the



previous year. Private consumption, another important component of GDP, declined 1.5 per cent due to lower remittance inflow.

The growth of agriculture sector increased to 3.4 per cent in fiscal year 2014 from 2.5 per cent in fiscal year 2013. This increase is attributable mainly to the favourable weather, continued Government support and higher disbursement of agricultural credit. Production of food grains (Aus, Aman, Boro and Wheat) increased by 1.3 per cent, increasing from 35.09 million metric tons (MMT) in fiscal year 2013 to 35.55 MMT in fiscal year 2014.

The growth in industry sector decreased to 8.4 per cent in fiscal year 2014 from 9.6 per cent in fiscal year 2013. The main reasons for this decrease include inadequate domestic demand and political unrests ahead of national election in the country, which took a toll on the industrial production. Growth of manufacturing sub-sector decreased to 8.7 per cent from 10.3 per cent over the same period. The large and medium scale manufacturing which accounted for 81.9 per cent of the manufacturing sub-sector registered a growth of 9.2 per cent in fiscal year 2014 compared to 10.7 per cent in fiscal year 2013. On the other hand, small scale manufacturing registered a growth of 6.6 per cent in fiscal year 2014 which was 8.8 per cent in fiscal year 2013. The ready-made garments and knitwear, country's two key export items, showed higher growth of 13.8 per cent in fiscal

year 2014 compared to 12.7 per cent in fiscal year 2013. Beverages, machinery and equipment, apparel, motor vehicles, trailers and semi-trailers, fabricated metal products except machinery, food products, basic metal, rubber and plastic products and computer, electronic and optical products registered positive growth during fiscal year 2014. However, manufacturing of coke and refined petroleum products, furniture, paper and paper products, chemicals and chemical products and textile experienced a negative growth in fiscal year 2014.

The services sector grew 5.8 per cent in fiscal year 2014, which was slightly higher than the preceding fiscal year. This growth was mainly driven by wholesale and retail trade, public administration and defence, education and health and social work subsectors.

Domestic and national savings increased moderately in fiscal year 2014. Available data indicate that Gross Domestic Savings (GDS) at current market prices grew by 19.8 per cent in fiscal year 2014 from 18.0 per cent in fiscal year 2013. The GDS as per cent of GDP also increased to 23.4 in fiscal year 2014 from 22.0 in fiscal year 2013.

The twelve month average CPI inflation continued a declining trend since January 2014 and came down to 7.22 per cent in September and 6.99 per cent in December 2014, due mainly to fall in global food prices along with almost stable condition of domestic food prices.



*The First Annual General Meeting was held on 25 November 2014.*



*The Bank Inaugurated Agrabad Branch in Chittagong at the end of November 2014.*

Point to point CPI inflation also went down to 6.11 per cent in December 2014 from 6.97 per cent at the end of June 2014 as food inflation decreased to 5.86 per cent in December 2014 from 8.00 per cent in June 2014. Point to point non-food inflation, however, rose to 6.48 per cent in December 2014 from 5.45 per cent in June 2014 due to rise in house rent, medical expenses, cost of transportation and communication etc.

Trade Balance recorded a large deficit of USD 5,314 million in July-December, 2014 compared to the deficit of USD 2,439 million in the same period of the previous year. Though inflow of remittances was higher in the period, a larger import payment contributed to a current account balance deficit of USD 1,422 million during July-December, 2014. Despite current account balance deficit, a higher financial account surplus resulted in a surplus of USD 1,445 million in overall balances during July-December, 2014 against a surplus of USD 2,619 million during the same period of the previous year. The gross foreign exchange reserves of Bangladesh Bank increased to USD 22.31 billion as of end December 2014, against USD 21.55 billion as of end June, 2014.

Import payments during July-December 2014 increased 18.32 per cent and stood at USD 22.26 billion against USD 18.82 billion during the same period of the preceding year. Fresh opening of import LCs during July-December 2014 increased 13.16 per cent and stood at USD

21,285.61 million compared to the same period of the previous year. Among the significant imported items for LCs opened during July-December 2014-15 are food grains (rice & wheat) USD 885.06 million, rising 30.32 per cent, capital machinery USD 1,858.03 million, rising 1.75 per cent, petroleum USD 2,071.75 million, decreasing 12.94 per cent, Industrial raw material USD 7,918.29 million, rising 11.83 per cent over the corresponding period of previous year.

Remittance receipts in December 2014 increased 5.36 per cent, year-on-year, to USD 1,275.06 million against USD 1,210.22 million in December 2013. During July-December, 2014 remittances went up 10.55 per cent to USD 7,487.16 million compared to the same period of the previous year.

During July-December 2014, aid disbursements decreased by USD 166.50 million or 9.91 per cent of USD 1679.98 million in the same period of 2013. Net receipts of foreign aid during July-December, 2014 stood at USD 975.18 million, which was USD 1121.51 million during the same period of the previous year.

Export earnings during the calendar year 2014 were USD 30,405.20 million. Cumulative export receipts also rose slightly by 1.56 per cent to USD 14,914.21 million during July-December 2014 compared to that of the previous year. However, export receipts fell short of the strategic target for July-December 2014 by 4.42 per cent.



At the end of December 2014, Taka depreciated by 0.41 per cent from its level at the end of June 2014, showing stability in the foreign exchange market.

Domestic credit recorded an increase of BDT 677.65 billion or 11.18 per cent, year on year, at the end of December 2014 against the increase of BDT 590.67 billion or 10.80 per cent at the end of December 2013. Credit to the private and public sector recorded growth of 13.50 per cent and 2.46 per cent respectively at the end of December, 2014 compared to the same period of the previous year. In the Monetary Policy Statement, Bangladesh Bank set credit growth rate targets of domestic public sector and private sector at the end December 2014 at 22.9 per cent and 16.5 per cent respectively. Despite this, private sector credit growth has been targeted to grow at 15.0 per cent at the end of December 2015 by Bangladesh Bank.

Outstanding agricultural credit as on December 2014 was BDT 301.97 billion which is 5.54 per cent less than that of December 2013. During July-December 2014, disbursement of agricultural credit decreased slightly, 0.95 per cent. However, disbursement of non-firm rural credit decreased significantly during the period. During July-December 2014, the banking sector extended over BDT 70.74 billion to both agricultural and non-firm rural credit sectors.

Outstanding amount of industrial term loans as on end of December 2014 stood at BDT 1149.35 billion which increased 24.60 per cent over the outstanding amount at the end of 2013. Total

SME loans by banks and non-bank financial institutions increased by BDT 202.63 billion or 17.49 per cent and stood at BDT 1361.48 billion at the end of 2014 as compared with BDT 1158.84 billion at the end of 2013. SME loans as percentage of total loans increased 24.55 per cent in 2014.

Deposit and lending interest rates of banks and financial institutions have been coming down in line with decline in CPI inflation. Spreads between weighted average deposit and lending interest rates of banks and financial institutions came down to five percentage points or lower in the state owned banks and the majority of private sector banks. Average deposit interest rate of banks and financial institutions in January 2014 was 8.40 per cent and came down to 7.25 per cent in December 2014. Lending interest rate of banks and financial institutions in January 2014 was 13.39 per cent and came down to 12.46 per cent in December 2014. However, the spread between advances and deposit rate increased to 5.21 per cent in December, 2014 which was 4.99 per cent in January, 2014.

The weighted average yield on 30-Day Bangladesh Bank bill remained the same at 5.25 per cent at the end of the 2014. The weighted average yield on 91-Day, 182-Day, and 364-Day treasury bills increased to 7.45 per cent, 7.92 per cent, and 8.21 per cent respectively in December 2014. The weighted average yield on 2-Year BGTB remained the same at 8.48 per cent



*The Bank congratulated Dr. Atiur Rahman, Governor of Bangladesh Bank for being elected Chairman of Asian Clearing Union.*



in December 2014. The weighted average yield on 5-Year, 10-Year, 15-Year, and 20Year BGTB increased to 9.59 per cent, 10.99 per cent, 11.52 per cent, and 12.05 per cent respectively in December 2014. The weighted average call money rate in the inter-bank market also rose to 7.94 per cent in December 2014.

### **A glimpse on banking industry in Bangladesh**

Banking sector of Bangladesh comprises of four categories of scheduled banks. These are State-owned Commercial Banks (SCBs), Specialized Development Banks (SDBs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs). The sector was affected by slow-down of economic activities in the country in the beginning of the year. However, at the end of 2014, assets of the sector grew 14.3 per cent to BDT 9,143 billion over the previous year. Growth of newly established banks, injection of capital to both SCBs and FCBs helped to achieve this increase.

Most of the income-earning assets such as loans and advances, investments etc., registered positive growth in 2014 compared with 2013. The share of loans and advances is the largest among asset items, and it remained unchanged at 59 per cent of total assets from 2013. Year-on-year credit growth to private sector as on end of December 2014 was 14.20 per cent. Loans and advances in consumer financing grew sharply 43.60 per cent. Loans to industry grew 17.9 per cent due to sharp growth in working capital finance by 33.5 per cent over the period. On the other hand, industrial term loan increased by 3.00 per cent for the first time after June 2014. The second highest item of asset share is investment in government and other securities, which increased by 0.4 percentage points over end December 2013 and reached at 20 per cent level of the industry assets. In the industry's loan portfolio, share of loans to wholesale and retail trade is 20.88 per cent, followed by large industries and import financing with shares of 20.31 per cent and 12.93 per cent respectively.

Challenge for the industry in 2014 was rising ratio of bad loans to total classified loans, which remains at a very high level. The recovery of classified loans remains a prime concern for the

banking industry. The non-performing loans to total loans ratio increased to 9.7 per cent in 2014 from 8.9 per cent in 2013. Around 78 per cent of non-performing loans (NPL) amounting to BDT 390 billion were Bad/Loss. NPLs have risen in recent years due to a combination of factors, such as, deterioration in intrinsic asset quality and stringent problem loan identification.

Deposits are the main and largest source of external funds in the sector. As on end of December 2014 deposits increased 13.46 per cent in contrast to 16.08 per cent growth in 2013 over the previous year to reach BDT 6588.5 billion. This slowdown in deposit growth rate may be explained by less liquidity pressure from new lending, leading to a reluctance of banks in collecting new deposits. The higher rates of government savings certificates might be another reason for the modest deposit growth. The share of term deposits was 56.4 per cent of total deposits, whereas the shares of savings deposits, current deposits, and other deposits were 17.6 per cent, 18.6 per cent, and 7.4 per cent respectively of total deposits as on end of December 2014.

As on end of December 2014, the sector's capital adequacy was 11.4 per cent, which as 11.5 per cent in 2013. In 2014, leverage ratio (equity/total assets, not risk-weighted) in the sector was higher than 5 per cent.

In the last quarter of 2014, other indicators of the sector showed some positive development in the sector. Year on year growth rate of deposits was lower than that of advances. Advance deposit ratio (ADR) remained in the same range as experienced in 2013, and the overall industry ADR dropped marginally to 70.98 per cent. In 2014, the sector's operating profit was BDT 212.7 billion, which increased 14.3 per cent over BDT 186.10 billion of 2013. The profit was primarily driven by increase in non-interest income, which increased 17.3 per cent in 2014 over 2013. However, net profit of the sector decreased 17.3 per cent from BDT 72.55 billion in 2013 to BDT 60.0 billion in 2014. Fall in net profit was caused by increase of 82.7 per cent rise of bad debt provision made over 2013. Amount of provision increased to BDT 84.3 billion in 2014 from BDT 46.1 billion in 2013. The sector's return on equity (ROE) was also affected and it had decreased, parallel to

the decrease in net profit in 2014. ROA and ROE at the end of December 2014 decreased by 0.2 per cent and 2.60 per cent respectively from 2013, and reached the levels of 0.7 and 8.1 per cent respectively.

The NPL of the banking sector actually rose to 9.7 per cent as on end of December 2014 from 8.9 per cent of the previous year. The non-performing loans required banks to create cumulative provisions amounting to BDT 281.7 billion as at end of 2014, which was around BDT 32 billion higher than that of 2013.

In 2014, the interest rate spread between lending rate and deposit rate widened compared with 2013. Interest rate spreads, on average, were 4.99 per cent in January 2014 and it rose to 5.21 per cent in December 2014. Higher NPLs in the portfolio of the Banks might have caused such increase. (Source: Various publications of Bangladesh Bank in 2014 and 2015).

### **Business Review**

Modhumoti Bank Limited (MABL) started its operation as a commercial bank in Bangladesh on 19th September, 2013 after obtaining license from Bangladesh Bank, the central bank of Bangladesh with a strong capital base of BDT 4520 million contributed by some preeminent citizens who include lawyers, industrialists and businessmen in diverse fields of the country. The Bank's 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.

MABL's focus is on delivery of a comprehensive range of customer centric financial products and services to meet requirements of various customers of different types, ranging from rural areas to corporates houses in cities through maintaining high standard of ethics and customer service. The Bank introduced commercial banking, consumer banking, payments and cash management, treasury, trade services to its customers. It has been serving individuals, corporates, government organizations, small and medium enterprises, NGOs through its network of offices in the various locations of the country and utilizing information technology and talented human resources. MABL believes in financial inclusion

concept and has introduced alternative delivery channel, such as agent banking to reach the masses. The Bank will continue opening branch offices in the near future to increase its presence in the country. Balance sheet of the Bank is growing steadily and key business indicators are also showing positive performance.

### **Deposits**

The year 2014 was a challenging year for the Bank. It began to mobilize both deposits and loans as the country's political situation began to improve and economic activities began to pick up. The Management of the Bank expanded business in slow and steady manner during the year. At the end of the year, the Bank's total deposits stood at BDT 9,838.13 million, which is an increase of 485.71 per cent from BDT 1,679.70 million as on December 2013.

The Management continues its quest for maintaining a balanced deposit mix, developing lucrative products and also for ensuring superior customer service. The Bank introduced a number of attractive deposit products with competitive interest rates to individuals, corporations, NGOs, NBFIs, government bodies etc. to diversify and reduce cost of deposit base. Fixed deposits are the main component of deposits contributing 69.74 per cent of the total deposits. For achieving a better deposit mix, the bank has been promoting other deposit products. Proportion of short notice deposits and scheme deposits increased quite significantly in 2014 as shown in the following table. The Bank's deposit mobilization efforts shall continue keeping in mind the business targets and market scenario in the year 2015.

### **Loans and Advances**

Modhumoti Bank Limited, established with the slogan, "Your access to success", serves enterprises ranging from micro, small and medium enterprises to large corporates. The Bank has developed various products for corporates, SMEs and agro-based enterprises. The Bank has also developed a number of retail banking loan products for meeting financial needs of individuals. In 2014, despite the current economic condition and fierce competition in the market, the Bank diversified and expanded its portfolio to include businesses of all types and sizes in various

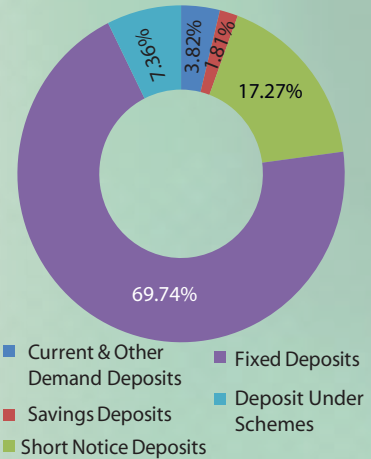


## Deposit Mix

(Figures in BDT million)

Type	2014		2013*		Growth %
	Amount	% of Total	Amount	% of Total	
Current & Other Demand Deposits	375.45	3.82	66.57	3.96	308.88
Savings Deposits	177.63	1.81	20.99	1.26	156.64
Short Notice Deposits	1,699.33	17.27	4.93	0.29	1,694.40
Fixed Deposits	6,861.34	69.74	1,587.05	94.48	5,274.29
Deposit Under Schemes	724.38	7.36	0.16	0.01	724.22
<b>Total</b>	<b>9,838.13</b>	<b>100.00</b>	<b>1,679.70</b>	<b>100.00</b>	

\* Operation since September 2013



industries through its branches located in both urban and rural areas of the country. The Bank also extended credit facilities to large corporate establishments in diverse business lines of the country either singly or in syndicate. The Bank partnered with Public-Private Partnership project for financing large infrastructure development projects in the country. It believes in facilitating success stories of new entrepreneurs in potential growth oriented business segments of various industries in manufacturing, service and agriculture located in different parts of the country through suitable loan products. Total loans and advances of the Bank stood at BDT 4,130.89 million as on December 2014, which increased quite significantly from BDT 34.71 million in 2013. The Bank's loan portfolio had no classified loan at the end of 2014.

Among the major sectors, to which the Bank extended credit facilities are RMG, textile, beverage, transport, house building commercial, hotel & restaurant services etc. In December 2014, loans and advances to SMEs stood at BDT 1258.00 million which was 30.46

per cent of the portfolio. Outstanding loans and advances to small & cottage industries were BDT 32.08 million. The bank's loans to agriculture sector were BDT 56.60 million.

Further, it may be mentioned that the Bank extended non-funded credit facilities in the form of various types of guarantees to various clients for BDT 824.60 million which increased by 427.91 per cent from BDT 156.2 million outstanding as on December 2013.

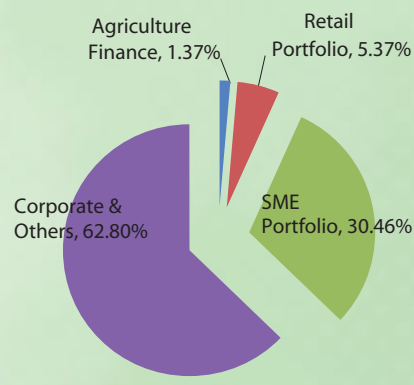
## Foreign Exchange business

Foreign Exchange business is one of the key areas of the Bank's operation. In 2014, the Bank operated its Foreign Exchange business in export, import and remittance services through its 2 AD branches in Motijheel and Gulshan. In 2015, the Bank obtained AD license for its Agrabad Branch, Chittagong. Obtaining more AD branch licenses from Bangladesh Bank is under process. The Bank's business in international trade finance and remittance rose steadily along with number of clients and their business volume. At the end of the year, the Bank facilitated import of BDT 1,804.20 million,

## Loans and Advance Portfolio

(Figures in BDT million)

Category	2014	
	Amount	% of Total
Agriculture Finance	56.60	1.37
Retail Portfolio	221.90	5.37
SME Portfolio	1258.00	30.46
Corporate & Others	2594.39	62.80
<b>Total</b>	<b>4130.89</b>	<b>100</b>

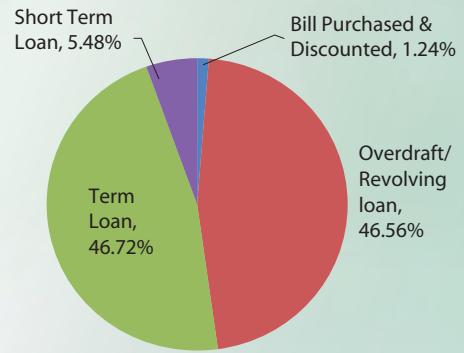




### Category-wise Loans and Advances in 2014

(Fig. in BDT million)

Particulars	2014	
	Amount	% of Total
Overdraft/Revolving loan	1923.15	46.56
Term Loan	1930.13	46.72
Short Term Loan	226.23	5.48
Bill Purchased & Discounted	51.38	1.24
<b>Total</b>	<b>4130.89</b>	<b>100.00</b>



export of BDT 547.70 million and remittance BDT 173.83 million.

The Bank opened branches in areas of high concentration of import and export business entities. The Bank has been aware of their requirements and varied needs. To serve these entities smoothly, efficiently and effectively, the Bank has been taking all the necessary steps. The Bank has been exerting efforts to expand client base in export oriented sectors such as garments, textile, jute, leather etc.

The Bank has established correspondence relationship with 111 financial institutions and opened 11 Nostro Accounts in all major currencies and the Bank shall continue to increase its correspondent network & credit relationship worldwide to facilitate more foreign trade.

In 2014, the Bank entered into agreements with Western Union, RIA, Xpress Money to facilitate foreign remittance of non-resident Bangladeshis to their family members in Bangladesh.

The Bank introduced Educational Relationship Service (ERS) product named 'Modhumoti Talent Source' under which any AD Branch of the Bank

can open Student files for Bangladeshi students going abroad for higher studies.

Here it may be mentioned that the Bank has already obtained license to operate Off-shore Banking Unit (OBU) from Bangladesh Bank which will enable it to serve business entities in the country. The Bank is first among the 4<sup>th</sup> generation banks of have obtained this license. Currently, the operation of the unit is in preparatory stage.

#### Capital

The Modhumoti Bank Limited was formed with Authorized Capital of BDT 20,000.00 million of 2,000 million Ordinary Shares of BDT 10.00 each. Paid-up Capital of the Bank was BDT 4,520.00 million as of 31 December 2013 and remained the same as on end of December 2014. Total eligible capital of the Bank stood at BDT 4,949.31 million at December-end of 2014. At the end of June 2015, capital of the Bank has been increased to BDT 5,138.90 million (Un-audited). The Bank has adequate capital over its risk weighted assets.

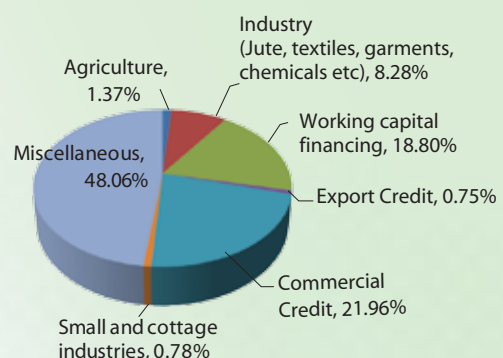
#### Branch Network

At the end of 2014, total number of branches of

### Sector-wise Loans and Advances

(Figures in BDT million)

Sectors	2014	
	Amount	% of Total
Agriculture	56.62	1.37
Industry (Jute, textiles, garments, chemicals etc)	342.18	8.28
Working capital financing	776.75	18.80
Export Credit	31.06	0.75
Commercial Credit	906.98	21.96
Small and cottage industries	32.09	0.78
Miscellaneous	1985.21	48.06
<b>Total</b>	<b>4130.89</b>	<b>100</b>



the Bank rose to 10 from 2 in the previous year. The bank has been steadily setting up branches in both rural and urban areas considering the prevailing business and investment climate in the country. The Bank opened 8 new branches in important locations such as Ashulia, Mitford, Uttara of Dhaka, Shakhipur of Tangail, Agrabad of Chittagong, Jinnahnagar of Jinaidah and Kanaipur of Faridpur and in 2015, two more branches were added so far. Currently the Bank has 12 branches and expansion of branches shall continue throughout the year.

### Products and Services

The Bank through its existing and prospective products and services would like to reach all the segments of the clients spread across the country. From the very beginning, the Bank has been aware of offering attractive, customer focused and technology based products and services to its clients of varied background. The Bank's products and services have been designed to serve corporates, SMEs, micro enterprises and individuals in all income groups. The Bank has been offering privilege banking services to the freedom fighters of the country as a tribute to their contribution to their country. The Bank also introduced priority banking service to serve high net-worth customers. All the products and services of the Bank are being operated under state-of-the-art technological support and facilities. ATMs at all its Branches have been installed and connected to NPSB (National Payment Switch Bangladesh) via Q-cash network for facilitating easy access to account related services.

The Bank has taken a number of steps to enhance services according to needs of the people. The Bank signed agreements with utility service providers such as DESA, DWASA, BRTA, REB etc. for collection of bills from clients. 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, which will be launched named 'Modhumoti Digital Banking'.

The Bank is offering the following products and services:

- Corporate Banking
- Green Banking
- SME Banking
  - Modhumoti Goti
  - Modhumoti Progoti
  - Modhumoti Agrogoti
  - Modhumoti Moushumi
  - Modhumoti Labonnyo
- Agriculture Loan
  - Modhumoti Shamolima
  - Modhumoti Shamolchhaya
  - Modhumoti Shamolmaya

### Retail Banking Products of MMBL

- Deposit for Individuals
  - Fixed Deposit
  - Savings Account
  - Savings Account for Freedom Fighters
  - Salary Savings Account (Under corporate agreement)
  - Special Notice Deposit
  - Current Account
  - Modhumoti পাঠশালা (Savings Account for students aged less than 18 years)
  - Modhumoti তারুণ্য (Savings Account for students aged beyond 18 years)
- Scheme Deposits
  - Monthly Savings Scheme
  - Monthly Savings Scheme for Freedom Fighters
  - Monthly Income Scheme
  - Double Benefit Scheme
  - Triple Saver Scheme
  - Modhumoti Prottasha (প্রত্যশা)
- Loan for individuals
  - Modhumoti Personal Loan
  - Modhumoti Vehicle Loan
  - Modhumoti Vehicle Loan (Special); i.e., for Member of Parliaments
  - Home Loan under Modhumoti Thikana & Modhumoti Ashroy

- Automated Cards
  - ATM Debit Card through 'Q-Cash' networks
  - Debit/Credit Card with VISA or Master (under process)
- Priority Banking
- Remittance Service
  - Modhumoti Talent Source (Student File)
  - Modhumoti Probash Cash (প্রবাস ক্যাশ)
- Other Services
  - SMS Banking
  - Internet Banking

#### ICT status in 2014

We are living in an era of information and communication technology and banks have become more technology driven these days. Use of computer, internet has become a common practice in the banking industry. There are certain risks involved in the use of ICT in the financial sectors. This risk may arise from malfunction of system, failure of network, lack of knowledge about the use of technology, virus attack, hacking etc. From the date of inception, Bank has always been moving with the latest technology and time-to-time has adopted different advantages of the technology which has enriched its IT infrastructure. Technological development of the bank tremendously increased its customers' service as well as trust worthiness of the stakeholders towards the bank.

The Bank is the pioneer in providing multi-dimensional banking products and services with latest international standard technologies. The bank is dedicated towards its customer satisfaction with help of the technological advantages. The IT Division is not only well equipped with technology, but also with a dedicated professional ICT workforce. Moreover, to achieve competitive advantage, the Bank's core Banking software BankUltimus Version-2 and ICT policy Version 2 has been upgraded to comply latest Bangladesh Bank's "Guideline on ICT Security for Scheduled Banks and Financial Institutions" in respect of centralized banking/ Tier-1 category's Bank.

Corporate Email systems in MS Exchange 2013 are accessible through different medium such as

desktop, laptop, smart-phone from anywhere. Server virtualization in Hyper-V of Windows Server 2012 unlocks today's traditional one-to-one architecture of x86 servers by abstracting the operating system and applications from the physical hardware, enabling a more cost-efficient, agile and simplified server environment. In near future, we are planning single sign-on features environment which enable a user to enter the same ID and password to log-on to multiple applications.

Introduction of ATM, Internet Banking and SMS Alerts are new channels and methods for providing banking financial services directly to customers irrespective of bank branches. Inclusion of National Payment Switching Network (NPSB) of Bangladesh Bank, Cash withdrawal, Balance enquiry, Mini statement, ATM PIN change etc are made available round the clock 11 (eleven) own ATMs and more than 5,000+ share ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly. Cash Deposit Machine will be installed in near future to reduce deposit transactions at Over-The-Counter (OTC). Second Factor Authentication System (2FA) will also be implemented to verify the legitimacy of a transaction in internet banking so end user cannot disown the authenticity of a transaction. Push-Pull SMS banking facility will enable Cash withdrawal, Balance enquiry, Fund Transfer and payment of Utility bills through conventional mobiles and smart phones.

Bangladesh Electronic Fund Transfer Network (BEFTN) is the central clearing facility, monitored and regulated by Bangladesh Bank that receives entries from Originating Bank, distributes the entries to appropriate Receiving Bank and facilitates the settlement functions for the participating banking institutions. Though the operation of BEFTN started from July 2014, customers are eligible to receive or send the remittance at any branch of any bank of the country.

Bank facilitates online payment of Utility bills (DESCO and DWASA bills) among clientele and beyond its customers. We are also premier facilitators of e-GP- Electronic Procurement system of Govt. of Peoples Republic of Bangladesh. This system will help in ensuring equal access to the Bidders/Tenderers over the



country which also ensures efficiency, transparency and accountability in the public procurement process in the country.

A state of art training institute has been installed at 3rd Floor of Head Office and various trainings were also conducted among branch officials for building capacity. Moreover, a number of training programs were attended by the Bank's officers and ICT personnel organized by BIBM and other competent authorities.

Bank has also taken steps to secure data availability in contingency through Disaster Recovery (DR) site. Our present DR site will be shifted from Gulshan to Uttara to have more geo-graphical distance from Primary Site (PR).

### Corporate Banking

Corporate Banking fulfils various banking needs of large Corporate Houses, as well as Financial Institutions & Micro-Credit Organizations. In the process, Business Development and Marketing Division of Modhumoti Bank carries on its Corporate Banking activities to support our Branches to build and maintain their business. The Bank is gradually gaining confidence among the corporate houses. Though we are at present operating with 12 (twelve) Branches, we intend to be present in key business districts of the country within soonest possible time for serving both local and multi-national corporate houses with ready access to our team of Branch Managers, Relationship Managers, Product and Sector specialists.

We provide comprehensive financial products and services to our retail, corporate and institutional clients. Our loan and investment product ranges from short term financing of day to day business operations to long term loans for new CAPEX and for expansion of client's business. We are also scouting international clients seeking attractive investment opportunities in Bangladesh. We are on the verge of launching OBU operation in 2015.

The Bank has taken steps to organize specialized manpower both at Head Office and Branches to structure customer's business need in tune with cash flow of the

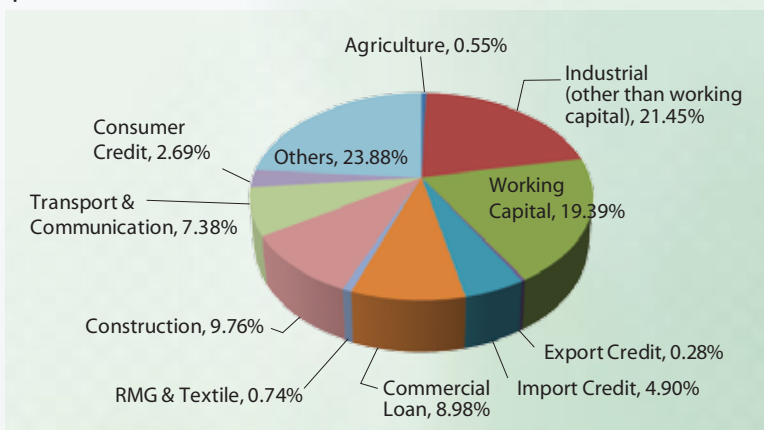
business of the customer, which will be strengthen over time as required from time to time. We have specialized units at Corporate Office such as:

- i. General Credit;
- ii. Export Credit;
- iii. Syndications Finance; and
- iv. Project Finance Unit

Here, we would like to mention that with the help of 12 branches, our business portfolio at the end of June 2015 stands at BDT 8,339.20 million. The sectoral exposure of our business is as under:

In recent days, MMBL is also trying to increase Bank's wallet share by cross-selling a wide range of banking products to corporate customers and thereby increasing customer engagement. The Bank is focusing in trade finance, treasury and other fee-based businesses. Despite the macroeconomic slowdown, the Bank actively manages its credit portfolio, maintains asset quality and also pursues new lending opportunities in a judicious manner. As such, within short span of time, MMBL has been able to mark its footprint in almost every business sector of the country. Moreover, MMBL is also trying its vow to create new entrepreneur and new business sector in the country.

MMBL has an experienced and specialized team in Syndication Finance. It can act as an arranger and underwriter for a variety of loans across corporate and project finance transaction. Meanwhile, we have participated in some prestigious syndicated finance deals in the country. MMBL, while choosing a project looks, among others, the probable employment





*The Bank financed in trading as well as in manufacturing industries.*

generation and contribution of GDP of the country by the project and acts accordingly.

We aspire to be the bank of choice for clients in the country by delivering value-added services. Technology is fundamentally transforming the way we deliver our products and services. We are therefore continuously expanding and enhancing our multi-channel offering and will continue to build on to deliver superior client experience, capture market share and increase efficiency.

### **SME Banking**

It is proven that SMEs are the growth driver for poverty alleviation, employment generation, and rapid industrialization for the developing countries like Bangladesh. The Government has declared SMEs as 'Thrust Sector' to turn Bangladesh into a middle income country from a developing country by 2021. Along with poverty alleviation SME can reduce urban migration and increase cash flow in rural areas. SMEs are credited to make a fair and equitable distribution of wealth by regional, gender and cluster dispersion. To accelerate growth and innovation, the Bank has already initiated five distinctive need oriented products. We came up with Women Entrepreneurship lending products named Labannyo and participated in different fair and workshops to motivate women empowerment. Despite fierce competition in the

market, due to attractive features of the different SME products i.e. Modhumoti Goti (collateral free) for small entrepreneur, Modhumoti Progoti for capital financing, Modhumoti Agrogoti for working capital financing, Modhumoti Moushumi for financing seasonal business and Modhumoti Labannyo for women entrepreneurs with comprehensive policy, they have gained good reputation in the market.

Other than regular lending activities, we have participated different fairs organized by Bangladesh Bank, SME Foundation, DITF-2015 etc. We have assigned officers at all the respective branches for SME and Women entrepreneur for customized service and guidelines to grasp the niche market. To enhance the scope of financial inclusion, we have been strongly focusing on SME financing, as it would generate employment, income and improve lives of general people.

### **SME Activities During 2014**

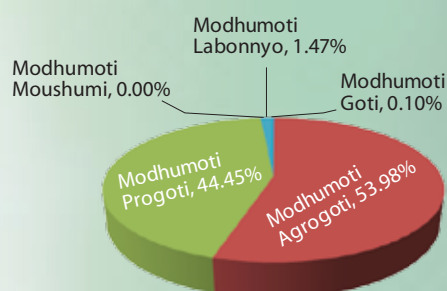
- Modhumoti Bank Limited signed an agreement with Bangladesh Bank for participation in 'Refinance Scheme for Agro-based Product Processing Industries in Rural Areas.
- The Bank participated in 'SME Financing Fair 2014' jointly organised by Bangladesh Bank and SME Foundation. Besides, took part in the DCCI Entrepreneurship &



## Product wise SME Loan Portfolio in 2014

(Fig. in BDT million)

Particulars	2014	
	Amount	% of Total
Modhumoti Goti	1.20	0.10
Modhumoti Agrogoti	679.10	53.98
Modhumoti Progoti	559.20	44.45
Modhumoti Moushumi	0.00	0.00
Modhumoti Labonnyo	18.50	1.47
<b>Total</b>	<b>1,258.00</b>	<b>100</b>



Innovation Expo for promoting its SME products.

- The Bank has been focusing on Women Empowerment through developing Women Entrepreneurship and initiated campaigns promoting entrepreneurship.

### Retail Banking

Retail financing is lifestyle improvement initiative for growing consumption in Bangladesh. Rise in average income of people in Bangladesh has helped to create new consumers with varied life styles and expectations in life. This has created new opportunities for financing, which helps them to realize different needs and enjoy amenities in life. In 2014, we have developed different personal lifestyle products i.e. personal loan, Home Loan, Auto Loan etc. MMBL concentrated on retail banking due to its higher return on investment to meet up consumers demand and capitalize vast market gap. Retail financing is developing at a fast pace in the light of sheer scale of saving and lending prospects. We are experiencing inspiring growth and market is up. We have financed BDT 221.9 million in the financial year of 2014 which is almost 6% of total lending portfolio. Modhumoti Personal Loan is any purpose loan for creditworthy individuals. We have developed Auto Loan named Modhumoti Vehicle Loan for general individuals and Modhumoti Vehicle Loan (Special) for MPs. We are going to make agreement with different reputed auto dealers to make the products available to the target market. Two distinctive Home Loan

products named Modhumoti Ashroy for Semi-structured buildings and Modhumoti Thikana for construction of RCC structure buildings and purchasing apartments had been launched during the late 2014.

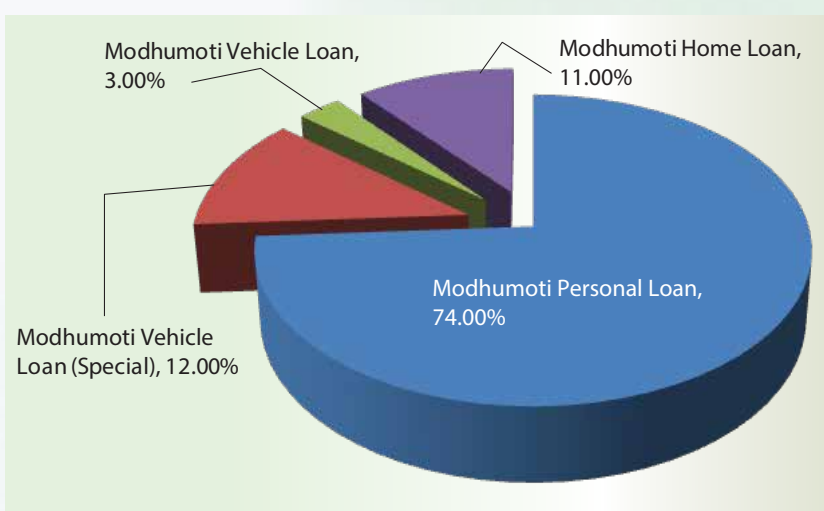
Further, a few liability products have also been launched during the year. Among those, Modhumoti Salary Account (Salary Account for Individuals with state-of-the-art features), Modhumoti Prottasha (Monthly Deposit Account), Modhumoti Pathshala (School Banking Product), Freedom Fighters' Account (Privileged SB Account for Valiant Freedom Fighters) etc. are prominent ones.

### Retail Portfolio

Total retail portfolio stands at BDT 221.9 million as on December 31, 2014 which includes Modhumoti Personal loan of BDT 161.8 million; Modhumoti Vehicle Loan (Special) of BDT 25.00 million; Modhumoti Vehicle Loan of BDT 7.50 million and Modhumoti Home Loan of BDT 23.20 million.

### Retail Activities in 2014

- Modhumoti Bank inked accord with BREB in 2014. Under the deal, customers of REB





will be able to pay their electricity bill through branches of the Bank.

- The Bank signed a Memorandum of Understanding with Central Procurement Technical Unit (CPTU), Implementation Monitoring and Evaluation Division (IMED) under the Ministry of Planning for ensuring equal access to the Bidders/Tenderers.
- Modhumoti Bank Limited signed an Agreement with Dhaka WASA for collection of bills.
- The Bank launched students' accounts under the Bank's 'School Banking Scheme' at Jinnahagar Secondary School, Jhenaidah.
- The Bank launched opening of 'Tk 10 Farmers' Account' at Jinnahagar Branch.
- The Bank honoured Freedom Fighters through a program titled 'Freedom' at its head office and handed over crests to freedom fighters.

#### **Cards & Alternate Delivery Channel**

Cards are considered prerequisite for transactional convenience and safety in the current and future market. To address the need of the customer, Modhumoti Bank has already introduced Debit/ATM cards as a Q-cash member under the support of IT Consultants Limited. Cardholders can avail benefits which include payment of utility bills, POS Transactions, flexibility of cash withdrawal from own ATMs of the bank as well as of ATMs of all other banks under NPSB via Q-cash Network. We are very sanguine to launch debit and credit

cards through VISA very soon, for which necessary processing is going on under arrangement with Jamuna Bank Limited.

#### **Privilege Banking**

MMBL has been offering privilege banking service to freedom fighters of the country in recognition of their contribution and service to the nation. The Bank was first to introduce this service in the country. The Bank has been offering privilege rate which is additional 0.25% for deposits and discount of 0.25% for loans and advance. To promote this banking service amongst the Freedom Fighters, Modhumoti Bank Limited held a month long campaign named 'Freedom' during the month of March 2014 and December 2014. The Bank also organized programs to honour freedom fighters and to pay tribute to all the martyrs and participants of the liberation struggle.

#### **Priority Banking**

In 2014, the Bank introduced priority banking services to exclusive individuals in the society. MMBL Priority Banking is an insignia that is synonymous with class, excellence and exclusivity designed to provide premium levels of banking, financial advice and investment support for the clients. Every financial need of the clients is taken care of by dedicated Relationship Manager. Besides, the Priority customers shall enjoy many privileges, which is being enhanced from time to time. The Bank has already signed Memorandum of Understanding with several organizations such as Radisson Blu Dhaka Water Garden on 11



*The Bank honored freedom fighters on the occasion of 'Freedom' campaign at where the freedom fighters where offered some additional benefits and also donated a sum to Liberation War Museum.*

February, 2015, Hertz International on 7 June, 2015 and Apollo Hospitals Dhaka on 16 June, 2015 for facilitating especial services at a discount to our customers.

### Treasury Operation

Major money market indicators such as the call money, interbank repo and short-term Treasury bill rates increased in second half of 2014. The Banks invested much of their excess liquidity in reverse repo with Bangladesh Bank. Inter-bank repo also increased in the last quarter of 2014. Treasury auction (weighted average cut off rate) yield curve exhibited a rising short term yield and a falling long term yield compared with that of July, 2014 yield curve. Volume of Over-the-Counter (OTC) transactions of treasury securities increased 19.5 per cent over that of 2013. In 2014, ADR of the sector remained stable without showing any abrupt volatility.

The value of Taka against the US dollar continued to increase during the first three quarters of 2014, but a slight depreciation was recorded in the fourth quarter mainly due to rising import and slowing down of export.

The Bank's Treasury desk was active in the market throughout the year in both money market and foreign exchange. Amongst the 4th generation banks, the Treasury operation was very successful and profitable in 2014. The Bank through its own market capability, analysis and intelligence predicted the situation efficiently and took appropriate initiatives for necessary investment and fund management strategy. In Bank's revenue, treasury contributed BDT 535.04 million in 2014.

### Human Resources Status

Particulars	2014	2013
Regular Employees	205	53
Casual Employees	70	24
Total Employees	275	77
Male	223	67
Female	52	10
Executives	37	11

### Human Resources

The Bank considers its employees as its core asset. Human resources (HR) are main elements behind the success and future sustainability of the Bank, and as such we have been developing

and motivating the workforce with contemporary HR policies and attractive benefits. The Bank has been continuously recruiting employees, both experienced and fresh, for its expansion and growth. An employee-friendly environment is required for employees to enjoy working with pride. From that point of view, the Bank is not only offering a challenging and rewarding career but also and encourages employees to learn and develop further. The Bank has set up a training institute for imparting in-house training courses. As on 31 December 2014, a total of 205 regular employees and 70 casual employees were working at this Bank. The Bank recruited the first batch of Probationary Officers during the year following an extensive selection procedure, at where written exam was taken by BIBM. Among the regular employees 223 were male and 52 were female. Besides, 37 were holding Executive positions in different capacities. During the reporting time, 29 training programs both in house and external were arranged in which 181 employees participated.

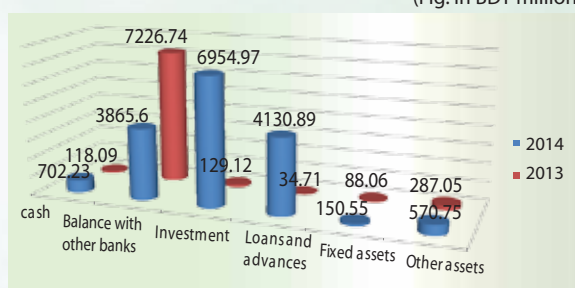
### Financial Review

#### Total Assets

The Bank's total assets as on December 31, 2014 amounted to BDT 16,375.02 million, an increase of 107.70 per cent from BDT 7,883.80 million as on December 31, 2013.

Asset composition of the Bank in 2014 & 2013 is presented as under:

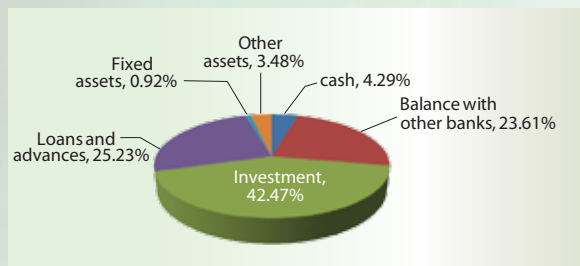
(Fig. in BDT million)



At the end of 2014, portion of the bank's loans and advances and investment was 25.23 per cent and 42.47 per cent respectively. At the same time, portion of balance with other banks stood at 23.61 per cent. The bank's progress has been generated by a well-balanced asset composition given the circumstances of its operation described in previous section.



Asset composition of the Bank in 2014 is presented as under:



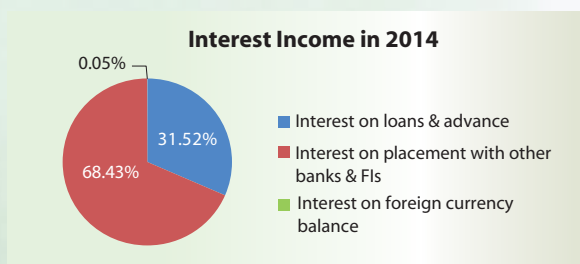
**Operating Profit**

In 2014, the bank earned total income of BDT 1504.12 million, which was achieved through the Bank's slow and steady growth of its business. The bank's income mainly came from investment in government securities (BDT 535.05 million), placement of funds with other banks (BDT 602.57 million), and loans and advances (BDT 277.60 million). As the Bank's credit portfolio will continue to growth in the coming year, its contribution to income will increase and overtake that of other income heads. To earn the revenue, the incurred expenditures which were mainly for interest paid on deposits and borrowings (BDT 697.71 million) and operating expenditures (BDT 308.72 million). For the year ended 2014, the bank earned operating profit was BDT 497.70 million.

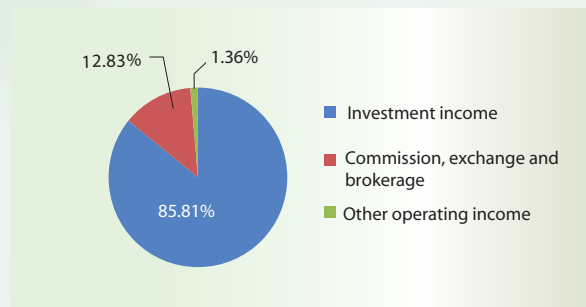
**Total Income**

Total income of the Bank is comprised of interest income and other income.

The bank earned total interest income of BDT 880.58 million in 2014 which registered growth of 243.75 per cent over 2013's interest income of BDT 256.17 million. Total interest income composition of the Bank in 2014 is as under:

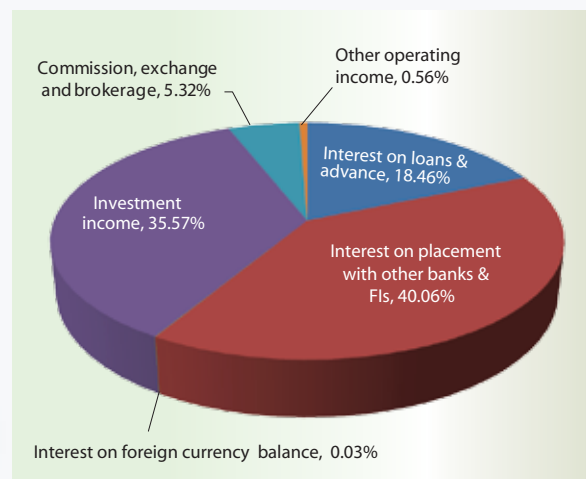


The Bank's total revenue generated from Government securities and non-interest income heads is BDT 623.55 million in 2014 which was BDT 2.42 million in 2013. Total other income composition of the Bank in 2014 is as:



Composition and contribution of all income heads in 2014 are as under:

Particulars	2014	
	Amount	% of Total
Interest on loans & advance	277.60	18.46
Interest on placement with other banks & FIs	602.57	40.06
Interest on foreign currency balance	0.41	0.03
Investment income	535.05	35.57
Commission, exchange and brokerage	79.98	5.32
Other operating income	8.51	0.56
<b>Total</b>	<b>1504.12</b>	<b>100.00</b>



**Total Expenses**

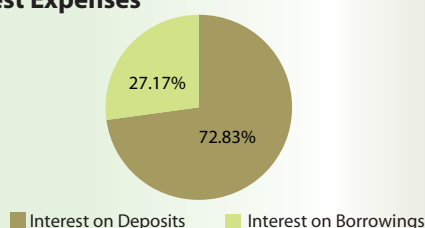
Total expenses of the Bank is comprised of interest expenses and operating expenses.

**Interest Expenses**

At the end of the year 2014 interest expenses of the Bank stood at BDT 697.71 million, which was BDT 48.63 million in 2013 increasing 1334.74 per cent. Details of interest expenses for 2014 are presented separately.



### Interest Expenses



### Net Interest Income

At the end of 2014, net interest income of the Bank stood at BDT 182.87 million, which was BDT 207.54 million in 2013.

### Net Interest Margin (NIM)

Bank's net interest margin, which is derived from net interest income divided by average earning assets, was 1.59 per cent in 2014, which was 2.63 per cent in 2013.

### Operating Expenses

As the business volume of the Bank expanded throughout the year, operating expenses also increased commensurate to business operation and stood at BDT 308.72 million from BDT 96.86 million during 2013.

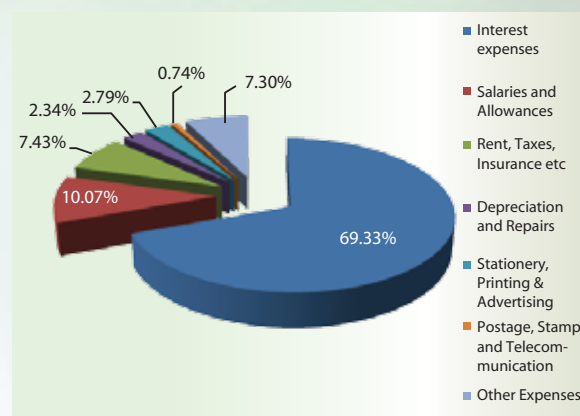
### Total Expenses

Interest expenses accounted for 69.33 per cent in 2014 compared to 33.42 per cent in 2013. Proportion of operating expenditure to total expenses has decreased compared to that of 2013. In 2014, it decreased to 30.67 per cent from 66.58 per cent in 2013. Salaries and allowances account for 10.07 per cent in 2014 and the rest other expenses 20.61 per cent of total expenses.

(Fig. in BDT million)

Particulars	2014	
	Amount	% of Total
Interest expenses	697.71	69.33
Salaries and Allowances	101.32	10.07
Rent, Taxes, Insurance, Electricity etc.	74.75	7.43
Depreciation on and Repairs to Bank's Assets	23.63	2.34
Stationery, Printing & Advertising	28.09	2.79
Postage, Stamp and Telecommunication	7.45	0.74
Other Expenses	73.46	7.30
<b>Total</b>	<b>1006.41</b>	<b>100.00</b>

Composition of total expenses and their proportion of contribution in 2014:

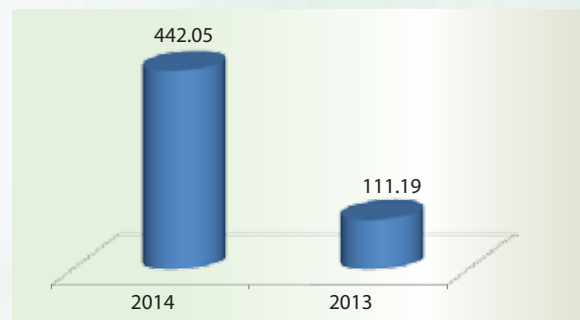


### Provision

Like 2013, in 2014 all of loans and advances were classified as standard and therefore provision against unclassified loans was made to the tune of BDT 40.65 million and General provision on off-balance sheet outstanding was BDT 15.00 million according to requirement set by Bangladesh Bank from time to time.

### Net Profit before Tax

After transferring all provisions, net profit before tax increased 297.56 per cent in 2014 to BDT 442.05 million over BDT 111.19 million in 2013.



### Provision for Income Tax

In 2014, the Bank made a provision of BDT 135.75 million against current year income tax.

### Profit after Tax

Profit after Tax increased 438.21 per cent in 2014 to BDT 306.30 million over BDT 56.91 million in 2013.



### Earnings per Share (EPS)

At the end of 2014, earning per share of BDT 10.00 each was BDT 0.68 which was BDT 0.13 in 2013.

### Proposed Dividend

After assessing the Appropriations, the Board of Directors has recommended 5% cash dividend towards its shareholders for the year 2014 subject to approval by the shareholders in the ensuing AGM.

### Statutory Reserve

In 2014, Bank transferred BDT 88.41 million to statutory reserve account @ 20% of Profit before tax as per Section-24 of Banking Companies Act 1991.

### Operating Efficiency Ratio

Operating Efficiency Ratio stood at 20.52% in 2014 which was 37.45% in 2013. This slows the bank's operational efficiency has improved quite substantially. This measures how much operating expenses are incurred to generate operating revenues.

Amount in BDT million

Operating Efficiency Ratio	2014	2013
Total Operating Expenses	308.71	96.86
Total Income	1504.12	258.59
Operating Efficiency Ratio	20.52%	37.45%

### Contribution to National Exchequer

The Modhumoti Bank Limited is a responsible corporate citizen. Corporate tax of BDT 224.52 million in 2014 was withheld from income and deposited to the government exchequer. The Bank also deposits excise duty, withholding tax and VAT, deducted from employees' salary as well as payments to customers and vendors, to government exchequer on time amounting BDT 58.86 million. The Bank has made provision of corporate tax payable of BDT 135.75 million for the year 2014.

### Credit Rating Report

Modhumoti Bank Limited has been rated by Credit Rating Agency of Bangladesh (CRAB) on the basis of Audited Financial Statements as on December 31, 2014.

Particulars	Credit Rating	
	Year-2014	Year-2013
Long Term	BBB2	BBB2
Short Term	ST-2	ST-2
Outlook	Developing	Stable
Date of Rating	15-Jun-15	5-Jun-14
Validity	30-Jun-16	30-Jun-15

CRAB has assigned "BBB2" (pronounced as Triple B Two) rating in the long term, "ST-2" rating in the short term and outlook as "Developing" to Modhumoti Bank Limited, a new generation commercial bank, based on audited financials up to December 31, 2014 and other relevant information.

CRAB considers fundamental of the bank is strong, however lack of track record and trend, conflicting elements of both positive and negative could not be firmly determined, therefore, the Rating Outlook is described as Evolving/ Developing.

### Outlook 2015

The Bank will continue expanding its business in a prudent, slow and steady manner with utmost customer centricity focus in 2015 and beyond considering the prevailing macro-economic scenario of the country. It will also continue to search the market for new customers and to step into new areas for expansion of its presence. The Bank would like to bring unbanked population of the country under its services through Agent Banking, for which a MOU with a2i program of Prime Minister's office has already been signed for facilitating Agent Banking services through Union Digital Centres (UDCs).

Expansion of its business in trade finance and non-funded business will continue. The Bank has already established an Off-shore Banking Unit (OBU) and NRB Division to facilitate trade finance and inward foreign remittance services. The Bank's treasury operation, which is required for efficient fund management, will play an important role as it is an import profit centre of the Bank. The Bank's endeavour for SME and agriculture financing; especially towards the



The Bank participated in DITF-2015 by installing a mini pavillion, for which the Bank has been awarded.

new entrepreneurs will have to be continued in prudent manner.

We are aware that the Bank will face several challenges in future, especially in a competitive banking environment, at where demand for credit is low and spread is shrinking. We have to consider further that foreign financing in the country is increasing over the period, which might be another challenging competitor in coming days.

The Bank has to expand its business by competing not just with its peer group but also with established players. Expanding client base and maintaining their loyalty and trust are the key challenges of the Bank. At the same time, the Bank has to be efficient and cautious about all risks related to business. The Bank has to be innovative in attracting and serving customers. For this the bank has to utilize all the resources including information technology base. The Bank has to recognize its requirement for human resources and their effective deployment.

It may be reiterated that the banking business does not stand just on spread nor depends only on deposits and traditional financing. The Bank will continue to enhance its delivery standards, promote fee-based activities and pursue greater cost efficiency and staff productivity by promoting a pro-active business process.

### **Green Banking and Corporate Social Responsibility**

The Bank since its birth conceptualizes *green* in

every aspect, which is evidenced not only in words but also from the decoration of the branches to recruitment of manpower. It's a gesture of commitment of the Bank to remain with the *greener* environment of the country. The Bank has started its Green Banking Unit on the World Environment day i.e. 5th June, 2014 according to approval of the Board. The Bank undertook initiatives such as green finance, adoption of green banking policy and guidelines for staffs etc as a responsible corporate entity. Corporate social responsibility is also an important topic than ever in the current economic scenario. Modhumoti Bank makes every effort to play an active part as a corporate citizen, taking into consideration of stakeholders' needs.

To instill the *green* concept among all the employees, customers, patrons of the Bank, the Bank carried on a month long campaign under "*go green*" slogan. It arranged a Training Session in Dhaka and also arranged video conferencing towards reducing carbon emission for branches outside Dhaka to conduct awareness build-up program and practice the *green banking* fully so that the activities can be practiced during the rest of the year. The Bank signed a number of participation agreement with Bangladesh Bank; Brick Kiln efficiency improvement project is one of the few and moreover, some other agreements with Bangladesh Bank are in the offing. As a socially committed Bank, Modhumoti Bank will continue its efforts



towards making the environment greener and invest in sustainable finance.

Despite a lot of limitations, the Bank sanctioned a number of green finance projects in 2014 including BDT 120 million for a brick manufacturing project with Tunnel Kiln technology and BDT 10 million for Solar Home Power system. The Bank rated all the projects where Environmental Due Diligence (EDD) was applicable, at where BDT 1898.5 million was disbursed up to the end of the year. Besides, a few workshop and training programmes were arranged for building awareness among the Officers and Executives of the Bank. The Bank Management continuously played a cautious role in consumption of water, energy or paper for operation. Further it is to be mentioned that the Bank has already formulated Green Strategic Plan, which was drafted in 2014. We have established own online ATMs since inception and also arranged using shared ATMs all over the country within the first-half of 2014. The Management has successfully introduced Debit card facilities and also internet and SMS banking, with limited facilities, which reflects our vision towards establishing a modern bank ensuring green activities. We have a vigorous plan set out for the upcoming years to take even larger steps including taking measures to ensure a 'paperless' office management and enlarge our portfolio in green banking sector of the country.

The Bank, as a Corporate Citizen is aware of contributing in social development activities, keeping concept of 'financial inclusion' in mind. Priority will be given for less privileged population segments and underserved economic sectors. The Bank participated in a number of events under corporate social responsibility (CSR) activities in 2014, which included donation of BDT 1.1 million to Prime Minister's Relief Fund for providing blankets to poor and destitute people and also BDT 2.5 million for flood affected people. The Bank contributed BDT. 0.5 million to Bangladesh Army for establishing a specialized school namely 'Proyash-Ghatail Area' for the children with special needs and disability at Ghatail, Tangail Cantonment; the school that run under the patronization of Bangladesh Army. Besides, the Bank opened accounts for farmers with Tk. 10, introduced school banking facilities and also sponsored a number of social and sports events on different occasions. Donations and philanthropic activities will be continued for development of education, health, disaster relief, sports, art and culture and environment taking into consideration humanitarian aspects. But the Bank likes to advance by ensuring good for all stakeholders enhancing sustainable relationship promoting modern concept of CSR.



*All the branches of the Bank have onsite ATM Booths*



*The Bank donated blankets to the Prime Minister's Relief Fund for poor & distressed people.*

One of our major stakeholders are our customers and serving our customers at the utmost and ensuring safety of their savings are our primary responsibility; therefore the Bank since inception follows a cautious approach and financial policy prioritizing customer safety. This strategy keeps us be motivated to introduce more pro-customer products and services and also allow us preserving existing customers and increasing new ones through them, which is very important especially at this early moment. By offering customers doing transactions in a safer approach by using mobile phones, tablets or computers in near future, we will be becoming a greener, more proficient bank. This will also decrease costs, reduce our impact on the environment and most importantly, ensure our sustainability.

The Bank is aware of strengthening internal control and risk management culture to simplify the way of doing business, delivering greater precision and ensuring increased profitability. Initiatives to ensure credit risks of customers, considering environmental and social issues, when assessing a credit proposal, are also taken into consideration.

The Bank keeps an eye on development of our employees, ensuring proper career and prosperous future for them. As such, the Bank has already formulated employee-friendly policies, rules and regulations for them like car

loan facilities or employee house building loan at a lower interest rate etc., which will also be continuing in upcoming days.

The Board believes growing with such vision, so that we may able to enhance our activities beyond the boundary over the period. They are quite aware of establishing corporate governance inside the Bank and emphasized on compliance of rules and regulations of the country and also abided social and industrial norms, so such we may establish a compliant bank in all terms over the period.

### **Corporate Governance**

The Board of Directors is fully committed in maintaining the highest standards in corporate governance, professionalism and integrity in driving the Bank in such manner at where the role of the Board and the Management is clearly defined with a view to enhancing stakeholders value and increasing confidence and trust of customers in a competitive banking environment under requisite governance policies and processes. In 2014, the Board approved and ratified many policies and operating manuals as proposed by the Management from time to time. As it is a new bank, some more time may be required for the Management to draw down all the processes and procedures to run the operation more smoothly. The Board will continue extending all





*In the First Anniversary Celebration program, sponsors and directors with their family members attended.*

necessary support and cooperation as required by the Management from time to time to set standard procedures to accomplish the commitment for ensuring corporate governance and professionalism.

### **The Board of Directors**

The Bank complies strictly with the guidelines by the regulatory authorities on appointment of directors from time to time. According to law, the members of the First Board of Directors, who were in Office since incorporation on 4 June 2013, retired from their office in the First Annual General Meeting held on 25 November 2014 and those were re-elected as Directors. Besides, Mrs. Ferdousi Islam representing Azbal International Limited, a Sponsor Shareholder was elected Director for first time in the meeting. All directors of the Board are non-executive directors having adequate experiences in different business sectors and also holding dignified positions in the society. All are financially literate and quite a few of them are from Financial Management background, which indicates an enriched Board of Directors. The election/ re-election of Directors were dealt as prescribed by Bangladesh Bank upon their approval. The Board Members, who all were sponsors of the Bank, collectively held 73.89 per cent of total outstanding paid-up capital of the Bank at the end of 2014, which was 72.12 per cent in 2013. In this regard, it is to be mentioned that shares of the Bank is still limited within the Sponsors according to terms of LOI of Bangladesh Bank.

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

In accordance with the guidelines stated through BRPD Circular No. 11 dated 27 October 2013 for ensuring corporate governance within the Bank, the Board formed the Executive Committee of the Board of Directors consisting of seven members under chair of Barrister Sheikh Fazle Noor Taposh, MP and also an Audit Committee under chair of Mr. Shaikh Salahuddin and a Risk Management Committee under chair of Mr. Mostafa Kamal each consisting of three members. It may be mentioned that the Executive Committee and the Audit Committee of the Board of Directors were formed in the 1st meeting of the Board held on 1 August 2013, whereas Risk Management Committee has been formed in the 5th meeting of the Board of Directors held on 25 May 2014. Activities of the Committees are dealt according to ToR approved by the Board under terms of Circulars of Bangladesh Bank. Minutes of the Committee meetings are presented for ratification before the meeting of the Board of Directors.

### **Meetings in 2014**

In 2014, 9 (nine) meetings of the Board of Directors including a special meeting with Bangladesh Bank officials were held. Besides, 18 (eighteen) meetings of Executive Committee, 4 (four) meetings of Audit Committee and also 1 (one) meeting of Risk Management Committee were held and attendance of the Directors in these meetings were satisfactory. Within reporting Details of the participation are as follows:



Name	Designation	Attendance in Meetings			
		Board of Directors	Executive Committee	Audit Committee	Risk Management Committee
Mr. Humayun Kabir	Chairman	9	-	-	-
Mr. Shaikh Salahuddin	Vice Chairman	7	-	4	-
Mr. Sheikh Fazle Noor Taposh	Director	9	18	-	-
Mr. Md. Ismail Hossain	Director	9	18	-	-
Mr. Nemai Kumer Saha	Director	4	8	-	-
Alhaj Anwar Hossain	Director	6	11	-	-
Mr. Salahuddin Alamgir	Director	8	18	-	-
Mr. Mostafa Kamal	Director	5	14	-	1
Ms. Tanjima Binthe Mostafa	Director	6	-	-	-
Mr. Humayun Kabir	Director	5	13	-	-
Mrs. Shahana Yasmin	Director	6	-	-	-
Mrs. Sultana Jahan	Director	8	-	-	-
Mr. Md. Abul Hossain	Director	9	-	4	-
Mr. A. Mannan Khan	Director	8	-	4	-
Mrs. Ferdousi Islam (Elected as on 25.11.2014,	Director	1	-	-	-
Mr. Mohammad Ali Talukder	Director	4	-	-	1
Mr. Yousuf Ali	Director	8	-	-	-
Mr. Md. Mahbubur Rahman	Director	6	-	-	-
Mr. Md. Didarul Alam	Director	4	-	-	1



*The Executive Committee is in a meeting chaired by Barrister Sheikh Fazle Noor Taposh, MP*

### **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 Tk. 5,000.00 to a Director for attending to any meeting of the directors in compliance with the DFIM Circular No. 03, dated February 24, 2010 of Bangladesh Bank.

### **Retirement and Re-election of Directors**

In terms of Section 91(2) of the Companies Act 1994, Regulation 79-82 of the First Schedule of the Companies Act, 1994 and Article 139 of the Articles of Association of the Bank, one-third Directors shall retire from office at the Second Ordinary General Meeting of the Company. Further, the election/ re-election of Directors requires to be dealt according to BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank following Bank Companies Act 1991, as amended in 2013.

### **Re-Appointment of Auditors**

M/s. Hoda Vasi Chowdhury & Co, Chartered

Accountants, the current Auditors were appointed initially in the first meeting of the Board of Directors held on 1 August 2013 and thereafter was re-appointed according to the decision of the First Annual General Meeting held on 25 November 2014. Since they have audited the accounts of the Bank for two consecutive years, i.e., for the year 2013 and 2014 and also provide their consent for the year 2015; they are eligible for re-appointment for next term according to Bangladesh Bank Circular No. BCD(P)748/3/546 dated 31.03.1991.

### **Acknowledgements**

On behalf of the Board of Directors, I take the opportunity to express our heart-felt appreciation and gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Registrar of Joint Stock Companies and Firms for their kind cooperation, valuable guidance and advice provided to the Bank from time to time. The Board is grateful to Hon'ble Prime Minister Sheikh Hasina and Hon'ble Finance Minister Mr.



*The Board's Risk Management Committee is in a meeting chaired by Mr. Mostafa Kamal*

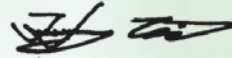
AMA Muhith for their kind re-consideration resulting reduction in corporate tax rate to 40 per cent from existing 42.50 per cent applicable for Banks established in 2013.

The Board of Directors also expresses deep appreciation to the Management and all employees and sub-staffs for their dedicated and efficient services and also to all the clients, sponsors, patrons and well-wishers for continuing support and patronage.

We firmly believe that delivering 'satisfaction' to all of our stakeholders by ensuring superior performance in long term is a challenge for every organization. We believe that we have

successfully been able to have a good start and the Bank will overcome the challenges and able to become a benchmark in near future and it will be strengthened over time by enhancing its ability. In this long journey, we always appreciate cooperation from various corners as and when required.

On behalf of the Board of Directors,



**Humayun Kabir**  
Chairman





*AUDIT  
COMMITTEE'S REPORT*



## Report on the activities of the Board's Audit Committee

The Audit Committee of the Board of Directors was duly constituted by the Board of Directors of Modhumoti Bank Limited in its 1<sup>st</sup> meeting held on 01.08.2013 of the Bank, which was active as at the balance sheet date of 2014 with the following members:

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

It is considered that an Audit Committee of the Board of any Bank is responsible for oversight of effective implementation of the processes set out in business plans and policies of the bank in compliance with Central Bank's Guidelines as well as rules and regulations of the country. The scope of the activities of Audit Committee mainly includes independent supervision of internal control system and implementation of corporate goals as envisaged by the Board of Directors, compliance of state laws and regulatory obligations, assessment of the company's financial reporting along with non financial corporate disclosures etc.

### Meetings and key activities in 2014:

The Audit Committee held 04 (four) meetings in 2014 in the following manner:

Sl.	Particulars	Date of meeting
1	2 <sup>nd</sup> meeting of Audit Committee	9 March 2014
2	3 <sup>rd</sup> meeting of Audit Committee	17 June 2014
3	4 <sup>th</sup> meeting of Audit Committee	16 September 2014
4	5 <sup>th</sup> meeting of Audit Committee	30 December 2014

**The following matters were transacted in the meetings:**

- \* The Committee approved annual audit & inspection plan for 2014.
- \* The Committee reviewed the Draft Financial Statements for the year ended 2013 as well as 2014 as was audited by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants and recommended to place before the meeting of the Board for approval.
- \* The Committee reviewed the Management Report provided by the external auditors as of end of financial year and advised the Management for immediate compliance.
- \* The Committee discussed internal audit reports on some Branches as well as on some Divisions of Head Office during the meetings held in 2014. The Committee also discussed on reports of Bangladesh Bank. During discussion, the Committee emphasized on lapses pointed out and stressed on rapid rectification and asked the Management to keep close monitoring of activities of the Bank.
- \* The Committee emphasized on formulation of policies and processes that were required to run the operation of the Bank and compliance of the same meticulously.
- \* The Committee further focused on introduction of Internet Banking, Mobile Banking, Agent Banking and also of strong MIS for the Bank. Ensuring quality of service was given priority in the discussion.

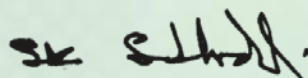
**The Committee underpinned the following:**

- \* To meticulously comply with all regulatory requirements set forth by Bangladesh Bank and regulatory bodies.
- \* To strengthen internal control systems.
- \* To open 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 Anti Money Laundering rules and regulations by maintaining KYC.
- \* To prepare manpower planning for each Branch and Divisions of Head Office.
- \* To define roles & responsibilities of all officers/ executives of the Bank.
- \* To develop a strong Management Information Systems (MIS).
- \* To improve the deposits mix with a view to bring down the cost of fund and ensure profit in a competitive market scenario.
- \* To upload data like loan application process, application forms & required documents/collaterals for specific loan category in official web site with a view to ease loan approval and sanctioning process.
- \* To enhance customer base with a view to serving larger community of the country.

As it is a new Bank completing less than two years operation and we are also acting newly as members of an Audit Committee, it is a novel experience for all of us, but we are committed to serve with utmost sincerity. In discharging our duties and responsibilities, we believe that the Management of the Bank would come forward with meticulous approach as they have done in last days and we would be able to establish a compliant bank in every manner.

The Audit Committee accords its sincere thanks and gratitude to Members of the Board, Management team and Auditors for their continuous support in making Modhumoti Bank a compliant bank from the very beginning of its journey.

With warm regards,



**Shaikh Salahuddin**  
Chairman





The Managing Director & the Director General (Admin.) of Prime Minister's Office are signing MoU in presence of the Governor of Bangladesh Bank & Directors of the Bank.

## Beyond 2014: Agent Banking- A Remarkable Effort

Agent Banking means 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 the 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.

With a view to reach out the underserved portion of the population in the country, the Bank has decided to implement Agent Banking through which they can extend their wide range of financial services to the geographically dispersed people. Modhumoti Bank Management has made a very unique decision of making Union Information and Service Centers (UISC) entrepreneurs 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 (PMO) through the arrangement Modhumoti Bank shall be able to provide banking services like Account Opening, Cash Deposit, Cash Withdrawal, Money Transfer, Utility Bills Payment, Payment of Inward Foreign Remittance, Balance Inquiry, Loan Initiation etc. through their agents.



Mr. Zunaid Ahmed Palak, MP, State Minister of ICT Division was present as Chief Guest.



Dr. Atiur Rahman, Governor of Bangladesh Bank is addressing the audience as Special Guest.



Green Banking refers to the attempt of the banking sector to consider social, ecological and environmental factors with an aim to protect the environment and conserve natural resources. The banking sector plays a major role in financing investment for commercial projects which is one of the most important economic activities for economic growth. Hence, by taking various measures to save the environment the banking sector can play a crucial role in promoting environmentally sustainable and socially responsible investment. Green Banking is also known as Ethical Banking and Sustainable Banking.

Modhumoti Bank formulated Green Banking Policy in 2014 to ensure proper compliance of the Policy Guidelines for Green Banking for new Banks issued by Green Banking and CSR Department of Bangladesh Bank vide GBCSRD Circular Letter no.-05 dated September 13, 2013 and to ascertain required measures to save the environment and reduce pollution while serving or financing our customers and improve in-house environment management through efficient and effective use of resources in all our Branches and Corporate Office.

Modhumoti Bank aims to make efforts to inculcate practices towards optimum usage of natural resources and make every effort for environmental friendly activities. Under green banking initiatives the Bank has taken steps towards sustainable operations through its activities related to in-house environment management, incorporating environmental factors into its financing activities and undertaking sustainable financing. We have unified our sustainable operations under one roof by forming "Green Banking Unit" (GBU).

#### **Green Banking initiatives of Modhumoti Bank Limited:**

- Formulated Green Banking Policy approved by the board of the bank.

## **Green Banking: Financing Sustainable Development for the Future**

- Formulated Green Office Guide on May, 2014
- Introduced Green Banking Unit
- Allocated annual budget for green banking
- Incorporation of Environment Risk in Core Risk Management
- Introduced online or paper less banking that eliminate paper waste, reduced carbon emission and printing cost
- Initiating In-house environment Management
- Creation of climate risk fund
- Introducing Green Marketing
- Online Banking
- Supporting Employee Training, Consumer Awareness and Green Event
- Disclosure and Reporting of Green Banking Activities
- Setting up Green Branches/SME Centers/ATMs
- Designing and Introducing Innovative Products
- Reporting Green Banking Practices on Quarterly Basis

#### **Green Office Guide**

The Bank believes that fast economic growth has resulted in depletion of natural resources and Banks are in a privileged position towards exerting substantial influence on economic growth. As a responsible corporate citizen the Bank also believes in sustainable growth and in this regard it should strive for protection of the environment. Employees of the Bank should be aware regarding influence of their activities on the environment. Towards this end, the Bank developed a Green Office Guide, for developing and maintaining a green office by the Management and individual employees of the Bank.

**Green Office Guide includes guidelines on the following:**

- Conservation of Energy
- Water Conservation
- Saving paper
- Reduce, reuse and recycle
- Use of alternate delivery channel
- Procurement
- Video conferencing
- Creating customer awareness
- Waste management

**MMBL Green Banking Report 2014**

A.	Introducing Green Finance	Total		Remarks
		No of Projects	Amount	
1.	Effluent Treatment Plant (ETP)			
2.	Bio-gas Plant			
3.	Solar Panel/Renewal Energy Plant	1	9.8	Outstanding amount
4.	Hybrid Hoffman Kiln (HHK)			
5.	Green Finance at reduced rate of interest			
6.	Others (in any) ZigZag Brick Project			
	<b>Total</b>	<b>1</b>	<b>9.8</b>	

B.	Online Banking	Number	Remarks
1.	No. of own ATM	7	Presently 12
2.	No. of shared ATM	1210	3500 (approx.)
3.	No of Branches with online coverage	10	Presently 12
4.	No. of total accounts	6625	
5.	No. of accounts facilitated with internet banking	35	
6.	No. of accounts facilitated with Mobile/SMS banking	1455	

C.	Awareness Building	Number
1.	Training Programmes on Green Banking (In-house)	3
2.	Participants in the Training	71
3.	No. of Green Events	7

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

E.	Sector Specific Environment Policy	Status
1.	Formulation of Sector Specific Environment Policy	Under Process

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





*Barrister Sheikh Fazle Noor Taposh, MP, Chairman of Executive Committee is handing over a cheque to Honorable Prime Minister Sheikh Hasina for flood affected people*

## CSR Activities at a glance

The Bank has always been active in social responsible projects since inception. CSR is an integral part of MMBL culture. CSR is indeed a fundamental part of the long term business and sustainable growth and success, which plays an important role in promoting values both locally and internationally. MMBL wants to alleviate the imbalance in the society, to create fellow feeling among the citizens of the country, motivate people to do good and conserve nature. Thus education, health care, human resource development, conservation of nature,

creation of social awareness, rehabilitation of the destitute, communication and address human sufferings arising out of man-made natural causes are some of the important areas where the Bank focuses its social and philanthropic responsibilities.

The Bank participated in a number of events under corporate social responsibility (CSR) activities in 2014 which included donation of BDT 1.10 million to Prime Minister's Relief Fund for providing blankets to poor and destitute people and also BDT 2.50 million for flood affected people. The Bank contributed BDT 0.5 million to Bangladesh Army for establishing a specialized school namely 'Proyash- Ghatail Area' for the children with special needs and disability at Ghatail, Tangail Cantonment; the school is run under the patronization of Bangladesh Army. Besides, the Bank opened accounts for farmers with Tk. 10, introduced school banking facilities and also sponsored a number of social and sports events in different occasions. Donations and philanthropy will be continued for development of education, health, disaster relief, sports, art and culture and



*The Bank contributed for establishing 'Proyash- Ghatail Area'*



*The Bank opened a good number of Tk. 10 Farmers' Accounts for facilitating financial inclusion.*

environment taking into consideration humanitarian aspects. The Bank likes to advance by ensuring good for all stakeholders

enhancing sustainable relationship promoting modern concept of CSR.

#### **Statement of CSR expenditures in 2014:**

Amount in Million BDT

<b>Particulars</b>	<b>Amount</b>
Prime Minister's Relief Fund For providing blankets to poor and destitute people	1.10
Taltula Palli Shishu Clinic As humanitarian support	0.10
Bangladesh Football Federation For organizing Shadhinota Cup Football Tournament -2014	4.50
Proyash,Ghatail Area For developing a specialized school for the children with special needs by Bangladesh Army at Ghatail Cantonment	0.50
Prime Minister's Relief Fund For extending support to flood victims	2.50
<b>Total</b>	<b>8.70</b>



*DISCLOSURES  
UNDER PILLAR III*



## Pillar 3 Market Discipline (Under Basel II ) Disclosures on Risk Based Capital Adequacy for the year ended December 31, 2014

The Bank made the following detailed qualitative and quantitative disclosures in accordance with Guidelines on Risk Based Capital Adequacy (RBCA) under Basel-II issued by Bangladesh Bank in 2010. The purpose of this report is to complement Minimum Capital Requirement (MCR) under Pillar 1 and Supervisory Review Process (SRP) under Pillar 2 of Basel II.

The following components have been disclosed hereunder as per the requirement of Risk Based Capital Adequacy (RBCA) under Basel-II 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

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 (31 December 2014).

**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, 2014 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

**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, 2014). 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 2014 as there was no subsidiary of the Bank.

## B. CAPITAL STRUCTURE

### Qualitative Disclosures

a) The regulatory capital under Basel-II is composed of (I) Tier-1 (Core Capital) and (II) Tier-2 (Supplementary Capital).

**Tier-1 capital** is the core measure of a bank's financial strength. It consists of highest quality capital items which are stable in nature and allows a bank to absorb losses on an ongoing basis. It includes paid-up capital, statutory reserve, and retained earnings.

**Tier-2 capital** lacks some of the characteristics of the core 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 are part of Tier 2 capital.

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

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

Sln.	Conditions (Prerequisite)	Status of Compliance
1	The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.	Complied
2	50% of revaluation reserves for fixed assets and securities eligible for Tier 2 capital.	Complied
3	10% of revaluation reserves for equity instruments eligible for Tier 2 capital.	Complied (No such reserve)
4	Subordinated debt shall be limited to a maximum of 30% of the amount of Tier 1 capital.	Bank has no subordinated debt
5	A minimum of about 28.5% of market risk needs to be supported by Tier 1 capital. Supporting of market risk from Tier 3 capital shall be limited up to maximum of 250% of a bank's Tier 1 capital that is available after meeting credit risk capital requirement.	Complied

### Quantitative Disclosures

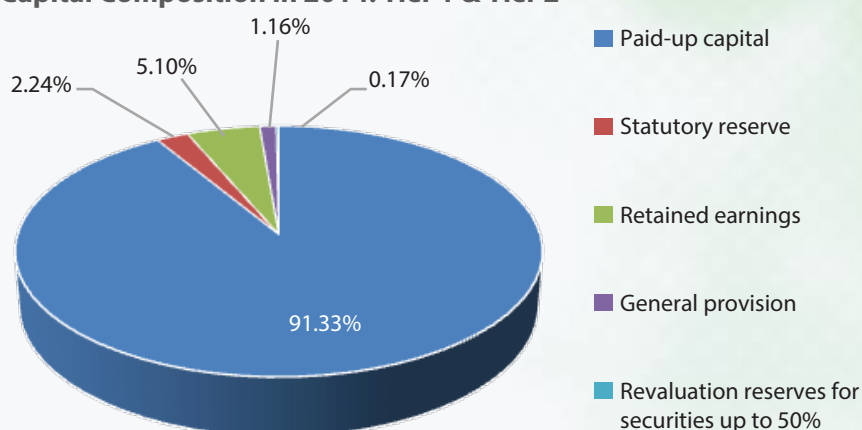
#### a) Eligible capital of the Bank as of December 31, 2014

Tier-1 capital of the bank as of December 31, 2014 is Tk.4,883.21 million which is 98.66% of total eligible capital and rest 1.34% from Tier-2 capital. Tier-1 capital comprised 92.79% from paid up capital, 2.24% from statutory reserve and rest 5.10% from retained earnings of the Bank. Tier-2 capital is Tk.66.10 million which is 1.34% of total eligible capital and the major contributors are general provision on loans and advances including Off-Balance sheet items.

Figures in Million BDT

<b>A</b>	<b>Tier-1(Core capital)</b>	<b>2014</b>	<b>2013</b>
1	Paid-up capital	4,520.00	4,520.00
2	Statutory reserve	110.65	22.24
3	Retained earnings	252.56	34.67
4	Total Tier-1 (Core capital)	4,883.21	4,576.91
<b>B</b>	<b>Tier-2 (Supplementary capital)</b>		
1	General provision(unclassified loans, SMA, off balance sheet)	57.56	1.92
2	Revaluation reserves for securities up to 50%	8.24	0.29
3	Total Tier-2 (Supplementary capital)	66.10	2.21
<b>C</b>	<b>Total eligible capital(A+B)</b>	<b>4,949.31</b>	<b>4,579.12</b>

**Capital Composition in 2014: Tier 1 & Tier 2**



## C. CAPITAL ADEQUACY

### Qualitative Disclosures

#### a) Approach to assess the adequacy of capital:

The Bank is presently following Standardized Approach for assessing and mitigating Credit Risk, Standardized Rule Based Approach for quantifying Market Risk and Basic Indicator Approach for Operational Risk to calculate Minimum Capital Requirement (MCR) under Pillar-I of Basel-II framework as per the guidelines of Bangladesh Bank. MMBL has been generating most of its incremental capital from retained profit and statutory reserve transfer etc.

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 II framework, the Bank faces the following material risks which are taken into consideration in assessing / planning capital:



Risks under Pillar 1 Minimum Capital Requirement (MCR)		Risks under Pillar 2 Supervisory Review Process (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

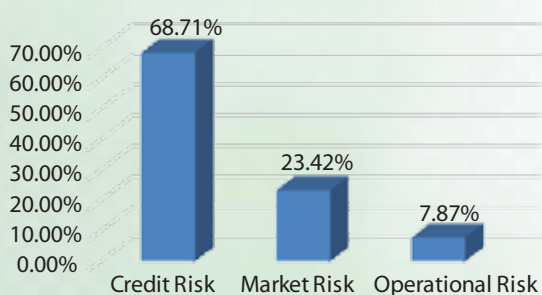
Following table shows component-wise allocation of capital to meet three risks namely i) Credit Risk, ii) Market Risk and iii) Operational Risk under Pillar 1 Minimum Capital Requirement of Basel II. As on the reporting date i.e. 31 December 2014, MMBL maintained a Capital Adequacy Ratio (CAR) of 51.09% on 'Solo Basis' against required minimum of 10% of Risk Weighted Asset (RWA). However, the bank has to maintain minimum capital Tk.4,000.00 million or MCR 10% on Risk Weighted Asset i.e. Tk.968.69 million whichever is higher. We had an excess capital of BDT 949.31 million after meeting all three risks as on the reporting date.

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

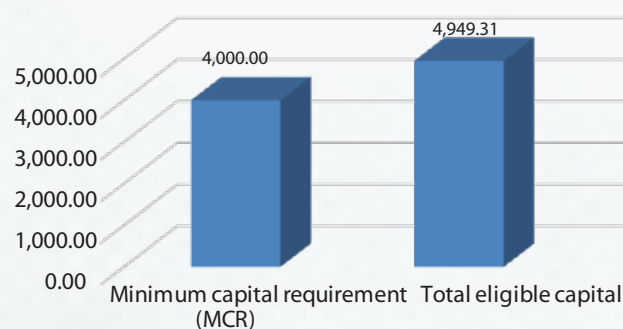
Figures in Million BDT

Sln.	Particulars	2014	2013
1.	<b>Risk Weighted Assets:</b>		
	For Credit Risk:		
	On-Balance Sheet	5,864.87	2,698.60
	Off-Balance Sheet	791.45	29.20
	For Market Risk	2,268.29	2.60
	For Operational Risk	762.29	315.00
	<b>Total:</b>	<b>9,686.90</b>	<b>3,045.40</b>
2.	<b>Minimum Capital Required (10% of RWA):</b>		
	For Credit Risk	665.63	272.78
	For Market Risk	226.83	0.26
	For Operational Risk	76.23	31.50
	<b>Total:</b>	<b>968.69</b>	<b>304.54</b>
	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	<b>4,000.00</b>	<b>4,000.00</b>

Risk Weighted Assets (RWA) in 2014



Eligible Capital & MCR (In Million Tk.)



**Capital Adequacy Ratio (CAR)**

Figures in Million BDT

Sln.	Capital Adequacy	2014	2013
<b>A.</b>	<b>Eligible Capital:</b>		
	a. Tier-1 (Core Capital)	4,883.21	4,576.91
	b. Tier-2 (Supplementary Capital)	66.10	2.21
	<b>c. Total eligible capital</b>	<b>4,949.31</b>	<b>4,579.12</b>
<b>B</b>	<b>Capital Adequacy Ratio (CAR)</b>		
	Tier-1 Capital to RWA	50.41%	150.29%
	Tier-2 Capital to RWA	0.68%	0.07%
	<b>Total</b>	<b>51.09%</b>	<b>150.36%</b>
E	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	4,000.00	4,000.00
F	<b>Capital surplus (A-E)</b>	<b>949.31</b>	<b>579.12</b>

**D. CREDIT RISK****Qualitative Disclosures:****a) The general qualitative disclosure requirement with respect to credit risk:****Definition of Credit Risk:**

Credit risk is the potential loss that may arise from a borrower's failure to repay a loan or meet its obligation in accordance with agreed term. The Bank is exposed to credit risk through its general lending and money market lending.

**Credit risk management process:**

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 committee. 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 Development Banking Division starts the processing of the proposal and place it to the CRM with their recommendation. CRM performs the whole process of approval maintaining the credit norms and policies. CRM obtains recommendation from the CEC and finally the approval from competent authority based on the CEC recommendation. CRM sends sanction letter addressing the Branch and CC to CAD and Corporate.

**Credit Administration**

The bank accomplishes documentations and makes disbursements with utmost care to reduce the potential credit risk. The disbursement authority is centralized at Head Office, CAD. Branches send their request to CAD for limit loading after the completion of necessary documentation vide LDCL (Loan documentation checked 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.

### Credit Risk Assessment and Grading

Know Your Client (KYC) is the first step to analyze any credit proposal. Banker-Customer relationship is established through opening of CD/SB accounts of the customers. Proper introduction, photographs of the account holders/ signatories, passports etc., and all other required papers as per Bank's policy are obtained during account opening. Physical verification of customer address is done prior to credit appraisal. At least three Cs, i.e., Character, Capital & Capacity of the customers are confirmed. Credit Appraisals include the details of amount and type of loan(s) proposed, purpose of loan (s), result of financial analysis, loan Structure (Tenor, Covenants, Repayment Schedule, Interest), security arrangements. The above are minimum components to appraise a credit and there are other analyses depending on the credit nature.

The bank follows the CRG manual of Bangladesh Bank circulated on December 11, 2005 through BRPD circular no. 18. Borrowers are assigned risk grades based on the qualitative and quantitative factors of their business. There are 8 grades based on the marks obtained in qualitative and quantitative factors.

### The grades and quantitative factors of CRG:

Grading	Short Name	Marks	Number
Superior	SUP	Fully cash secured by Govt.	1
Good	GD	85+	2
Acceptable	ACCPT	75-84	3
Marginal/Watch list	MG/WL	65-74	4
Special Mention	SM	55-64	5
Sub-standard	SS	45-54	6
Doubtful	DF	35-44	7
Bad & Loss	BL	<35	8

### Risk weight of principal risk components:

Quantitative and qualitative factors/ principal risk components	Weight
Financial Risk	50%
Business/Industry Risk	18%
Management Risk	12%
Security Risk	10%
Relationship Risk	10%



### Credit Risk Mitigation

Potential credit risks are mitigated by taking primary and collateral securities. There are other risk mitigates like netting agreements, credit insurance and other guarantees. The recognition of credit risk mitigation is subject to a number of considerations, including ensuring legal certainty of enforceability and effectiveness, ensuring the valuation and liquidity of the collateral is adequately monitored, and ensuring the value of the collateral is not materially correlated with the credit quality of the obligor. Collateral types which are eligible for risk mitigation include:

- cash;
- residential, commercial and industrial property;
- assets such as motor vehicles, plant and machinery;
- marketable securities & commodities;
- bank guarantees; and
- letters of credit.

Collateral is valued by independent third party surveyor in accordance with the credit policy and procedures.

### Past Due and Impaired Credit

A claim that has not been paid as of its due date is termed as past due claim. Payment may be for repayment/renewal/rescheduling or as an installment of a loan.

For loan classification and maintenance of specific and general provision Bank follows BRPD circular no-14 and 19 of 2012 and 05 of 2013, and advice of Bangladesh Bank from time to time

### 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	5%	5%	2%	2%	0.25%	2%	1%
SMA	-	5%	2%	2%	0.25%	2%	1%
SS	5%	20%	20%	20%	20%	20%	20%
DF	5%	50%	50%	50%	50%	50%	50%
B/L	100%	100%	100%	100%	100%	100%	100%

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

### Eligible Collateral:

The following collateral is included as eligible collateral in determining base for provision:

- 100% of deposit under lien against the loan
- 100% of the value of government bond/savings certificate under lien
- 100% of the value of guarantee given by Government or Bangladesh Bank
- 100% of the market value of gold or gold ornaments pledged with the bank.
- 50% of the market value of easily marketable commodities kept under control of the bank
- Maximum 50% of the market value of land and building mortgaged with the bank
- 50% of the average market value for last 06 months or 50% of the face value, whichever is less, of the shares traded in stock exchange.

**Base for Provision:**

Provision is maintained at the stated rates mentioned above on the base for provision. Base for provision is calculated deducting interest suspense and the value of eligible collateral as followings:

- Deposit with the same bank under lien against the loan
- Government bond/savings certificate under lien,
- Guarantee given by Government or Bangladesh Bank.

For all other eligible collaterals, the provision will be maintained at the stated rates mentioned above on the balance calculated as the greater of the following two amounts:

- Outstanding balance of the classified loan less the amount of Interest Suspense and the value of eligible collateral; and
- 15% of the outstanding balance of the loan.

**Interest treatment of classified account:**

Sln.	Status	Interest to be credited to	If recovered
1	SS	Interest Suspense Account, instead of crediting the same to Income Account	First the interest charged and accrued but not charged is to be recovered from the said deposit and the principal to be adjusted afterwards
2	DF		
3	BL	Charging of interest in the same account will cease	

**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>
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> </ul>

	<ul style="list-style-type: none"> <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	<p>Assets must be classified no higher than Doubtful if any of the following deficiencies of the obligor is present:</p> <ul style="list-style-type: none"> <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	<p>Assets must be classified no higher than Bad/Loss if any of the following deficiencies of the obligor is present:</p> <ul style="list-style-type: none"> <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;</li> <li>• 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:

**Total gross credit risk exposures by major types:** Bangladesh Bank guidelines on Basel II, stipulated to segregate bank's asset portfolio into different categories, and the below table shows our gross exposure in each asset category (on Solo Basis).



## Figures in Million BDT

Sln.	Types	2014	2013
a	Cash	58.02	10.70
b	Claims on Bangladesh Government and Bangladesh Bank	7,599.19	236.50
c	Claims on Banks & NBFIs	4,010.77	7,226.70
d	Claims on Corporate	2,505.61	-
e	Claims under Credit Risk Mitigation	77.57	-
f	Claims categorized as retail portfolio & SME (excluding consumer loan )	1,179.68	-
g	Consumer finance	1.37	-
h	Claims fully secured by residential property	7.41	5.10
i	Claims fully secured by commercial real estate	78.49	23.10
j	1.Past Due Claims (Risk weights are to be assigned net of specific provision):	-	-
	Where specific provisions are less than 20 per cent of the outstanding amount of the past due claim ;	-	-
	Where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim.	-	-
	Where specific provisions are more than 50 per cent of the outstanding amount of the past due claim.	-	-
	2. Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	-	-
	3. Loans and claims fully secured against residential property that are past due by 90 days and /or impaired and specific provision held there-against is more than 20% of outstanding amount	-	-
k	Capital Market Exposure	-	-
l	Unlisted equity investments and regulatory capital instruments issued by other banks(other than those deducted from capital) held in banking book	-	-
m	Investments in premises, plant and equipment and all other fixed assets	150.55	88.10
n	Claims on all fixed assets under operating lease	-	-
o	All other assets	-	-
	(i) Claims on GoB & BB	224.52	-
	(ii) Staff loan	91.58	6.60
	(iii) Claims on Offshore Banking Unit	-	-
	(iv) Others	346.24	278.20
	<b>Total</b>	<b>16,375.02</b>	<b>7,875.00</b>

**c) Geographical distribution of exposures:**

Figures in Million BDT

	Name of Division	2014	2013
Region Based	Dhaka	4,055.30	34.71
	Chittagong	-	-
	Rajshahi	-	-
	Sylhet	14.90	-
	Khulna	60.70	-
	Rangpur	-	-
	Barisal	-	-
	Total	4,130.90	34.71
Country Based:	Domestic	4,130.90	34.71
	Overseas	-	-

\* As a new Bank, MMBL has major portfolio concentrated in Dhaka Division. The bank has no branches in Rajshahi, Barisal and Rangpur Divisions. MMBL has started its journey in Chittagong the year end of 2014 for which the bank has no loan portfolio in Chittagong.

**d) Major industry-wise distribution of exposures:**

Major industry wise credit exposure of the bank as on 31 December 2014 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors.

Figure in Million BDT

SL No	Sector/Industry	2014	2013
1	Agriculture	56.60	-
2	Mining & Quarrying	-	-
3	Industry	868.70	-
4	Constructions	-	-
5	Power, Gas, Water & Sanitary Services	-	-
6	Transport, Storage & Communication	540.60	-
7	Trade Services	1,197.30	-
8	Housing Services	226.80	23.06
9	Public Admn. Defence	-	-
10	Banking & Insurance	230.70	-
11	Professional & Misc. services	1,010.20	11.65
	<b>Total</b>	<b>4,130.90</b>	<b>34.71</b>

**e) Residual contractual maturity breakdown of the whole portfolio**

Figures in Million BDT

Particulars	2014	2013
On demand	23.96	-
Less than three months	543.78	-
More than three months but less than one year	1,802.00	23.06
More than one year but less than five years	1,280.16	3.10
More than five years	481.00	8.55
<b>Total</b>	<b>4130.90</b>	<b>34.71</b>

**f) Major industry type amount of impaired loans:**

Figures in Million BDT

Particulars	2014	2013
Agriculture	-	-
Large and Medium Scale Industries	-	-
Small and Cottage Industry	-	-
Exports	-	-
Commercial Lending	-	-
Finance to NBFIs	-	-
Real Estate	-	-
Retail Banking	-	-
Transport & Communication	-	-
Credit Card	-	-
Others	-	-
Total	-	-

\*The bank has no impaired loans as of December 31, 2014.

**g) Gross Non Performing Assets (NPAs)**

Figures in Million BDT

Particulars	2014	2013
Gross Non Performing Assets (NPAs)	-	-
Nonperforming assets to outstanding loans and advances	-	-
Movement of Non Performing Assets (NPAs):	-	-
Opening balance	-	-
Additions	-	-
Reductions	-	-
Closing balance	-	-
Movement of specific provisions for NPAs:	-	-
Opening balance	-	-
Provision made during the period	-	-
Write off	-	-
Write back of excess provisions	-	-
Closing balance	-	-

\*The bank has no impaired loans as of December 31, 2014.



## E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

### Qualitative Disclosures:

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

### Quantitative Disclosures:

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

Particulars	Solo	
	Cost Price	Market Price
Unquoted Share	-	-
Quoted Share	-	-

### For Banking Book Equity

Figures in Million BDT

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

### e) Capital Requirement

Figures in Million BDT

Particulars	Solo(Bank)
Unquoted Share	-
Quoted Share	-

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

### Qualitative Disclosures:

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

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

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

### Quantitative Disclosures:

#### b) 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.

Figures in Million BDT

Particulars	Amount		
Market value of assets	16,321.00		
Market value of liabilities	11,471.80		
Weighted average duration of assets (DA)	2.51		
Weighted average duration of liabilities (DL)	0.49		
Duration gap (DA-DL)	2.16 years		
Change of market value of equity due to increase in interest rates	1%	2%	3%
Fall in Market Value of Equity	(320.09)	(641.95)	(962.92)
Stress testing	Minor Shock	Moderate Shock	Major Shock
Regulatory capital (after shock)	4,628.30	4,307.30	3,986.40
RWA (After shock)	9,365.90	9,044.90	8,724.00
CAR (After shock)	49.42%	47.62%	45.69%

\*Eligible regulatory capital was Tk.4,949.31 million on December 31, 2014 and CAR was 51.09%

#### 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, 2014 under earnings perspective with Simple Sensitivity Analysis:

Amount in Million BDT

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	3,670.70	1,408.60	2,817.30	6,870.90
Interest sensitive liabilities	4,681.20	1,504.80	3,009.60	1,636.60
Net gap	(1,010.50)	(96.20)	(192.30)	5,234.30
Cumulative gap	(1,010.50)	(1,106.70)	(1,299.00)	3,935.30
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	(10.10)	(0.10)	(1.92)	52.34
Accumulated earnings impact	(10.11)	(11.07)	(12.99)	39.35

## 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-II.

#### **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 of equities is monitored regularly so that the investment remains within the limit as set by Bangladesh Bank.
- Asset Liability Management Committee (ALCO) analyzes market and determines strategies to attain business goals.
- Reconciliation of foreign currency transactions.

### Quantitative Disclosures:

b) The capital requirements:

Figures in Million BDT

Particulars	2014	2013
Interest rate risk	213.13	213.13
Equity position risk	-	-
Foreign exchange risk	13.70	13.70
Commodity risk	-	-
<b>Total</b>	<b>226.83</b>	<b>226.83</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:

#### b) Capital requirement for operational risk

Figures in Million BDT

Particulars	Solo	
	2014	2013
The capital requirements for operational risk	76.23	31.50

Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

Year	Gross Income (GI)	Average GI	15% of Average GI
2013	209.97	508.19	76.23
2014	806.40		
<b>Total</b>	1,016.37	508.19	76.23



*FINANCIAL  
STATEMENTS*



## **Independent Auditor's Report To the Shareholders of Modhumoti Bank Limited**

We have audited the accompanying financial statements of Modhumoti Bank Limited (the "Bank") which comprise the balance sheet as at 31 December 2014, profit and loss account, statement of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

### **Report on Other Legal and Regulatory Requirements**

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

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

- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
- (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to 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 and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (iv) the balance sheet and profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and return;
- (v) the expenditures incurred was for the purpose of the Bank's business;
- (vi) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (vii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1425 person hours during the audit; and
- (xi) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Dhaka, 5<sup>th</sup> March, 2015



**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

## Balance Sheet

As at December 31, 2014

Particulars	Notes	Amount in Taka	
		2014	2013
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	4		
Cash in hand (including foreign currencies)		58,015,984	10,666,245
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		644,214,746	107,431,889
		<b>702,230,730</b>	<b>118,098,134</b>
<b>Balance with other banks and financial institutions</b>	5		
In Bangladesh		3,683,049,747	7,226,741,158
Outside Bangladesh		182,553,873	-
		<b>3,865,603,620</b>	<b>7,226,741,158</b>
<b>Money at call and on short notice</b>		-	-
<b>Investments</b>	6		
Government		6,954,975,128	129,129,477
Others		-	-
		<b>6,954,975,128</b>	<b>129,129,477</b>
<b>Loans and advances</b>	7		
Loans, cash credit, overdrafts etc.		4,079,517,493	34,712,440
Bills purchased and discounted		51,378,976	-
		<b>4,130,896,469</b>	<b>34,712,440</b>
<b>Fixed assets including premises, furniture and fixtures</b>	8	<b>150,551,667</b>	<b>88,066,062</b>
<b>Other assets</b>	9	<b>570,757,467</b>	<b>287,053,442</b>
<b>Non - banking assets</b>		-	-
<b>Total properties and assets</b>		<b>16,375,015,081</b>	<b>7,883,800,713</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and its agents</b>	10	<b>1,400,000,000</b>	<b>1,560,000,000</b>
<b>Deposits and other accounts</b>	11		
Current accounts and other accounts		287,595,209	66,495,816
Bills payable		87,847,605	68,655
Savings bank deposits		177,636,832	20,989,349
Fixed deposits		9,285,051,016	1,592,143,417
Other deposits		-	-
		<b>9,838,130,662</b>	<b>1,679,697,237</b>
<b>Other liabilities</b>	12	<b>236,604,286</b>	<b>66,604,326</b>
<b>Total liabilities</b>		<b>11,474,734,948</b>	<b>3,306,301,563</b>
<b>Capital/shareholders' equity</b>			
Paid up capital	13.2	4,520,000,000	4,520,000,000
Statutory reserve	14	110,648,598	22,238,465
Revaluation reserve	15	17,071,299	588,857
Surplus in profit and loss account/Retained earnings	16	252,560,236	34,671,828
<b>Total shareholders' equity</b>		<b>4,900,280,133</b>	<b>4,577,499,150</b>
<b>Total liabilities and shareholders' equity</b>		<b>16,375,015,081</b>	<b>7,883,800,713</b>

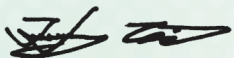


## Balance Sheet


As at December 31, 2014

Particulars	Notes	Amount in Taka	
		2014	2013
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>	17		
Acceptances and endorsements		66,745,202	-
Letters of guarantees		919,656,846	150,000,000
Irrevocable letter of credits		514,459,066	6,211,000
Bills for collection		111,707,513	-
Other contingent liabilities		19,738,920	-
<b>Total contingent liabilities</b>		<b>1,632,307,547</b>	<b>156,211,000</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>1,632,307,547</b>	<b>156,211,000</b>

*These Financial Statements should be read in conjunction with the annexed notes (1 to 36)*



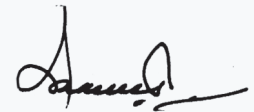
Chairman



Vice Chairman



Director



Managing Director and CEO

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

Dhaka, 5<sup>th</sup> March, 2015



**Hoda Vasi Chowdhury & Co.**  
Chartered Accountants

**Profit and Loss Account**  
For the year ended December 31, 2014

Particulars	Notes	Amount in Taka	
		2014	2013
Interest income	19	880,578,064	256,169,118
Interest paid on deposits and borrowings etc.	20	697,706,063	48,626,193
<b>Net interest income</b>		<b>182,872,001</b>	<b>207,542,925</b>
Investment income	21	535,045,715	-
Commission, exchange and brokerage	22	79,981,527	2,419,256
Other operating income	23	8,518,817	5,264
		<b>623,546,059</b>	<b>2,424,520</b>
<b>Total operating income (A)</b>		<b>806,418,060</b>	<b>209,967,445</b>
Salaries and allowances	24	93,009,782	25,768,259
Rent, taxes, insurance, electricity etc.	25	74,752,221	28,363,571
Legal expenses		220,000	60,000
Postage, stamp, telecommunication etc.	26	7,449,967	818,259
Stationery, printing, advertisements etc.	27	28,086,874	9,218,567
Managing Director's salary and fees	28	8,320,000	4,954,500
Directors' fees and expenses	29	1,546,901	265,000
Auditors' fees		250,000	250,000
Depreciation on and repairs to Bank's assets	30	23,634,343	3,365,602
Other expenses	31	71,447,310	23,799,256
		<b>308,717,398</b>	<b>96,863,014</b>
<b>Total operating expenses (B)</b>		<b>308,717,398</b>	<b>96,863,014</b>
<b>Profit before provision (C=A-B)</b>		<b>497,700,662</b>	<b>113,104,431</b>
Provision for loans and advances	12.1		
General provision		40,650,000	350,000
Specific provision		-	-
Provision for off-balance sheet items	12.2	15,000,000	1,562,110
Provision for diminution in value of investments		-	-
Other provisions		-	-
		<b>55,650,000</b>	<b>1,912,110</b>
<b>Total provision (D)</b>		<b>55,650,000</b>	<b>1,912,110</b>
<b>Total profit before taxes (C-D)</b>		<b>442,050,662</b>	<b>111,192,321</b>
Provision for taxation	32		
Current		132,091,071	46,223,473
Deferred		3,661,050	8,058,555
		<b>135,752,121</b>	<b>54,282,028</b>
<b>Net profit after taxation</b>		<b>306,298,541</b>	<b>56,910,293</b>
<b>Appropriations</b>			
Statutory reserve	14	88,410,133	22,238,465
Other reserve		-	-
		<b>88,410,133</b>	<b>22,238,465</b>
<b>Retained Surplus for the year</b>	16	<b>217,888,408</b>	<b>34,671,828</b>
<b>Earnings per share (par value Taka 10)</b>	35	<b>0.68</b>	<b>0.13</b>

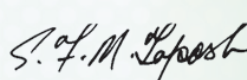
*These Financial Statements should be read in conjunction with the annexed notes (1 to 36)*



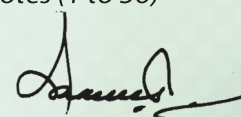
Chairman



Vice Chairman

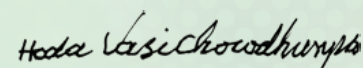


Director



Managing Director and CEO

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



Hoda Vasi Chowdhury & Co.

Chartered Accountants

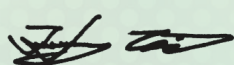
Dhaka, 5<sup>th</sup> March, 2015

## Cash Flow Statement


For the year ended 31 December 2014

Particulars	Notes	Amount in Taka	
		2014	2013
<b>A. Cash Flow from Operating Activities :</b>			
Interest receipts in cash		1,211,789,330	89,385,562
Interest payments		(411,272,657)	(21,564,384)
Dividends Receipts		-	-
Fees and commission receipts in cash		79,981,527	2,419,256
Recoveries on Loans previously written-off		-	-
Cash payments to employees		(101,329,782)	(30,722,759)
Cash payments to suppliers		(64,973,854)	(9,221,867)
Income taxes paid		(257,912,480)	(8,878,462)
Receipts from other operating activities	33	8,518,817	5,264
Payments for other operating activities	34	(155,771,114)	(146,619,918)
<b>Operating profit before changes in operating assets and liabilities (i)</b>		<b>309,029,787</b>	<b>(125,197,308)</b>
<b>Increase / (Decrease) in operating Assets and Liabilities</b>			
Sale of trading securities		17,002,232,392	-
Purchase of trading securities		(16,807,948,483)	-
Loans & advances to Banks		-	-
Loans & advances to customers		(4,096,184,029)	(34,712,440)
Other Assets		17,194,532	(19,713,924)
Deposits from other banks/ Borrowings		(60,000,000)	1,560,000,000
Deposits from customers		7,772,000,020	1,652,635,428
Trading liabilities		-	-
Other Liabilities		13,366,776	10,160,188
<b>Cash received from operating assets and liabilities (ii)</b>		<b>3,840,661,208</b>	<b>3,168,369,252</b>
<b>Net cash from operating activities (A=i+ii)</b>		<b>4,149,690,995</b>	<b>3,043,171,944</b>
<b>B. Cash Flow from Investing Activities :</b>			
Proceeds from sale of securities		-	-
Payment for purchase of securities		-	-
Purchase of property, plant & equipment		(85,500,184)	(89,792,032)
Sale of property, plant & equipment		-	-
<b>Net cash from investing activities (B)</b>		<b>(85,500,184)</b>	<b>(89,792,032)</b>
<b>C. Cash Flows from financing activities :</b>			
Receipts from issue of ordinary shares		-	4,520,000,000
Payment of Dividend		-	-
<b>Net cash from Financing Activities (C)</b>		<b>-</b>	<b>4,520,000,000</b>
<b>D. Net increase / decrease in cash &amp; cash equivalent (A+B+C)</b>		<b>4,064,190,811</b>	<b>7,473,379,912</b>
<b>E. Cash and cash equivalents at beginning period</b>		<b>7,473,379,912</b>	<b>-</b>
<b>F. Cash and cash equivalents at end of period (D+E)</b>		<b>11,537,570,723</b>	<b>7,473,379,912</b>
<b>Cash and cash equivalents at end of the year represents</b>			
Cash in hand (including foreign currencies)		58,015,984	10,666,245
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		644,214,746	107,431,889
Balance with other banks and financial institutions		3,865,603,620	7,226,741,158
Money at call and on short notice		-	-
Treasury bills/ Bonds		6,969,721,673	128,540,620
Prize bond		14,700	-
		<b>11,537,570,723</b>	<b>7,473,379,912</b>


*These Financial Statements should be read in conjunction with the annexed notes (1 to 36)*



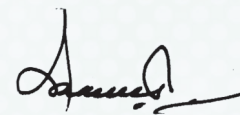
Chairman



Vice Chairman



Director



Managing Director and CEO

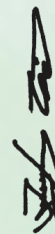


## Statement of Changes in Equity

For the year ended 31 December 2014

Particulars	Amount in Taka					
	Paid up capital	Share premium	Statutory reserve	Revaluation reserve	Surplus in profit and loss account/ Retained earnings	Total
<b>Balance as at 1 January 2014</b>	4,520,000,000	-	22,238,465	588,857	34,671,828	4,577,499,150
Statutory reserve	-	-	88,410,133	-	(88,410,133)	-
Revaluation reserve	-	-	-	16,482,442	-	16,482,442
Issue of ordinary share	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	-
Net profit for the year	-	-	-	-	306,298,541	306,298,541
<b>Balance as at 31 December 2014</b>	<b>4,520,000,000</b>	<b>-</b>	<b>110,648,598</b>	<b>17,071,299</b>	<b>252,560,236</b>	<b>4,900,280,133</b>
<b>Balance as at 31 December 2013</b>	<b>4,520,000,000</b>	<b>-</b>	<b>22,238,465</b>	<b>588,857</b>	<b>34,671,828</b>	<b>4,577,499,150</b>

These Financial Statements should be read in conjunction with the annexed notes (1 to 36)



Chairman



Vice Chairman



Director




Managing Director and CEO

## Liquidity Statement

(Analysis of maturity of assets and liabilities)  
as at 31 December 2014

Particulars	Up to 1 month		1-3 months		3-12 months		1-5 years		Above 5 years		Total	
	Taka		Taka		Taka		Taka		Taka		Taka	
<b>Assets:</b>												
Cash in hand	702,230,730		-		-		-		-		702,230,730	
Balance with other banks and financial institutions	992,538,853		1,973,064,767		900,000,000		-		-		3,865,603,620	
Money at call and on short notice	-		-		-		-		-		-	
Investments	14,700		267,072,901		1,544,825,039		864,535,620		4,278,526,867		6,954,975,128	
Loans and advances	262,791,309		321,945,520		1,801,997,949		1,255,058,065		489,103,627		4,130,896,469	
Fixed assets including premises, furniture and fixtures	-		-		-		-		150,551,667		150,551,667	
Other assets	171,227,240		-		114,151,493		171,227,240		114,151,493		570,757,467	
Non banking assets	-		-		-		-		-		-	
<b>Total assets (A)</b>	<b>2,128,802,831</b>		<b>2,562,083,188</b>		<b>4,360,974,482</b>		<b>2,290,820,926</b>		<b>5,032,333,654</b>		<b>16,375,015,081</b>	
<b>Liabilities:</b>												
Borrowings from other banks, financial institutions and its agents	1,400,000,000		-		-		-		-		1,400,000,000	
Deposits	690,048,571		2,992,011,757		5,305,002,325		590,473,643		260,594,366		9,838,130,662	
Provision and other liabilities	-		-		-		-		236,604,286		236,604,286	
<b>Total liabilities (B)</b>	<b>2,090,048,571</b>		<b>2,992,011,757</b>		<b>5,305,002,325</b>		<b>590,473,643</b>		<b>497,198,651</b>		<b>11,474,734,948</b>	
<b>Net liquidity gap (A - B)</b>	<b>38,754,260</b>		<b>(429,928,569)</b>		<b>(944,027,844)</b>		<b>1,700,347,283</b>		<b>4,535,135,003</b>		<b>4,900,280,133</b>	

These Financial Statements should be read in conjunction with the annexed notes (1 to 36)



Chairman



Vice Chairman



Director



Managing Director and CEO

# Notes to the Financial Statements

## as at and for the year ended 31 December 2014

### 1. Reporting entity

#### 1.1 Status 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 2014 comprise the Bank.

#### 1.2 Principal activities of the Bank

The Bank has 10 branches, with no overseas branch as on 31 December 2014. 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.

### 2. Basis of preparation

#### 2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2014 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.

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

#### i) Investment in shares and Securities

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

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

#### ii) Revaluation gain/loss on Government securities

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

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

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

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

#### iii) Provision on loans and advances

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

**Bangladesh Bank:** As per BRPD circular no. 5 dated 5 June 2006 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. 10 dated 18 September 2007, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

#### iv) Other comprehensive income

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

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

#### v) Financial instruments – presentation and disclosure

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

#### vi) Repo transactions

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

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

#### vii) Financial guarantees

**BFRS:** As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 14, 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 and 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 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 14, there must exist a face item named Non-banking asset.

#### x) Cash flow statement

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

**Bangladesh Bank:** As per BRPD 14, 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.

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

**xiii) Off-balance sheet items**

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

**Bangladesh Bank:** As per BRPD 14, off balance sheet items (e.g. L/C, L/G, etc.) must be disclosed separately in face of balance sheet.

**xiv) Disclosure of appropriation of profit**

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

**Bangladesh Bank:** As per BRPD 14, 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 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

(Also refer to note 3.10 Compliance of BFRSs)

## **2.2 Basis of measurement**

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

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

## **2.3 Functional and presentation currency**

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

## **2.4 Use of estimates and judgements**

The preparation of these financial statements in conformity with Bangladesh Bank Circulars and BFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## **2.5 Reporting period**

These financial statements cover from 1st January 2014 to 31 December 2014.



## 2.6 Cash flow Statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

## 2.7 Statement of Changes in Equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

## 2.8 Liquidity Statements

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term which has been given in the Statement.

## 3. Significant accounting policies

The accounting policy set out below have 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 and 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

- a) Loans and advances of branches are stated in the Balance Sheet on gross value.
- b) 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
<b>General provision on:</b>	
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%
<b>Provisions for Short term Agricultural and Micro-Credits</b>	
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 includes 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 11.

#### 3.3.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and internal policy of the Bank. Details are shown in Notes 12

### 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 result in the recognition of income which may never be realised.

### **3.6 Revenue recognition**

#### **3.6.1 Interest income**

Interest on loans and advances is calculated on daily product basis and accrued at the end of each month, but charged to customers' accounts on quarterly basis. Interest accrued on loans and advances fall 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 is 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.

### **3.4 Interest paid on borrowing and other deposits**

Interest paid and other expenses are recognised on accrual basis.

### **3.5 Employee benefits**

#### **3.5.1 Provident Fund**

Provident fund benefits are given to the staff of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount to the fund. Contributions made by the Bank are charged as expense and the bank bears no further liability. Interest earned from the investments is credited to the members' account.

#### **3.5.2 Gratuity Fund**

Gratuity fund benefits are given to the staff of the Bank. The gratuity 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 are 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.10 dated 18 September 2007, the Bank is required to maintain provision @ 1% against Off-Balance Sheet Exposures. Details are shown in note 12.2.

### **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 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.

### 3.9 Risk management

Risk management is the 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 risk of Modhumoti Bank Limited usually comes from diverse risks faced by the Bank e.g. credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity price risk, operational risk, legal risk and reputation risk arising from money laundering & terrorist financing risk.

The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguards the Bank's capital, its financial resources, profitability from various business risks and depositors interest through its strengthening the internal control mechanism of the Bank and through implementing guidelines of Bangladesh Bank and other regulatory bodies. In this respect Mohumoti Bank Limited has been implementing guidelines issued by Bangladesh Banksince its inception to minimize the consequence of the following risks:

- i) Credit risk
- ii) Foreign exchange risk
- iii) Asset-liability management risk
- iv) Money laundering and terrorist financing risk
- v) Internal control & compliance risk
- vi) Information and communication technology risk

Apart from the above, Modhumoti Bank implemented the Green Banking Policy, following the circular of Bangladesh Bank, to combat the environmental risk.

### 3.9.1 Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. 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.

### 3.9.2 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.

### 3.9.3 Asset Liability Management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling of these risks is vital to the survival of a financial institution. Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks.

To address all the risk elements of the Balance Sheet, monthly ALCO meetings are conducted regularly, ALM desk of the Bank analysis the Balance Sheet risk and prepares the monthly ALCO papers as per the guidelines of the Bangladesh Bank.

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.

### 3.9.4 Money Laundering Risk

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Anti Money Laundering



Compliance Officer (CAMLCO) at Head Office and Compliance Officers at Branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training is continuously given to all category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

### 3.9.5 Internal Control & Compliance Risk

Internal control is the process, effected by a Co's 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.

### 3.9.6 Information and communication technology

Major ICT risks have been categorized into three- a) Denial of service, b) Un-authorized actions, and c) Ignorance/complacency. However, the top ICT risks are: -

- i) Unacceptable use by or through staff, contractors, partners and former employees or unauthorid / unlicensed program run on system & external attack by hacker.
- ii) Inadequate plan for disaster recovery, poor business continuity management resulted inability to recover system following a disaster or failure in the expected timescale.
- iii) Improper management of systems lifecycle, poor requirements definition & system design and inadequate testing result in degraded performance of software.
- iv) Breaches in established policies, terms of SLA: Associated risks or log of changes in equipment, applications or modules are not properly addressed. So, data integrity and continuity become vulnerable resulting in loss or
- v) Failure of systems (due to power, equipments, communication links, viruses or natural disaster or socio-geographical context- climate change, terrorism etc) may broaden from individuals to whole organization.
- vi) Non-allocation of job tasks & turnover of ICT employee, failure of committed service of third party vendors or absence of SLA etc concluded in non-performance of system- partly or whole.
- vii) Finally, complacency or lack of awareness of understanding risks due technological advancement, unforeseen technology problems or unavailability of software and others (not been classified here).

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 risk. Risk mitigation will be achieved through following risk mitigation options:

- i) 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.
- ii) 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).
- iii) Risk Limitation: To limit the risk by implementing controls that minimize the adverse impact of a threat's exercising a vulnerability (e.g., use of supporting, preventive, detective controls).
- iv) Risk Planning: To manage risk by developing a risk mitigation plan that prioritizes, implements, and maintains
- v) Research and Acknowledgment: To lower the risk of loss by acknowledging the vulnerability or flaw and researching controls to correct the vulnerability
- vi) Risk Transference: To transfer the risk by using other options to compensate for the loss, such as purchasing
- vii) All categorized ICT related risks would be reviewed by Risk Management personnel and should be acted accordingly



### 3.10 Compliance of Bangladesh Financial Reporting Standard (BFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Not applicable
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied
Operating Segments	BFRS-8	Applied
Consolidated Financial Statements	BFRS-10	Not applicable
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in other Entities	BFRS-12	Not applicable
Fair Value Measurement	BFRS-13	Applied
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Not Applicable
Statement of Cash Flows	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Not Applicable
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government	BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Applied with some departure
Consolidated and Separate Financial Statements	BAS-27	Not Applicable
Investments in Associates	BAS-28	Not Applicable
Interests in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied
Earnings per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Not Applicable
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied
Investment property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable

### 3.11 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.

### 3.12 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.

### 3.13 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.

### 3.14 Approval of financial statements

The Bank in its 11<sup>th</sup> Board Meeting held on 5<sup>th</sup> March, 2015 approved the Financial Statements for the year ended 31 December 2014.

### 3.15 General

- a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka
- 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.

#### 4. Cash In hand

Local currency  
Foreign currencies

#### Balance with Bangladesh Bank:

Local currency  
Foreign currencies

#### Balance with Sonali Bank Limited. (as agent of Bangladesh Bank):

Local currency

Amount in Taka	
2014	2013
55,901,890	10,666,245
2,114,094	-
<b>58,015,984</b>	<b>10,666,245</b>
609,828,923	68,609,218
34,380,823	38,822,671
<b>644,209,746</b>	<b>107,431,889</b>
5,000	-
<b>644,214,746</b>	<b>107,431,889</b>
<b>702,230,730</b>	<b>118,098,134</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  
Actual reserve held (Average daily on bi-weekly basis)  
Surplus

500,179,510	45,786,840
609,828,923	68,609,218
<b>109,649,413</b>	<b>22,822,378</b>

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

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

Required reserve  
Actual reserve held (Average daily on bi-weekly basis)  
Surplus

541,861,140	49,949,280
609,828,923	68,609,218
<b>67,967,783</b>	<b>18,659,938</b>

#### 4.1.2 Statutory Liquidity Requirement (SLR)

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

Required reserve  
Actual reserve held  
Surplus

1,083,722,280	108,223,440
7,012,981,411	139,795,722
<b>5,929,259,131</b>	<b>31,572,282</b>

#### Held for Statutory Liquidity Requirement

Cash in hand  
Balance with agent bank (Sonali Bank Ltd.) as per statement  
Government treasury bills  
Bangladesh Bank Bills  
Government treasury bonds

58,015,984	10,666,245
5,000	-
1,792,252,780	129,129,477
-	-
5,162,707,648	-
<b>7,012,981,411</b>	<b>139,795,722</b>



**5. Balance with other banks and financial institutions**

In Bangladesh (Note -5.1)

Outside Bangladesh (Note-5.2)

Also refer to note 5.3 for maturity wise grouping

**5.1 In Bangladesh****Current account with:**

Prime Bank Limited

Trust Bank Limited

**Short term deposits account with:**

Prime Bank Limited

Eastern Bank Limited

The City Bank Limited

**Fixed deposits with other banks:**

National Bank of Pakistan

The Farmers Bank Limited

NRB Global Bank Limited

AB Bank Limited

**Fixed deposits with financial institutions:**

Prime Finance &amp; Investment Limited

International Leasing and Financial Services Ltd.

Bay Leasing and Investment Limited

Industrial Development Leasing Company Ltd.

Bangladesh Industrial Finance Company Ltd.

Peoples Leasing and Financial Services Ltd.

Phoenix Finance and Investment Company Ltd.

Union Capital Ltd.

Uttara Finance and Investment Ltd.

Bangladesh Finance and Investment Co. Ltd.

Fareast Finance &amp; Investment Ltd.

Premier Leasing International Ltd.

MIDAS Financing Ltd.

Haji Finance Company Limited

United Leasing Company Limited

Amount in Taka	
2014	2013
3,683,049,747	7,226,741,158
182,553,873	-
<b>3,865,603,620</b>	<b>7,226,741,158</b>
27,686	8,227,963
5,978,783	-
<b>6,006,469</b>	<b>8,227,963</b>
24,061,608	1,092,059,630
502,411,975	-
40,569,695	3,076,453,564
<b>567,043,278</b>	<b>4,168,513,194</b>
-	250,000,000
160,000,000	-
300,000,000	-
500,000,000	-
<b>960,000,000</b>	<b>250,000,000</b>
-	250,000,000
-	300,000,000
100,000,000	150,000,000
-	500,000,000
200,000,000	150,000,000
-	100,000,000
300,000,000	100,000,000
300,000,000	400,000,000
-	300,000,000
400,000,000	300,000,000
150,000,000	100,000,000
150,000,000	50,000,000
-	100,000,000
100,000,000	-
450,000,000	-
<b>2,150,000,000</b>	<b>2,800,000,000</b>
<b>3,683,049,747</b>	<b>7,226,741,158</b>

## 5.2 Outside Bangladesh (NOSTRO Accounts)

Name of the Foreign Bank / Correspondent	2014				2013
	Currency	Amount In	Conversion	Amount in	Amount in
		F.C	Rate	Taka	Taka
United National Bank Ltd.(London)	USD	84,672.01	78.3000	6,629,818	-
Masherq Bank, PSC, NY	USD	1,796,399.21	78.3000	140,658,058	-
United National Bank (UK)	POUND	6,778.00	121.7209	825,024	-
Masherq Bank, PSC, (UK)	POUND	5,000.00	121.7209	608,604	-
United Bank of India (KOLIKATA)	ACU	8,446.50	78.3000	661,361	-
AB Bank Ltd. (MUMBI)	ACU	243,654.20	78.3000	19,078,124	-
United National Bank (UK)	EURO	77,630.67	95.2280	7,392,613	-
Masherq Bank, PSC, (EURO)	EURO	50,000.00	95.2280	4,761,400	-
National Bank of Pakistan (TOKYO)	YEN	2,981,500.00	0.6503	1,938,869	-
<b>Total</b>				<b>182,553,873</b>	-

## 5.3 Maturity grouping of balance with other Banks and Financial institutions

On demand

Not more than three months

More than three months but not more than six months

More than six months but not more than one year

More than one year but less than five years

Above five years

	Amount in Taka	
	2014	2013
	6,006,469	8,227,963
	2,959,597,151	2,892,059,630
	900,000,000	1,250,000,000
	-	3,076,453,564
	-	-
	-	-
	<b>3,865,603,620</b>	<b>7,226,741,158</b>
	6,954,975,128	129,129,477
	-	-
	<b>6,954,975,128</b>	<b>129,129,477</b>
	78,773,051	129,129,477
	265,811,947	-
	1,447,667,782	-
	20,052,200	-
	443,546,220	-
	1,358,530,411	-
	2,708,319,311	-
	632,259,506	-
	14,700	-
	<b>6,954,975,128</b>	<b>129,129,477</b>
	-	-
	<b>6,954,975,128</b>	<b>129,129,477</b>

## 6 Investments

Government securities ( Note- 6.1)

Others ( Note- 6. 2)

### 6.1 Government Securities

91 days Treasury Bills

182 days Treasury Bills

364 days Treasury Bills

2 years BGTB Bond

5 years BGTB Bond

10 years BGTB Bond

15 years BGTB Bond

20 years BGTB Bond

Prize Bonds

Add: Reverse repo with other banks

		Amount in Taka	
		2014	2013
<b>6.2 Other Investment</b>			
Others		-	-
		-	-
<b>6.3 Investments classified as per Bangladesh Bank Circular</b>			
Held for trading (HFT)		6,368,728,031	-
Held to maturity (HTM)		586,232,397	129,129,477
Other securities		14,700	-
		<b>6,954,975,128</b>	<b>129,129,477</b>
			-
<b>6.4 Maturity-wise grouping</b>			
On demand		14,700	-
Not more than three months		267,072,901	129,129,477
More than three months but not more than one year		1,544,825,039	-
More than one year but not more than five years		864,535,620	-
Above five years		4,278,526,867	-
		<b>6,954,975,128</b>	<b>129,129,477</b>
			-
<b>6.5 Cost and market value of investments</b>			-

**6.5.1 Government securities**

Treasury Bills			
Bangladesh Bank Bills			
Bangladesh Government Treasury Bond			
Prize Bonds			

		2014	2013
		Cost price Taka	Market price Taka
		1,784,187,589	1,792,252,780
		-	-
		5,175,306,762	5,162,707,648
		14,700	14,700
		<b>6,959,509,051</b>	<b>6,954,975,128</b>
			<b>129,129,477</b>

**6.6 Repo and Reverse-repo****6.6.1 Repo as on 31 December 2014**Counter party nameAgreement dateReversal date**6.6.2 Transactions of Repo and Reverse-repo during the year 2014****Securities sold under repo**

- i) With Bangladesh Bank
- ii) With Other Bank & FIs

**Securities purchase under reverse repo**

- i) With Bangladesh Bank
- ii) With Other Bank & FIs

Minimum  
outstanding  
Taka

Maximum  
outstanding  
Taka

Maximum  
outstanding  
Taka

-

-

-

-

-

-

-

-

-

-

-

-



		Amount in Taka	
		2014	2013
<b>7. Loans and advances</b>			
	Loans, cash credit, overdrafts etc. (Note 7.1)	4,079,517,493	34,712,440
	Bills purchased and discounted (Note 7.13)	51,378,976	-
		<b>4,130,896,469</b>	<b>34,712,440</b>
<b>7.1 Loans, cash credit, overdrafts etc.</b>			
	<b>In Bangladesh</b>		
	Cash credit and overdrafts	1,923,148,764	23,062,429
	Loans (General)	1,647,416,393	-
	House building loan	129,927,242	5,096,923
	Loan against trust receipt	225,540,786	-
	Other Loans	153,484,308	6,553,088
		<b>4,079,517,493</b>	<b>34,712,440</b>
	<b>Outside Bangladesh</b>	-	-
		<b>4,079,517,493</b>	<b>34,712,440</b>
<b>7.2 Performing loans and advances</b>			
	Gross loans and advances	4,130,896,469	34,712,440
	Non-performing loans and advances	-	-
		<b>4,130,896,469</b>	<b>34,712,440</b>
<b>7.3 Maturity-wise grouping</b>			
	On demand	23,958,779	-
	Less than three months	560,778,050	-
	More than three months but less than one year	1,801,997,949	23,062,429
	More than one year but less than five years	1,255,058,065	3,103,079
	More than five years	489,103,627	8,546,932
		<b>4,130,896,469</b>	<b>34,712,440</b>
<b>7.4 Loans and Advances on the basis of significant concentration</b>			
	Advances to allied concerns of directors	104,349,377	23,061,590
	Advances to chief executive and other senior executives	91,581,180	2,086,880
	Advances to customers' group:		
	Advances to large and medium industries	2,648,058,117	-
	Advances to small and cottage industries	32,085,162	-
	Commercial Lending	938,046,888	-
	House Building Loan	78,490,754	5,096,923
	Consumer Credit Scheme	187,491,422	-
	Other Loans and Advances	50,793,568	4,467,046
		<b>4,130,896,469</b>	<b>34,712,440</b>
<b>7.5 Sector-wise allocation of loans and advances</b>			
		% of total loan	Taka
	Agriculture, fishing, forestry and dairy firm	1.37%	56,622,590
	Industry (jute, textiles, garments, chemicals, cements, etc.)	8.28%	342,181,253
	Working capital financing	18.80%	776,747,967
	Export credit	0.75%	31,065,235
	Commercial credit	21.96%	906,981,654
	Small and cottage industries	0.78%	32,085,162
	Miscellaneous	48.06%	1,985,212,609
		100.00%	<b>4,130,896,469</b>
			<b>34,712,440</b>

## 7.6 Details of large loans and advances

Number of clients with outstanding amount and classified loans exceeding 10% of total capital of Bank.  
Total capital of the Bank, Total capital of the Bank was Tk.494.93 crore  
as at 31 December 2014 (Tk.457.91 crore in 2013).  
Number of clients

Amount of outstanding loans and advances (Taka in crore)

Amount of classified loans and advances

Measures taken for recovery

Amount in Taka	
2014	2013
6	—
188.13	—
—	—
—	—

Name of clients	Outstanding (Taka in crore)		Total Taka in crore	Total Taka in crore
	Funded	Non-Funded		
Mercantile Bank Securities Ltd	10.50	—	10.50	—
IFAD Autos Limited	21.64	4.16	25.80	—
Confidence Electric Limited	12.51	—	12.51	—
EC Securities Limited	51.80	—	51.80	—
Nitol Motors Limited	20.88	—	20.88	—
Abul Monem Limited	50.73	15.19	66.64	—
	<b>168.06</b>	<b>20.07</b>	<b>188.13</b>	—

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

Service Sector

Trading Sector

Industrial Sector

530,898,720	—
637,502,178	—
89,976,035	—
<b>1,258,376,933</b>	—

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

	% of total loan	Taka	
		Taka	Taka
Dhaka region	95.71%	3,953,800,235	34,712,440
Chittagong region	0.00%	—	—
Rajshahi region	0.00%	—	—
Sylhet region	1.47%	60,736,938	—
Khulna region	2.82%	116,359,296	—
Rangpur region	0.00%	—	—
Barisal region	0.00%	—	—
	100.00%	<b>4,130,896,469</b>	<b>34,712,440</b>

## 7.9 Classification of loans and advances

### Unclassified:

			Amount in Taka	
			2014	2013
Standard including staff loan	100.00%	4,130,896,469	4,130,896,469	34,712,440
Special Mention Account (SMA)	-	-	-	-
	100.00%	4,130,896,469	4,130,896,469	34,712,440

### Classified:

Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/loss	-	-	-	-
	-	-	-	-
	100.00%	4,130,896,469	4,130,896,469	34,712,440

## 7.10 Particulars of loans and advances

i)	Debts considered good in respect of which the bank is fully secured;	1,728,617,858	10,094,632
ii)	Debts considered good for which the bank holds no other security than the debtors' personal security;	25,692,524	1,556,218
iii)	Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors;	2,376,586,087	23,061,589
iv)	Debts adversely classified; provision not maintained		
v)	Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;	-	-
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;	104,349,377	23,061,590
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;	-	-
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;	104,349,377	23,061,590
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 realised against the debts previously written off		
	(b) Provision against the debt classified as bad/loss at the date of balance sheet		
	(c) Amount of interest charged in suspense account		
xi)	Loans written off:		
	- Current year		
	Cumulative to-date		
	- The amount of written off loans for which lawsuit filed		





		Amount in Taka	
		2014	2013
<b>7.13 Bills purchased and discounted</b>			
In Bangladesh		51,378,976	-
Outside Bangladesh		-	-
		<b>51,378,976</b>	-
<b>7.13.1 Maturity-wise grouping</b>			
On demand		-	-
Less than three months		-	-
More than three months but less than one year		51,378,977	-
More than one year but less than five years		-	-
More than five years		-	-
		<b>51,378,977</b>	-
<b>8 Fixed assets including premises, furniture and fixtures</b>			
<b>Cost:</b>			
Land		-	-
Building		-	-
Furniture and fixture		66,983,176	37,466,236
Computer and Computer peripheral		26,270,313	15,341,211
Electrical Equipments		36,287,492	12,913,350
Motor vehicles		21,300,000	7,600,000
		<b>150,840,981</b>	<b>73,320,797</b>
<b>Less: Accumulated depreciation</b>			
Land		-	-
Building		-	-
Furniture and fixture		5,542,808	312,220
Computer and Computer peripheral		4,356,054	255,504
Electrical Equipments		5,607,912	214,913
Motor vehicles		3,475,005	126,667
		<b>18,981,779</b>	<b>909,304</b>
		<b>131,859,202</b>	<b>72,411,493</b>
<b>Software:</b>			
Computer Software		20,230,000	12,250,000
SWIFT Software		4,221,235	4,221,235
		<b>24,451,235</b>	<b>16,471,235</b>
<b>Less: Amortization during the year</b>		5,758,770	816,666
		<b>18,692,465</b>	<b>15,654,569</b>
<b>Written down value at the end of the year</b>		<b>150,551,667</b>	<b>88,066,062</b>

Details are shown in Annexure-A

	Amount in Taka	
	2014	2013
<b>9 Other assets</b>	<b>570,757,467</b>	<b>287,053,442</b>
<b>9.1 Classification of other assets</b>		
a) Income generating other assets		
b) Non-income generating other assets:		
i) Investment in shares of subsidiary companies:		
- In Bangladesh	-	-
- Outside Bangladesh	-	-
ii) Stationery, stamps, printing materials, etc.	127,640	3,300
iii) Advance rent and advertisement	98,659,152	91,674,200
iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income	208,166,640	166,783,556
v) Security deposits	-	-
vi) Preliminary, formation and organisational expenses, renovation, development and prepaid expenses	36,762,640	
vii) Branch adjustment (Note 9.2)	-	88,276
viii) Suspense account	1,658,000	1,060,375
ix) Advance income tax	224,522,004	8,878,462
x) Others	861,392	18,565,273
	<b>570,757,467</b>	<b>287,053,442</b>
<b>9.2 Branch adjustment</b>		
General accounts debit	-	1,599,194,646
General accounts credit	-	1,599,106,370
	-	<b>88,276</b>
<b>10 Borrowing from other banks, financial institutions and agents</b>		
In Bangladesh (Note 10.1)	1,400,000,000	1,560,000,000
Outside Bangladesh	-	-
	<b>1,400,000,000</b>	<b>1,560,000,000</b>
<b>10.1 In Bangladesh</b>		
Refinance against agro-based credit from Bangladesh Bank	-	-
Borrowing against securities from Bangladesh Bank	-	-
The Farmers Bank Limited	-	50,000,000
Uttara Bank Limited	-	300,000,000
Janata Bank Limited	-	300,000,000
Dutch Bangla Bank Limited	-	200,000,000
Rupali Bank Limited	-	500,000,000
Agrani Bank Limited	-	100,000,000
BRAC Bank Limited	900,000,000	-
Meghna Bank Limited	500,000,000	110,000,000
	<b>1,400,000,000</b>	<b>1,560,000,000</b>
<b>10.2 Maturity grouping of borrowings</b>		
Repayable on demand	-	1,460,000,000
Repayable within one month	1,400,000,000	100,000,000
Over one month but within six months	-	-
Over six months but within one year	-	-
Over one year	-	-
	<b>1,400,000,000</b>	<b>1,560,000,000</b>
<b>11 Deposits and other accounts</b>		
<b>Current and other accounts</b>		
Current deposits	116,021,819	5,634,551
Foreign currency deposits	40,216,865	38,572,686
Sundry deposits (Note 11.1)	131,356,526	22,288,580
	<b>287,595,209</b>	<b>66,495,816</b>



	Amount in Taka	
	2014	2013
<b>Bills payable</b>		
Payment order issued	87,847,605	68,655
Demand draft	-	-
	<b>87,847,605</b>	<b>68,655</b>
<b>Savings bank deposits</b>	<b>177,636,832</b>	<b>20,989,349</b>
<b>Term/Fixed deposits</b>		
Fixed deposits	6,547,841,169	1,559,987,035
Special notice deposits	1,699,330,659	4,929,640
Scheme deposits	724,383,973	164,932
Interest Payable on FDR/Scheme	313,495,215	27,061,809
	<b>9,285,051,016</b>	<b>1,592,143,417</b>
	<b>9,838,130,662</b>	<b>1,679,697,236</b>
<b>11.1 Sundry deposits</b>		
Margin under letter of credit & Guarantee	75,339,195	1,107,000
Employees PF, LFA etc.	-	1,496,581
Security Deposits	6,920,018	4,117,685
Government Tax, VAT and Excise duty	13,337,905	14,838,659
Others	35,759,407	728,655
	<b>131,356,526</b>	<b>22,288,580</b>
<b>11.2 Deposit and Other Account:</b>		
Deposit from banks	100,000,000	-
Deposit from customers	9,738,130,662	1,679,697,236
	<b>9,838,130,662</b>	<b>1,679,697,236</b>
<b>11.3 Sector-wise break-up of Deposit and Other account:</b>		
Government	1,841,167,140	96,654,399
Deposit money banks	100,000,000	-
Other public	1,376,372,332	327,409,132
Foreign currency	40,216,865	38,572,686
Private	6,480,374,325	1,217,061,020
	<b>9,838,130,662</b>	<b>1,679,697,236</b>
<b>11.4 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;	-	-
Over 6 months but within 1 year;	100,000,000	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years;	-	-
	100,000,000	-
<b>Other Deposits:</b>		
Repayable on demand;	299,026,284	28,379,370
Repayable within 1 month;	391,022,287	32,017,608
Over 1 month but within 6 months;	5,596,195,048	1,387,209,244
Over 6 months but within 1 year;	2,600,819,034	205,325,976
Over 1 year but within 5 years	590,473,643	21,827,845
Over 5 years but within 10 years;	260,594,366	4,937,193
	<b>9,738,130,662</b>	<b>1,679,697,236</b>
	<b>9,838,130,662</b>	<b>1,679,697,236</b>
<b>11.5 Unclaimed Deposits and valuables</b>	-	-
	-	-

	Amount in Taka	
	2014	2013
<b>12 Other liabilities</b>		
Provision for loans and advances (Note 12.1)	41,000,000	350,000
Provision for off-balance sheet exposures (Note 12.2)	16,562,110	1,562,110
Provision for taxation (Note 12.3)	147,765,210	54,282,028
Accrued expenses	10,953,100	9,342,410
Interest payable on borrowings	5,718,056	817,778
Branch adjustment	6,500	-
Provision for audit fees	250,000	250,000
Others	14,349,310	-
	<b>236,604,286</b>	<b>66,604,326</b>
<b>12.1 Provision for loans and advances</b>		
<b>A. General</b>		
Balance at the beginning of the year	350,000	-
Add: Provision made during the year		
On general loans and advances etc.	40,650,000	350,000
On Special Mention Account (SMA)	-	-
	<b>40,650,000</b>	<b>350,000</b>
On general loans and advances etc.	-	-
On Special Mention Account (SMA)	-	-
	-	-
Less: Provision no longer required	-	-
<b>Balance at the end of the year</b>	<b>41,000,000</b>	<b>350,000</b>
<b>B. Specific</b>		
<b>Balance at the beginning of the year</b>	-	-
Less: Interest waiver during the year	-	-
Write off during the year	-	-
Less: Interest waiver during the year	-	-
Write off during the year	-	-
	-	-
<b>Add:</b> Recoveries of amounts previously written off	-	-
Specific provision made during the year for other accounts	-	-
	-	-
<b>Balance at the end of the year</b>	-	-
<b>C. Total provision on loans and advances (A+B)</b>	<b>41,000,000</b>	<b>350,000</b>
<b>12.2 Provision for off-balance sheet exposures</b>		
Balance as at 1 January	1,562,110	-
Add: Provision made during the year	15,000,000	1,562,110
	<b>16,562,110</b>	<b>1,562,110</b>
Less: Adjustments made during the year	-	-
<b>Balance as at 31 December</b>	<b>16,562,110</b>	<b>1,562,110</b>
<b>12.3 Provision for taxation</b>		
Current tax ( Note 12.3.1)	136,045,605	46,223,473
Deferred tax ( Note 12.3.2)	11,719,605	8,058,555
	<b>147,765,210</b>	<b>54,282,028</b>
<b>12.3.1 Provision for current tax</b>		
<b>Provision</b>		
Balance as at 1 January	46,223,473	-
Add: Provision made during the year	132,091,071	46,223,473
	178,314,544	46,223,473
Less: Adjustments made during the year	42,268,939	-
<b>Balance at the end of the year</b>	<b>136,045,605</b>	<b>46,223,473</b>

Provision for current tax of Tk. 132,091,071/- has been made @ 42.5% as prescribed by Finance Act 2014 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".

		Amount in Taka		
		2014	2013	
<b>12.3.2 Provision for deferred tax</b>				
Balance as at 1 January		8,058,555	-	
Add : Provision made for deferred tax liabilities				
Charged/(credited) to profit and loss account		3,661,050	8,058,555	
Charged/(credited) to revaluation reserve		-	-	
		3,661,050	8,058,555	
		11,719,605	8,058,555	
Adjustment made during the year for revaluation reserve		-	-	
		11,719,605	8,058,555	
Less: Provision made for deferred tax assets		-	-	
<b>Balance as at 31 December</b>		<b>11,719,605</b>	<b>8,058,555</b>	
<b>12.4 Branch adjustment</b>				
General accounts debit		-	-	
General accounts credit		6,500	-	
		6,500	-	
<b>13 Share capital</b>				
<b>13.1 Authorised:</b>				
2,000,000,000 ordinary shares of Tk 10 each		20,000,000,000	20,000,000,000	
<b>13.2 Issued, subscribed and paid up:</b>				
452,000,000 ordinary shares of Tk 10 each issued for cash		4,520,000,000	4,520,000,000	
		4,520,000,000	4,520,000,000	
<b>13.3 Share capital at a glance from inception</b>				
<u>Year</u>	<u>Particulars</u>	<u>Number of shares</u>	<u>Capital amount Taka</u>	<u>Capital amount Taka</u>
2013	Opening / Sponsors Capital	452,000,000	4,520,000,000	4,520,000,000

#### 13.4 Name of the Directors and their shareholdings in the year 2014

SL	Name of the Directors	Status	Number of Shares	
			31 December 2014	31 December 2013
1	Mr. Humayun Kabir	Chairman	4,000,000	4,000,000
2	Mr. Shaikh Salahuddin	Vice-Chairman	18,000,000	18,000,000
3	Mr. Sheikh Fazle Noor Taposh	Director	32,000,000	32,000,000
4	Sharmin Apparels Ltd., Represented by Mr. Md. Ismail Hossain	Director	20,000,000	20,000,000
5	Sandhani Life Insurance Company Ltd., Represented by Mr. Nema Kumer Saha	Director	30,000,000	30,000,000
6.	Alhaj Anwar Hossain	Director	10,000,000	10,000,000
7	Mr. Salahuddin Alamgir	Director	20,000,000	20,000,000
8	Tanveer Oils Ltd., Represented by Mr. Mostafa Kamal	Director	20,000,000	20,000,000
9	Everest Power Generation Company Ltd., Represented by Ms. Tanjima Binthe Mostafa	Director	20,000,000	20,000,000
10	Mr. Humayun Kabir	Director	20,000,000	20,000,000
11	Ms. Shahana Yasmin	Director	20,000,000	20,000,000
12	Ms. Sultana Jahan	Director	20,000,000	20,000,000
13	S. Jute Industries Ltd., Represented by Mr. Md. Abul Hossain	Director	20,000,000	20,000,000
14	Mango Teleservices Ltd., Represented by Mr. A. Mannan Khan	Director	20,000,000	20,000,000
15	Azbal International Ltd., Represented by Mrs. Ferdousi Islam	Director	20,000,000	20,000,000
16	Mr. Mohammad Ali Talukder	Director	10,000,000	10,000,000
17	Meghna Flour & Dal Mills Ltd., Represented by Mr. Yousuf Ali	Director	12,000,000	12,000,000
18	Mona Financial Consultancy & Securities Ltd., Represented by Mr. Md. Mahbubur Rahman	Director	10,000,000	10,000,000
19	Mr. Md. Didarul Alam	Director	8,000,000	8,000,000
			<b>334,000,000</b>	<b>334,000,000</b>



**13.5 Classification of shareholders by holding**

	Amount in Taka			
	Number of holders		% of total holding	
	2014	2013	2014	2013
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>

**13.6 Capital adequacy ratio (CAR) the Bank**

The calculation of CAR has been done as per BRPD Circular no. 10 dated 10 March 2010 and the Basel-II guideline December 2010 vide BRPD Circular no. 35 dated 29 December 2010.

**Core capital (Tier-I)**

Paid up capital	4,520,000,000	4,520,000,000
Share premium	-	-
Statutory reserve (Note 14)	110,648,598	22,238,465
General reserve	-	-
Surplus in Profit and Loss account / Retained earnings (Note 16)	252,560,236	34,671,828
	<b>4,883,208,834</b>	<b>4,576,910,293</b>

**Supplementary capital (Tier-II)**

General provision maintained against unclassified loan	41,000,000	350,000
General provision on off-balance sheet items	16,562,110	1,562,110
Asset revaluation reserve	-	-
Revaluation reserve of Government Securities (50%)	8,535,650	294,429
	<b>66,097,760</b>	<b>2,206,539</b>

**Additional Supplementary capital (Tier-III)**

A) <b>Total capital</b>	<b>4,949,306,594</b>	<b>4,579,116,832</b>
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**B) Risk weighted assets (RWA)**

Credit Risk		
On-Balance Sheet	5,864,861,390	2,698,600,000
Off-Balance Sheet	791,449,961	29,200,000
	<b>6,656,311,351</b>	<b>2,727,800,000</b>
Market Risk	2,268,292,164	2,600,000
Operational Risk	762,289,129	315,000,000
Total RWA	<b>9,686,892,644</b>	<b>3,045,400,000</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>949,306,594</b>	<b>579,116,832</b>
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**Capital adequacy ratio:**

On core capital - against standard of minimum 5%	50.41%	150.29%
On total capital - against standard of minimum 10%	51.09%	150.36%

**14 Statutory reserve**

Balance as at 1 January	22,238,465	-
Addition during the year ( 20% of pre-tax profit)	88,410,133	22,238,465
Balance as at 31 December	<b>110,648,598</b>	<b>22,238,465</b>

	Amount in Taka	
	2014	2013
<b>15 Revaluation gain/(loss) on investment</b>		
<b>Revaluation reserve on HTM securities</b>		
Balance as at 1 January	588,857	-
Addition during the year	1,846,147	588,857
	2,435,004	588,857
Adjustment of amortization/revaluation gain against sale/maturity	(588,857)	-
Balance as at 31 December	<b>1,846,147</b>	<b>588,857</b>
<b>Revaluation reserve on HFT securities</b>		
Balance as at 1 January	-	-
Addition during the year	328,080,291	-
	328,080,291	-
Adjustment of amortization/revaluation gain against sale/maturity	(312,855,139)	-
Balance as at 31 December	15,225,152	-
	<b>17,071,299</b>	<b>588,857</b>
<b>16 Surplus in profit and loss account/Retained earnings</b>		
Balance as at 1 January	34,671,828	-
Add: Addition during the year	306,298,541	56,910,293
Less: Transfer to Statutory reserve	(88,410,133)	(22,238,465)
Less: Issue of bonus shares	-	-
Less : Cash dividend paid	-	-
<b>Retained earning carried forward</b>	<b>252,560,236</b>	<b>34,671,828</b>
<b>17 Contingent liabilities</b>		
<b>17.1 Acceptances and endorsements</b>		
Acceptance under Letters of Credit -Cash (Foreign) Deferred	23,681,210	-
Acceptance under Letters of Credit -BTB (Foreign) Usance	4,217,280	-
Acceptance under Letters of Credit -BTB EPZ (Foreign) Usance	10,524,378	-
Acceptance under Letters of Credit -BTB (Local) Usance	28,322,334	-
Acceptance under Letters of Credit -BTB EPZ (Local) Usance	-	-
Acceptance under Letters of Credit -Others	-	-
	<b>66,745,202</b>	-
Less: Margin	-	-
	<b>66,745,202</b>	-
<b>17.2 Letters of guarantee</b>		
Letters of guarantee (Local)	919,656,846	-
Letters of guarantee (Foreign)	-	150,000,000
Foreign counter guarantees	-	-
	<b>919,656,846</b>	<b>150,000,000</b>
Less: Margin	30,961,492	38,572,686
	<b>888,695,354</b>	<b>111,427,315</b>
<b>Balance for which the Bank is contingently liable in respect of guarantee issued favouring:</b>		
Directors or officers	-	-
Government	-	-
Banks and other financial institutions	-	-
Others	919,656,846	150,000,000
	<b>919,656,846</b>	<b>150,000,000</b>
Less: Margin	30,961,492	38,572,686
	<b>888,695,354</b>	<b>111,427,315</b>
<b>17.3 Irrevocable letters of credit</b>		
Letter of Credit - Foreign	411,052,166	-
Letter of Credit - BTB Foreign	2,450,000	-
Letter of Credit - BTB - EPZ	20,867,000	-
Letter of Credit - BTB (Local)	6,653,899	-
Letter of Credit - Others	73,436,000	6,211,000
	<b>514,459,066</b>	<b>6,211,000</b>
Less: Margin	44,377,703	1,107,000
	<b>470,081,362</b>	<b>5,104,000</b>

	Amount in Taka	
	2014	2013
<b>17.4 Bills for collection</b>		
Outward bills for collection	13,141	-
Inward local bills for collection	72,211,236	-
Inward foreign bills for collection	39,483,136	-
	<b>111,707,513</b>	-
<b>17.5 Other contingent liabilities</b>		
Other contingent liabilities	19,738,920	-
	<b>19,738,920</b>	-
<b>18 Income statement</b>		
<b>Income:</b>		
Interest, discount and similar income	1,253,172,414	256,169,118
Dividend income	-	-
Fees, commission and brokerage	13,707,389	2,419,256
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	194,283,909	-
Gains less losses arising from dealing in foreign currencies	66,274,138	-
Income from non-banking assets	-	-
Other operating income	8,518,817	5,264
Profit less losses on interest rate changes	(31,832,544)	-
	<b>1,504,124,123</b>	<b>258,593,638</b>
<b>Expenses:</b>		
Interest, fees and commission	697,706,063	4,183,333
Losses on loans and advances	-	-
Administrative expenses	213,785,509	71,027,788
Other operating expenses	71,917,310	24,109,256
Depreciation on banking assets	23,014,579	1,725,970
	<b>1,006,423,460</b>	<b>101,046,348</b>
	<b>497,700,663</b>	<b>157,547,290</b>
<b>Income over expenditure</b>		
<b>19 Interest income</b>		
Interest on loans and advances	277,596,389	221,086
Interest on placement with other banks and financial institutions	602,566,692	255,948,032
Interest on foreign currency balances	414,982	-
	<b>880,578,064</b>	<b>256,169,118</b>
<b>20 Interest paid on deposits and borrowings etc.</b>		
Interest on deposits	508,125,849	44,442,860
Interest on borrowings	189,580,214	4,183,333
Interest on foreign currency account	-	-
	<b>697,706,063</b>	<b>48,626,193</b>
<b>21 Investment income</b>		
Interest income from Government Securities (Note-21.1)	372,594,350	-
Capital Gain on Government Securities (Note-21.2)	194,283,909	-
Revaluation Gain/(loss) on Government Securities (Note-21.3)	(31,832,544)	-
Gain on sale of investment in shares	-	-
	<b>535,045,715</b>	-
<b>21.1 Interest Income from Government Securities</b>		
Interest on treasury bills	30,298,809	-
Interest on treasury bonds/T&T bonds	666,426,726	-
	<b>696,725,535</b>	-
Interest Expenses on treasury bonds	(324,131,185)	-
Net Interest Income from Government Securities	<b>372,594,350</b>	-
<b>21.2 Capital Gain on Government Securities</b>		
Capital Gain on treasury bills	235,083	-
Capital Gain on treasury bonds/T&T bonds	194,048,826	-
	<b>194,283,909</b>	-
<b>21.3 Revaluation Gain/(loss) on Government Securities</b>		
Revaluation loss on treasury bills	(4,072,260)	-
Revaluation loss on treasury bonds	(27,760,284)	-
	<b>(31,832,544)</b>	-



	Amount in Taka	
	2014	2013
<b>22 Commission, exchange and brokerage</b>		
Commission on L/Cs	5,515,972	-
Commission on Inland L/Cs	189,998	-
Commission on L/Cs-back to back	521,051	-
Commission on L/Gs	7,101,460	-
Commission on ATM Card transactions	14,547	-
Commission on remittance	10,160	-
Underwriting Commission regarding Treasury bill/ Bond	66,500	-
Others Commission	287,700	2,419,256
Exchange gain	66,274,138	-
	<b>79,981,527</b>	<b>2,419,256</b>
<b>Exchange gain</b>		
Exchange gain from revaluation/trade of foreign currency	66,298,234	-
Exchange loss from revaluation/trade of foreign currency	(24,095)	-
	66,274,138	-
<b>23 Other operating income</b>		
Service and incidental charges	1,318,133	-
Charges recoveries from BTB and Local L/C	49,000	-
Postage / SWIFT/ fax recoveries from Export Business	318,705	-
Postage / SWIFT/ fax recoveries from Others Business	625,349	3,625
Income from ATM service	200,198	-
Miscellaneous earnings	6,007,432	1,639
	<b>8,518,817</b>	<b>5,264</b>
<b>24 Salaries and Allowances</b>		
Basic salary	50,526,021	13,018,967
Allowances	24,756,086	4,192,102
Bonus	14,026,616	8,043,398
Provident fund	3,701,060	513,792
	<b>93,009,782</b>	<b>25,768,259</b>
<b>25 Rent, taxes, insurance, electricity etc.</b>		
Rent, rates and taxes	66,049,505	25,536,317
Insurance	3,941,007	288,206
Electricity and lighting	4,761,709	2,539,048
	<b>74,752,221</b>	<b>28,363,571</b>
<b>26 Postage, stamp, telecommunication etc.</b>		
Postage	297,721	12,371
Telephone /Telex	1,763,117	459,239
Internet, email, SWIFT, Reuters etc.	5,389,129	346,649
	<b>7,449,967</b>	<b>818,259</b>
<b>27 Stationery, printing, advertisements etc.</b>		
Petty stationery	3,755,083	397,226
Printing stationery	4,735,519	1,065,976
Security stationery	-	524,382
Office maintenance	1,357,447	1,062,487
Publicity and advertisement	18,238,825	6,168,496
	<b>28,086,874</b>	<b>9,218,567</b>
<b>28 Managing Director's salary and fees</b>		
Basic Salary	4,200,000	2,345,000
House Rent	1,260,000	703,500
House Maintenance	840,000	469,000
Utilities	504,000	281,400
Provident Fund	420,000	234,500
Bonus	700,000	700,000
Others	396,000	221,100
	<b>8,320,000</b>	<b>4,954,500</b>

		Amount in Taka	
		2014	2013
<b>29 Directors' fees and expenses</b>			
	Meeting attendance fees	1,160,000	265,000
	Other Expenses	386,901	-
		<b>1,546,901</b>	<b>265,000</b>
	Each Director is paid for Tk. 5,000/- per meeting per attendance.		
<b>30 Depreciation on and repairs of Bank's assets</b>			
	<b>Depreciation :</b>		
	Furniture and fixtures	5,270,135	319,135
	Computer and Computer peripherals	4,100,550	248,589
	Software	4,942,104	816,666
	Electrical appliance	5,353,452	189,312
	Motor Vehicles	3,348,338	152,268
		<b>23,014,579</b>	<b>1,725,970</b>
	<b>Repairs:</b>		
	Repairs, maintainance and replacement	619,764	1,639,632
		<b>619,764</b>	<b>1,639,632</b>
		<b>23,634,343</b>	<b>3,365,602</b>
<b>31 Other expenses</b>			
	Security and cleaning	12,732,051	879,586
	Entertainment	5,108,088	3,084,832
	Other Professional Service charges	164,500	-
	Car expenses	16,501,285	2,691,257
	Books and periodicals	340,679	70,354
	Subscription	1,643,000	300,000
	Corporate Social Responcibility (CSR)	8,700,000	-
	Travelling expenses	708,490	474,344
	Conveyance	499,501	148,561
	Gratuity expenses	7,500,000	2,200,000
	Fuel	1,611,670	50,433
	Leverage & Uniform	415,030	-
	Training/seminar	2,341,191	99,405
	Annual General Meeting (AGM)	1,884,765	-
	Preliminary expenses	1,309,109	10,452,925
	VAT on expenditure	1,892,856	-
	Other expense	8,095,095	3,347,559
		<b>71,447,310</b>	<b>23,799,256</b>
<b>32 Tax expense</b>			
	Current tax	132,091,071	46,223,473
	Deferred tax	3,661,050	8,058,555
		<b>135,752,121</b>	<b>54,282,028</b>
<b>33 Cash received from other operating activities</b>			
	Service and incidental charges	1,318,133	-
	Charges recoveries from BTB and Local L/C	49,000	-
	Postage /SWIFT/ fax recoveries from Export Business	318,705	-
	Postage /SWIFT/ fax recoveries from Others Business	625,349	3,625
	Income from ATM service	200,198	-
	Miscellaneous earnings	6,007,432	1,639
		<b>8,518,817</b>	<b>5,264</b>

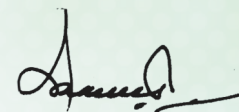
**34 Payments for other operating activities**

Rent, rates and taxes  
Postage  
Directors fees  
Repairs  
Legal expenses  
Others expenses

Amount in Taka	
2014	2013
81,737,172	120,037,771
7,449,967	818,259
1,546,901	265,000
619,764	1,639,632
220,000	60,000
64,197,310	23,799,256
<b>155,771,114</b>	<b>146,619,918</b>
<b>306,298,541</b>	<b>56,910,293</b>
<b>452,000,000</b>	<b>452,000,000</b>
<b>452,000,000</b>	<b>128,789,042</b>
<b>0.68</b>	<b>0.13</b>
<b>0.68</b>	<b>0.44</b>

**35 Earnings per share (EPS)**

Net profit after tax for the year ended 31 December (Taka)  
Number of ordinary shares outstanding  
Weighted average number of ordinary shares  
Earnings per share (EPS) on closing number of share  
Earnings per share (EPS) - (Weighted Average)

**Chairman****Vice Chairman****Director****Managing Director and CEO**



## 36 General

### 36.1 Audit Committee

Audit Committee of the Board of Directors of the Bank has been constituted by the Board of Directors in its 1st Meeting held on 01 August, 2013 comprising the following members as per provisions contained in Bangladesh Bank's BRPD Circular Letter No. 8 dated June 19, 2011.

Sl. no.	Name	Status with the committee	Educational qualification
1)	Mr. Shaikh Salahuddin	Chairman	H. S. C
2)	Mr. Md. Abul Hossain	Member	B. A.
3)	Mr. A. Mannan Khan	Member	B. Sc. in Engineering Specilization in Tele-Communications

#### 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 2014, the audit committee held 4 (four) meetings. In these meetings, the Committee reviewed the Audited Financial Statements for the year 2013 in presence of external auditors and also Inspection Reports prepared by ICCD of the Bank from time to time in perview with Bagladesh Bank's Circular and advised the Management to take necessary compliance and also for establishing a unique and up-to-the-mark Internal Control and Audit System in the Bank with adequate facilities complying policy guidelines by Bangladesh Bank.

### 36.2 Related party/(ies) disclosure

#### 36.2.1 Related party transactions

During the year 2014, the bank conducted business deal with the following organisation in which the directors has interest.

i)

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
1.	Mr. Md. Abul Hossain	Director	A. H. Builders Ltd.	Managing Director
2.	Mr. Humayun Kabir	Director	Bengal House	Owner

#### ii) Loans and advances to directors and their related concern

Name of party	Name of the director	Related by	Director	Amount in Taka	Status
A. H. Builders Ltd.	Mr. Md. Abul Hossain	Director	OD (General)	104,349,377	Regular

#### iii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2014

Bank has rented a portion of 10,150 square feet of Bengal House located at House No.12/A, Road No.63 Gulshan-2, Dhaka-1212 at a monthly rent of BDT 1,400,000.00. The Bank has paid BDT 50,400,000.00 as advance against Office Rent. During the year, Bank has paid total of BDT 16,800,000.00 and outstanding balance as advance of BDT 39,900,000.00 on 31 December 2014.

### 36.3 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of Tk 144,000 or above were 2014.

### 36.4 Highlights on the overall activities of the Bank

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

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

As at 31 December 2014

Particulars	Cost				Rate of Dep.	Depreciation				Written down value as at 31.12.2014
	Opening balance as on 01.01.2014	Addition during the year	Disposal during the year	Balance as at 31.12.2014		Opening balance as on 01.01.2014	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2014	
Land	-	-	-	-					-	-
Building	-	-	-	-					-	-
Furniture and fixtures	37,466,236	29,516,940	-	66,983,176	10%	312,220	5,230,588	-	5,542,808	61,440,368
Computer and Computer peripheral	15,341,211	10,929,102	-	26,270,313	20%	255,504	4,100,550	-	4,356,054	21,914,259
Electrical Equipments	12,913,350	23,374,142	-	36,287,492	20%	214,913	5,392,999	-	5,607,912	30,679,580
Motor vehicles	7,600,000	13,700,000	-	21,300,000	20%	126,667	3,348,338	-	3,475,005	17,824,995
<b>Total</b>	<b>73,320,797</b>	<b>77,520,184</b>	<b>-</b>	<b>150,840,981</b>		<b>909,304</b>	<b>18,072,475</b>	<b>-</b>	<b>18,981,779</b>	<b>131,859,202</b>
Software	16,471,235	7,980,000	-	24,451,235	20%	816,666	4,942,104	-	5,758,770	18,692,465
<b>Total as at 31st December 2014</b>	<b>89,792,032</b>	<b>85,500,184</b>	<b>-</b>	<b>175,292,216</b>		<b>1,725,970</b>	<b>23,014,579</b>	<b>-</b>	<b>24,740,549</b>	<b>150,551,667</b>
<b>Total as at 31st December 2013</b>	<b>-</b>	<b>89,792,032</b>	<b>-</b>	<b>89,792,032</b>		<b>-</b>	<b>1,725,970</b>	<b>-</b>	<b>1,725,970</b>	<b>88,066,062</b>

**Annexure-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	Chairman
			Zest Agro Food Processing Limited	Managing Director
			Northern Hacheries Limited	Managing Director
			Northern Rubber Plantation	Proprietor
2	Mr. Shaikh Salahuddin	Vice Chairman	Islami Commercial Insurance Company Limited	Shareholder
			Ajmeer Navigation	Proprietor
			Fardin Fish	Proprietor
3	Mr. Sheikh Fazle Noor Taposh	Director	Sheikh & Chowdhury	Partner
			Tungipara Fisheries	Proprietor
4	Mr. Md. Ismail Hossain (Representing Sharmin Apparels Limited)	Director	Sharmin Group	Managing Director
			Ha-Meem Sportswear Limited	Managing Director
			Sharmin Apparels Limited	Managing Director
			Ha-Meem Washing Plant Limited	Managing Director
			Sharmin Fashions Limited	Managing Director
			Sharaf Apparels Limited.	Managing Director
A.M. Design Ltd	Managing Director			
5	Mr. Nemai Kumer Saha (Representing Sandhani Life Insurance Company Limited)	Director	Sandhani Life Insurance Company Limited	DMD & CFO
6	Alhaj Anwar Hossain	Director	Anwar Group of Industries	Group Chairman
			Anwar Silk Mills Limited	Chairman
			Mehmud Industries Limited.	Chairman
			Hossain Dyeing & Printing Mills Limited	Chairman
			Anwar Cement Limited	Chairman
			Anwar Galvanizing Limited	Chairman
			Anwar Ispat Limited	Chairman
			Anwar Landmark Limited	Chairman
			Anwar Jute Spinning Mills Limited	Chairman
A-One Polymer Limited	Chairman			
7	Mr. Salahuddin Alamgir	Director	Matrix Sweaters Limited	Managing Director
			Starlight Sweaters Limited	Managing Director
			Raidha Collections Limited	Managing Director
			Starlight Knitters Limited	Managing Director
			Labib Fashions Limited	Managing Director
			Excel Sweaters Limited	Managing Director
			Sweater Cottage Limited	Managing Director
			Juthi Packaging Industries Limited	Managing Director
			Labib Dyeing Mills Limited	Managing Director
			Nice Cotton Limited	Managing Director
			Labib Poultry & Fisheries Limited	Managing Director
			Excel Telecom (Pvt) Limited	Managing Director
			Information Technology Consultans Ltd. (ITCL)	Director
Labib Poultry & Fisheries	Proprietor			



Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
8	Mr. Mostafa Kamal (Representing Tanveer Oils Limited)	Director	Tanveer Oils Limited	Managing Director
			Unique Power Plant Ltd	Managing Director
			Unique Power Plant Ltd. Unit 11	Managing Director
			United Feeds Ltd	Managing Director
			United Edible Oils Ltd	Managing Director
			United Mineral Water & PET Ind.Ltd	Managing Director
			Tanveer Polymer Industries Ltd	Managing Director
			Tanveer Food Limited	Managing Director
			Tanveer Mustard Oil Mil & Coconut Oil Mills Ltd	Managing Director
			Tanveer Dal Mil & Flour Mills Ltd	Managing Director
			Tanveer Steel Mills Ltd	Managing Director
			United Sugar Mills Ltd.	Managing Director
			Unique Hatchery & Feeds Ltd	Managing Director
			Kamal Trading Co.	Managing Director
			Meghna Dairy & Food Products	Managing Director
			G. Shipping Lines Limited	Managing Director
			United Fibre Industries Limited	Managing Director
			Tanveer Paper Mills Ltd	Managing Director
			United Salt Industries Ltd	Managing Director
			Janata Flour & Dal Mills Ltd.	Managing Director
			Commodity Trading (BD) Limited	Managing Director
			Unique Cement Industries Ltd.	Managing Director
			Kamal Imports & Exports Ltd.	Managing Director
			Everest Power Generation Co Ltd.	Managing Director
			Bagdad Vegetable Oil Ind. Ltd	Managing Director
			Meghna Shipbuilders & Dockyard Ltd	Managing Director
			Mercantile Shipping Lines Limited	Managing Director
			Surma Mustard Oil Mills Ltd	Managing Director
			Dhaka Plastic Bottle (PET) Ind. Ltd.	Managing Director
			Dhaka Securities Limited	Managing Director
			Global Ad Star Bag Ind. Ltd.	Managing Director
			Tasmin Chemical Complex Ltd.	Managing Director
			Sonargaon Salt Industries Ltd	Managing Director
			Tasnim Condensed Milk Ltd.	Managing Director
			Meghna Seeds Crushing Mills Ltd	Managing Director
			Tanveer Printing and Packaging Ind. Ltd.	Managing Director
			Meghna Electricity Generation Co. Ltd.	Managing Director
			Meghna Aviation Ltd.	Managing Director
			Meghna Edible Oil Refinery Limited	Managing Director
			Meghna Milk Products Limited	Managing Director
			Meghna Chicks & Farms Limited	Managing Director
			Fresh Cement Industries Ltd	Managing Director
			A. Class Builders Limited	Managing Director
Meghna Tea Company Limited	Managing Director			
USB International Lines Limited	Managing Director			
Megna Pulp & Paper Mills Ltd.	Managing Director			
Meghna Vegetable Oil Industries Ltd.	Managing Director			
Ekattur Media Limited	Chairman			
Digital Technologies Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
9	Ms. Tanjima Binthe Mostafa (Representing Everest Power Generation Company Limited)	Director	Everest Power Generation Company Limited	Director
			Tanveer Polymer Industries Ltd	Director
			Tanveer Food Ltd.	Director
			Tanveer Steel Mills Limited	Director
			United Sugar Mills Ltd.	Director
			Kamal Trading Co.	Director
			Unique Hatchery & Feeds Ltd	Director
			Janata Flour & Dal Mills Ltd.	Director
			Meghna Shipbuilders & Dockyard Ltd	Director
			Tanveer Paper Mills Ltd.	Director
			Surma Mustard Oil Mills Ltd	Director
			Dhaka Plastic Bottle (PET) Ind. Ltd	Director
			Meghna Properties Limited	Director
			Global Ad Star Bag. Ind. Ltd	Director
			Tasmin Chemical Complex Ltd.	Director
			Sonargaon Salt Industries Ltd	Director
			Dhaka Securities Limited	Director
			Tasnim Condensed Milk Ltd.	Director
			Meghna Seeds Crushing Mills Ltd.	Director
			Fresh Cement Industries Ltd.	Director
			Tanveer Printing and Packaging Ind. Ltd.	Director
			Meghna Milk Products Limited	Director
			Meghan Electricity Generation Co. Limited	Director
			Meghna Aviation Ltd.	Director
			Meghna Edible Oil Refinery Limited	Director
			Meghna Chicks & Farms Limited	Director
Megna Pulp & Paper Mills Ltd	Director			
A.Class Builders Limited	Director			
USB International Lines Limited	Director			
Tanveer Oils Ltd.	Director			
Meghna Tea Company Limited	Director			
United Salt Industries Ltd	Director			
10	Mr. Humayun Kabir	Director	Bengal Plastic Industries Limited	Director
			Bengal Adhesive & Chemical Products Limited	Director
			Bengal Overseas Corporation Limited	Director
			Power Utility BD Limited	Director
			Bengal Petrochem and Synthetic Textiles Ltd.	Director
			Romania Food & Beverage Limited	Director
			Bengal Plastic Pipes Limited	Director
			Hemilton Metal Corporation Limited	Director
			Polycord Limited	Director
			Romania Agrovet Limited	Director
			Bengal Poly Paper and Sack Limited	Director
			Bengal Corrugated Carton Limited	Director
			Bengal Feed and Fisheries Limited	Director
			Bengal Renewable Energy Limited	Director
			Bengal Polymer Wares Limited	Director
Bengal Windsor Thermoplastics Limited	Managing Director			
Bengal Concept & Holdings Limited	Managing Director			
National Television Ltd. (RTV)	Managing Director			

SI. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
11	Mrs. Shahana Yasmin	Director	Farzan Fising	Proprietor
12	Mrs. Sultana Jahan	Director	Matrix Sweaters Limited	Director
			Starlight Sweaters Limited	Director
			Raidha Collections Limited	Director
			Starlight Knitters Limited	Director
			Labib Fashions Limited	Director
			Excel Sweaters Limited	Director
			Sweater Cottage Limited	Director
			Juthi Packaging Industries Limited	Director
			Labib Dyeing Mills Limited	Director
			Nice Cotton Limited	Director
			Labib Polutry & Fisheries Limited	Director
			Excel Telecom (Pvt) Limited	Director
			Raidha & Rabeya Agro Complex Ltd	Director
			Raidha Poultry & Fisheries	Proprietor
13	Mr. Md. Abul Hossain (Representing S. Jute Industries Limited)	Director	S. Jute Industries Limited	Managing Director
			Golden Resources (Pvt) Limited	Managing Director
			A. H. Jute Spinners & Belting Ltd	Managing Director
			Samsunnahar Jute International Limited	Managing Director
			D. S. Jute Mills Limited	Managing Director
			A. H Builders Limited	Managing Director
			H. Auto Bricks Limited	Managing Director
14	Mr. A Mannan Khan	Director	Mango Teleservices Limited	Chairman
			Mango Electronics Limited	Chairman
			Communications Solution Limited	Chairman & CEO
			Mango Holdings Limited	Managing Director
			Playpen School	Managing Partner
15	Mrs. Ferdousi Islam	Director	China Bangla Ceramic Industries Ltd	Chairman
			Bengal Tiger Cement Industries Limited	Director
			Trustee Securities Ltd	Managing Director
			Bajnabo Textile Mills Ltd	Chairman
			China Bangla Engineering & Technology	Chairman
			Northern General Insurance Co. Limited	Director
			Total Merchandizing and Trims Limited	Director
			United Shipping Lines Limited	Director
			Azbal International Limited	Chairman
			Dhaka Foshan Mould Co. Limited	Director
			Preema Enterprise (Pvt) Limited	Director
			Sommit Enterprise Limited	Director
Global International Limited	Director			
16	Mr. Mohammad Ali Talukder	Director	D & S Pretty Fashions Ltd.	Director
			Pan Pacific Sweaters Ltd.	Director
			S. Suhi Industrial Park Ltd.	Director
			Pretty Wool ware Ltd.	Director
			Pretty Engineering Ltd.	Director
			Pretty Steel Mills Ltd.	Director
			Pretty Composite Textile Ltd.	Director
			Pretty Real Estate Ltd.	Director
			Pretty Sourcing & Inspection BD Ltd.	Director
			Pretty Auto Bricks Ltd.	Director
			Pretty Sweaters Ltd.	Director
			Kaveri Sweaters Ltd.	Director
			Provati Insurance Company Ltd.	Director



Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
17	Mr. Yousuf Ali (Representing Meghna Flour & Dal Mills Limited)	Director	Meghna Flour & Dal Mills Limited	Managing Director
			Agro Crop International	Owner
18	Mr. Md. Mahbubur Rahman	Director	Mona Financial Consultancy & Securities Limited	Company Secretary
19	Mr. Md. Didarul Alam	Director	Taher & Company Limited	Managing Director
			Golden Oxygen Limited	Managing Director
			Al Haj Mostafa Hakim Cement Industries Ltd.	Managing Director
			Al Haj Mostafa Hakim Housing and Real Estate Ltd.	Managing Director
			T. R. Ship Breakers Limited	Managing Director
			T. R. Fishing Limited	Managing Director
			Golden Bricks Works Limited	Director
			M/s. Didarul Alam & Brothers	Director
			S B Corporation	Director
			Kumira Ship Breakers Limited	Director
20	Mr. Md. Mizanur Rahman	Managing Director & CEO	-	-

### Highlights on the Overall activities

as at and for the year ended 31 December 2014

SI No.	Particulars		2014	2013
1	Paid-up capital	Taka	4,520,000,000	4,520,000,000
2	Total capital	Taka	4,949,306,594	4,579,116,831
3	Capital surplus	Taka	949,306,594	579,116,831
4	Total assets	Taka	16,375,015,081	7,874,922,250
5	Total deposits	Taka	9,838,130,662	1,679,697,236
6	Total loans and advances	Taka	4,130,896,469	34,712,440
7	Total contingent liabilities and commitments	Taka	1,632,307,547	156,211,000
8	Credit deposit ratio	%	41.99%	2.07%
9	Percentage of classified loans against total loans and advances	%	-	-
10	Profit after tax and provision	Taka	306,298,541	56,910,293
11	Amount of classified loans	Taka	-	-
12	Provisions kept against classified loans	Taka	-	-
13	Provision surplus/(deficit) against classified loans	Taka	-	-
14	Cost of fund	%	12.26%	12.25%
15	Interest earning assets	Taka	15,653,705,947	7,398,009,680
16	Non-interest earning assets	Taka	721,309,134	476,912,570
17	Return on investment (ROI)	%	6.46%	1.24%
18	Return on assets (ROA) [PAT/ Average assets]	%	2.53%	0.72%
19	Income from investment	Taka	535,045,715	-
20	Capital adequacy	%	51.09%	150.36%
21	Stock dividend		-	-
22	Earnings per share	Taka	0.68	0.13
23	Net income per share	Taka	0.68	0.13
24	Price earning ratio	Times	-	-

## Segment Reporting

As at December 31, 2014

### Segment Reporting

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


### Disclosure

<u>Particular</u>	<u>Branch Banking</u>	<u>Treasury Division</u>	<u>Total</u>
<b>External Revenue</b>			
Interest Income	277,598,232	1,299,705,367	1,577,303,599
Less: Interest Expense	508,125,849	513,711,399	1,021,837,247
<b>Net Interest Income</b>	<b>(230,527,616)</b>	<b>785,993,968</b>	<b>555,466,352</b>
Commission, exchange and brokerage	16,256,711	31,892,272	48,148,983
Capital gain	-	194,283,909	194,283,908
Other Income	8,512,317	6,500	8,518,817
<b>Operating Income</b>	<b>(205,758,589)</b>	<b>1,012,176,649</b>	<b>806,418,060</b>
Less: Administrative Expense	114,731,541	193,985,857	308,717,397
<b>Profit</b>	<b>(320,490,130)</b>	<b>818,190,792</b>	<b>497,700,662</b>
<b>Inter-Segment Revenue</b>	-	-	-
<b>Total Segment profit before provision</b>	<b>(320,490,130)</b>	<b>818,190,792</b>	<b>497,700,662</b>
<b>Segment Assets</b>	<b>9,420,039,953</b>	<b>6,954,975,128</b>	<b>16,375,015,081</b>
<b>Segment Liabilities</b>	<b>10,069,016,892</b>	<b>1,405,718,056</b>	<b>11,474,734,948</b>



# BRANCH LOCATION



 **Branch of Modhumoti Bank Limited**

## Branch & ATM Network

### Motijheel Branch

DCCI Building  
65-66, Motijheel C/A  
Dhaka-1000.  
Phone : 8802 9586686, 9586687  
Fax : +8802 9583807,  
Manager:+88 01715012503  
E-Mail: talib@modhumotibankltd.com  
**Manager:** Mr. Sheikh Talibur Rahman  
Senior Executive Vice President

### Ashulia Branch

Jamgora (Shimultola)  
Alia Madrasha,  
Yearpur,  
Ashulia,  
Dhaka.  
Manager: +88 01713444220.  
E-Mail: mahb@modhumotibankltd.com  
**Manager:** Mr. Md. Mahboobur Rahman  
First Vice President

### Kanaipur Branch

Kanaipur Bazar,  
Thana- Faridpur Sadar,  
Faridpur,  
Manager: +88 01719632906.  
E-Mail: kzaman@modhumotibankltd.com  
**Manager:** Mr. Md. Kayum Zaman  
First Vice President

### Mitford Branch

57 Mitford Road, Dhaka  
Mob: 01711566486  
Manager: +88 01719632906  
E-Mail: kabir.humayun@modhumotibankltd.com  
**Manager:** Mr. Shah Md. Humayun Kabir  
Vice President

### Modhumoti Agrabad

Dar- E-Shahidi; 69 Agrabad C/A,  
Chittagong  
Manager: +88 01711350395.  
E-Mail: moklesur.rahman@modhumotibankltd.com  
**Manager:** Mr. Moklesur Rahman  
Senior Vice President

### Modhumoti Kanchon

Mouja: Kanchon, Ward# 06,  
Union: Kanchon, Thana: Rupgonj,  
Dist:Narayangong  
Manager: +88 01711902487.  
E-Mail: Jahangir.alam@modhumotibankltd.com  
**Manager:** Mr. Jahangir Alam  
Assistant Vice President

### Amberkhana Branch

Amin Complex (1st Floor)  
Holding # Weavs 80-A/1  
Airport Road, Sylhet.  
Manager: +88 01611449915  
E-Mail: touhidur.rahman@modhumotibankltd.com  
**Manager:** Mr. Md. Touhidur Rahman  
Assistant Vice President

### Gulshan Branch

75, Gulshan Avenue,  
Gulshan, Dhaka.  
Phone : 9860392,9860332  
Manager: +8801914743359  
E-Mail: naim@modhumotibankltd.com  
**Manager:** Mr. Naim Md. Abdur Rashid  
Senior Executive Vice President

### Jinnahnagar Branch

Jinnahnagar,  
Thana- Moheshpur,  
Jhenaidah  
Manager: +88 01914948576  
E-Mail: asfakur.rahaman@modhumotibankltd.com  
**Manager:** Mr. Md. Asfakur Rahaman  
First Assistant Vice President

### Modhumoti Sakhipur

Sakhipur,Tangail  
Manager:+8801732660456  
E-Mail: asad@modhumotibankltd.com  
**Manager:** Mr. Mohd. Asaduzzaman  
Vice President

### Modhumoti Uttara

Singapur Plaza,  
Plot-17,Road-2, Sector-3;  
Uttara, Dhaka.  
Manager: +88 01713329380  
E-Mail: aiakhand@modhumotibankltd.com  
**Manager:** Mr. Atiqul Islam Akhand  
Vice President

### Modhumoti Aganagar

Alam Tower, East Aganagar,  
Aganagar Union, Keranigong, Dhaka  
Manager:+ 88 01670742586  
E-Mail: kamrul.anam@modhumotibankltd.com  
**Manager:** Mr. Mohammad Kamrul Anam Khan  
Assistant Vice President

The Bank has already set up its own ATMs beside its branches through sharing Q-Cash branded largest Shared ATM/POS network in Bangladesh to provide services to its clients. In the meantime, the Bank has established such 12 ATMs.

## Foreign Correspondent Bank Network

Foreign Correspondent/Bank Name	Country
Mizuho Bank, Ltd. Sydney Branch	Australia
Korea Exchange Bank, Bahrain Branch	Bahrain
Mashreq Bank, Bahrain	Bahrain
Belfius Bank Sa/Nv	Belgium
Bank Of Wenzhou (Formerly Wenzhou City Commercial Bank)	China
China Everbright Bank	China
Bank Of Communications	China
Bank Of Ningbo	China
Industrial Bank Co.Ltd.	China
Industrial Bank Of Korea (China) Limited	China
Mashreq Bank, Egypt	Egypt
Mizuho Bank, Ltd. Duesseldorf Branch	Germany
National Bank Of Pakistan, Frankfurt	Germany
AB International Finance Ltd	Hongkong
MashreqBank Psc., Hong Kong Branch	Hongkong
The Bank Of New York Mellon, Hong Kong Branch	Hongkong
NBI HF	Iceland
Arion Bank	Iceland
AB Bank Limited- Mumbai Branch	India
Sonali Bank Kolkata	India
ICICI Bank Limited	India
Mashreq Bank, India	India
United Bank Of India	India
Bank Of China, Jakarta Branch	Indonesia
Unicredit S.P.A.	Italy
BancaUBAE SPA	Italy
BancaPopolareDell'emilia Romagna	Italy
Mizuho Bank, Ltd. Milan Branch	Italy
Korea Exchange Bank	Japan
National Bank Of Pakistan	Japan
Mizuho Bank, Ltd.	Japan
Busan Bank	Korea
Industrial Bank Of Korea	Korea
Korea Exchange Bank	Korea
Woori Bank, Seoul	Korea
Mashreq Bank, Kuwait	Kuwait
Mizuho Bank (Malaysia) Berhad	Malaysia
Deutsche Bank A.G. Amsterdam	Netherland
United Bank Limited, Doha	Qatar
Mashreq Bank, Qatar	Qatar
National Bank Of Pakistan	Saudi Arabia
ICICI Bank Limited, Singapore Branch	Singapore
Korea Exchange Bank, Singapore Branch	Singapore
Mizuho Bank, Ltd. Singapore Branch	Singapore
Caixabank, S.A.	Spain
Commercial Bank Of Ceylon Plc	Sri Lanka
Habib Bank Ag Zurich	Switzerland
NeueAargauer Bank AG	Switzerland
UBL (Switzerland) AG/ United Bank A.G., Zurich	Switzerland
Mizuho Bank, Ltd.,Taipei Branch	Taiwan
The Bank Of New York Mellon, Taipei Branch	Taiwan
Mizuho Bank, Ltd., Bangkok Branch	Thailand
Bank Of Ayudhya Public Company Limited	Thailand
TekstilBankasi A.S.	Turkey
TurkiyeGarantiBankasi A.S.	Turkey
Habib Bank Ag Zurich	UAE
ICICI Bank Limited, UAE Branch	UAE
Mashreq Bank Psc.	UAE
Habib-UK Plc	UK
Korea Exchange Bank	UK
Mashreq Bank Psc, London Branch	UK
United National Bank	UK
Mashreq Bank Psc., New York Branch	USA
Habib American Bank	USA



## List of Executives

### Managing Director & CEO

Mr. Md. Mizanur Rahman

### Additional Managing Director

Mr. Md. Shafiul Azam

### Senior Executive Vice President

Mr. Sheikh Talibur Rahman  
Mr. Khondaker Rahimuzzaman  
Mr. Naim Md. Abdur Rashid

### Executive Vice President

Mr. Md. Shaheen Howlader  
Mr. Sufi Tofail Ahamed

### Senior Vice President

Mr. Javed Khan  
Mr. Moklesur Rahman  
Ms. Fahmida Saeed Saki

### Vice President

Mr. Shaikh Mohammed Shoieb  
Mr. Arif Hasan Khan  
Mr. Shah Md. Humayun Kabir  
Mr. Mohd. Asaduzzaman

Mr. Md. Zainul Abedin  
Mr. A H M Masud Murshed  
Mr. Atiquel Islam Akhand  
Mr. R.M. Sariful Islam

### First Vice President

Mr. Biswas Arifur Rahman  
Mr. Md. Mahboobur Rahman  
Ms. Hasi Rani Bepari  
Mr. Md. Sharif Uddin Ahammed-Al Mahmud

Mr. Md. Kayum Zaman  
Mr. Azim Salam Khan  
Mr. Mohammad Haider Ali Sikder  
Mr. M. M. Moinul Kabir

### Assistant Vice President

Mr. Md. Abdus Selim  
Mr. Md. Gias Uddin  
Mr. K. M. Murshed Kabir  
Mr. Mohammad Najib Ullah  
Mr. Mohammad Mahmud Hasan  
Mr. S. M. Imran Alam  
Mr. Muhammad Imran Alam  
Mr. Jahangir Alam  
Mr. Kawsar Ahamad

Mr. Md. Monirul Islam  
Mr. Kazi Asif Mahbub  
Mr. Md. Mojammel Hoque  
Mr. Ashutosh Talukder  
Mr. Md. Touhidur Rahman  
Mr. Md. Abdullah Al Mamun  
Mr. K M Mowla Boksh  
Mr. Mohammad Kamrul Anam Khan  
Mr. S.M. Ashikur Rahman

## Notice of the Second Annual General Meeting

Notice is hereby given to all members of Modhumoti Bank Limited that the Second Annual General Meeting of the shareholders of the company will be held on Monday, the 14<sup>th</sup> September 2015 at 12:30 p.m. at Radisson Blu Water Garden Hotel Dhaka to transact the following businesses and adopt necessary resolutions:

### A g e n d a

1. To receive, consider and adopt the Audited Financial Statements for the year ended on 31<sup>st</sup> December 2014 together with Directors' Report and Auditors' Report thereon.
2. To declare dividend for the year ended on 31<sup>st</sup> December 2014 as recommended by the Board of Directors.
3. To elect/re-elect Director(s) as per provisions of Articles of Association of the Company and prevailing laws/regulations.
4. To appoint Auditor(s) for the term until conclusion of the next Annual General Meeting and to fix their remunerations.
5. To transact any other business with the permission of the Chair.

By order of the Board of Directors

August 30, 2015  
Dhaka

Sd/-  
**Ashutosh Talukder**  
Company Secretary (C.C)

### Notes:

- a. The Members (Sponsors) whose names appear in the Register of the Company shall attend the AGM.
- b. Any Member (Sponsor) 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 (Sponsor) 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 @ 5.00%, i.e., at the rate of Tk.0.50 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. Hoda Vasi Chowdhury & Co, Chartered Accountants as External Auditors of the Bank as they are eligible for re-appointment for next term according to Bangladesh Bank Circular No. BCD(P)748/3/546 dated 31.03.1991.
- f. Members (Sponsors) are requested to notify the change of address, if any, well in time.

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Registered Office: Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000



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 Second Annual General  
Meeting of the Bank to be held on Monday, the 14<sup>th</sup> September 2015 at 12:30 p.m at  
Radission Blu Water Garden Hotel Dhaka and at any adjournment thereof and the poll that  
may be taken in consequence thereof.

As witness my/our hand this ..... day of ..... 2015.

..... (Signature of the Proxy) Date : .....	----- ----- Revenue Stamp ----- -----	..... Signature of the Shareholder(s) Registered Folio : ..... No. of Shares held : ..... Date : .....
---	---	--

Signature Verified

Authorized Signature

#### Notes:

1. A Shareholder entitled to attend and vote at the Second 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 Second Annual General Meeting of Modhumoti Bank Limited on Monday, the 14<sup>th</sup> September 2015 at 12:30 p.m at Radission Blu Water Garden Hotel Dhaka.

Name of Shareholder(s)/Proxy : .....  
Registered Folio No.: .....

.....  
Signature(s) of Shareholder(s)/ Proxy







**HEAD OFFICE:**

DCCI Building (3<sup>rd</sup> & 4<sup>th</sup> Floor), 65-66 Motijheel C/A, Dhaka-1000  
Phone: +8802-9583808, +8802-9583809, Fax: +8802-9583803, +8802-7126002  
[www.modhumotibankltd.com](http://www.modhumotibankltd.com)