

EXPLORING LIGHT



ANNUAL REPORT
2019

ANNUAL REPORT 2019

The whole world is now passing through unprecedented time due to sudden, devastating outbreak of COVID-19. No doubt that the world economy is witnessing what it has not experienced for almost last hundred years. Still the experts are seeing hope, as history upholds the winning story of human always! No matter the extent of adversities, human wins anchoring through exploring lights of hope. A new term, 'New normal', has been introduced in the society assuming many social customs, politics, trade and way of doing business, in most probability, will not be the same again.

Modhumoti Bank has been continuing its operations since inception with an aim to become a safer, more agile and customer focused organization whilst increasing sustainable profitability. The Management of the Bank is keen to continue developing attitude of service to customers as well as expertise all-through the Bank taking into account the learning from 'new normal' raised from Covid-19 pandemic.

Modhumoti Bank is the only commercial bank in Bangladesh so far, who has been awarded Gold Dealer registration by Bangladesh Bank in 2019. Besides, we have introduced app based banking naming 'Go Smart' in addition to our existing products and services. The Management believes in the winning history illustrating the stories that change the history severally! Yes, we are preparing ourselves for the new normal!



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Letter of **Transmittal**

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

Sub: **Annual Report for the year ended 31 December 2019**

Dear Sir(s),

We are pleased to present Annual Report 2019 together with the audited financial statements including balance sheet as at 31st December 2019 and profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31st December 2019 along with notes thereto of Modhumoti Bank Limited for your kind information and record.

Yours truly,

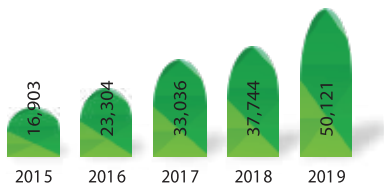
Sd/-

Ashutosh Talukder
Company Secretary

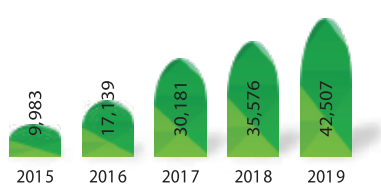
Highlights

Financial position & performance related information for the year 2019

Deposits

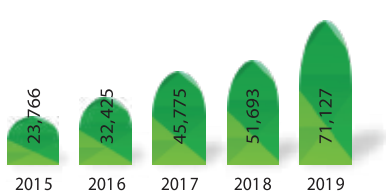


Loans

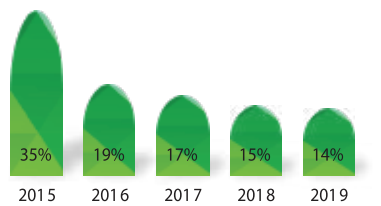


- Deposits increased by 33%
- Loans increased by 19%

Total Assets

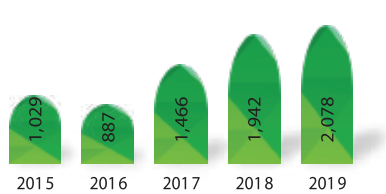


CRAR

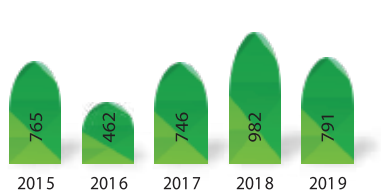


- Total Assets increased by 38%
- CRAR is adequate to exceed regulatory limit of 12.50%

Operating Profit

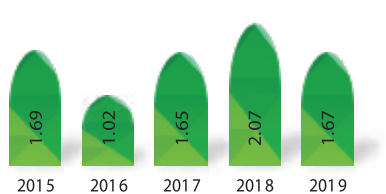


Net Profit after Tax (NPAT)

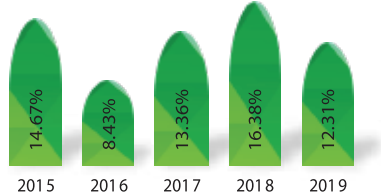


- Operating profit increased by 7%
- NPAT decreased due to maintenance of 100% provision

EPS

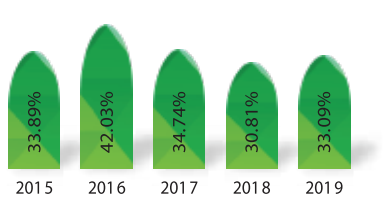


ROE

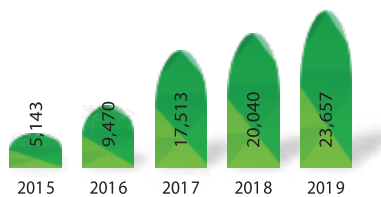


- EPS decreased due to decrease of NPAT
- ROE decreased due to decrease of Retained Earnings

Cost to Income Ratio

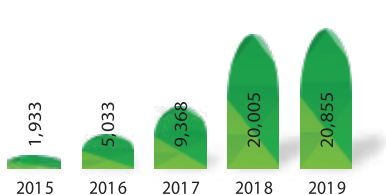


Import

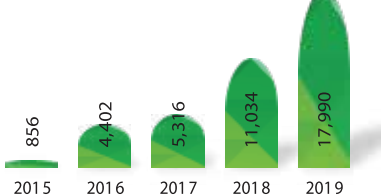


- Cost to Income Ratio is 33%
- Import business increased by 18%

Export



Guarantee Business



- Export business slightly increased by 4%
- Guarantee business significantly increased by 63%

Chronicles

Application for Bank License, 29 November 2011
Obtained Letter of Intent (LOI) from Bangladesh Bank, 17 April 2012
Certificate of Incorporation, 4 June 2013
Commencement of Business, 4 June 2013
Obtained Banking License, 9 June 2013
Launching Ceremony, 6 July 2013
Started banking operation, 19 September 2013
Statutory Meeting of the Shareholders, 6 May 2014
First Annual General Meeting, 25 November 2014

Division-wise First Branch Opening

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

Off-shore Banking Operation

Obtained license for Off-shore Banking (OBU), 02 April 2015
Launched OBU, 23 September 2015

Agent Banking Operation

Signed agreement with Access to Information (a2i), PMO, 17 June 2015
Obtained license for Agent Banking, 30 June 2015
Unveiled logo for Agent Banking operations, 14 September 2015
First Digital Point (Agent Centre), 04 February 2016

Business Automation

Bank Ultimus Core Banking Software Roll out, 19 September 2013
Launched First ATM Booth at Motijheel Branch, 30 June 2014
Real Time Gross Settlement System (RTGS), 22 October 2015
Launched 'VISA' Credit Card, 12 January 2016
Launched 'VISA' Debit Card, 21 March 2017
Central Trade Processing Unit (For facilitating Non-AD Branches), 11 May 2017
NID Verification with Election Commission, 19 June 2017
Launching of 'Go Smart' App for Internet Banking facility, 19 September 2019
Introduction of Human Resource Information System (HRIS)-Empress, December 2019
Centralization of Payroll Management, January 2019
Centralization of Fixed Assets Management, December 2019
Modhumoti helpline 24/7 (16347)

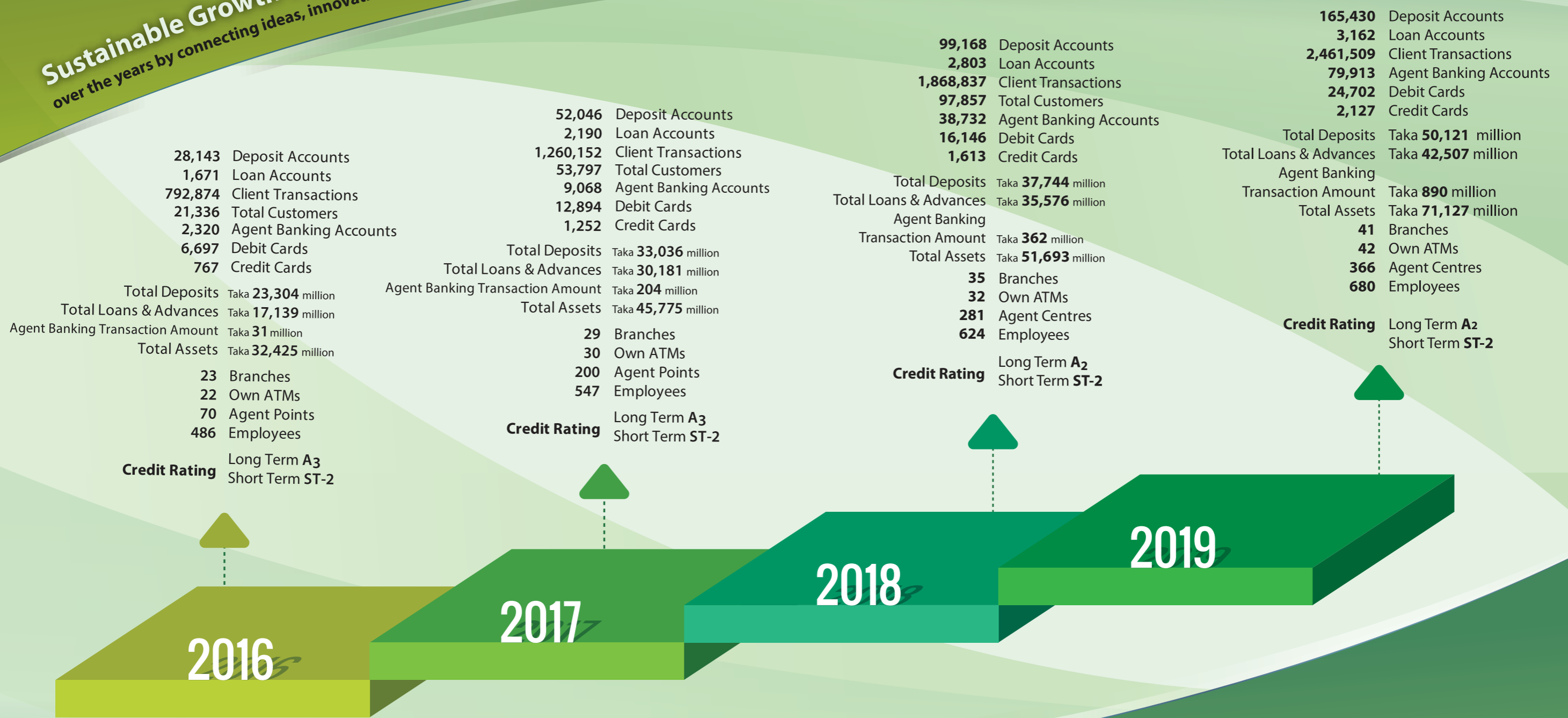
Value Added Services

Launched Privilege Banking service for freedom fighters, 13 March 2014
Launched Priority Banking service at Gulshan Branch, Dhaka, 01 September 2014
Launched Priority Banking Service at Agrabad Branch, Chattogram, 25 September 2016
Unveiled Luxurious Lounge at the International Terminal of Shah Amanat International Airport, Chattogram, 28 November 2019



Sustainable Growth Trajectory

over the years by connecting ideas, innovations and aspirations



Glimpse of the Sixth Annual General Meeting



Notice of the **Seventh Annual General Meeting**

Notice is hereby given to all Members of Modhumoti Bank Limited that the Seventh Annual General Meeting of the Members of the Company will be held on Thursday, the 17th September 2020 at 3:30 p.m. at the Head Office of the Bank at Khandker Tower (Level 8), 94 Gulshan Avenue, Dhaka-1212 to transact the following businesses and adopt necessary resolutions:

AGENDA

- a) To receive, consider and adopt the Audited Financial Statements for the year ended on 31st December 2019 together with Directors' Report and Auditors' Report thereon.
- b) To declare dividend for the year ended on 31st December 2019.
- c) To elect/re-elect Director(s).
- d) To appoint Auditor(s) for the term until conclusion of the next Annual General Meeting and to fix their remuneration.
- e) To elect/appoint Independent Director(s).
- f) To transact any other business with the permission of the Chair.

By order of the Board of Directors

Sd/-

Ashutosh Talukder

Company Secretary

September 03, 2020

Dhaka

Notes:

- a. The Register of Members and Share Transfer Books of the Company shall remain closed from 03 September 2020 to 17 September 2020 (both days inclusive). The Members whose names appear in the Register of the Company shall attend the AGM and qualify for dividend.
- b. Any Member of the Company entitled to attend and vote at the general meeting may appoint a Proxy to attend and vote on his/her behalf. No person shall be appointed a Proxy who is not a Member of the Company and qualified to vote save that a company being a Member of the Company may appoint as its representative any person whether Member of the Company or not. The Proxy Form duly filled in and signed by the Member and stamped, must be submitted at the Registered Office of the Company at least 48 (forty eight) hours before the meeting.
- c. The Board of Directors has recommended a total of 10% dividend, of which cash dividend @ 4.5%, i.e., at the rate of Tk. 0.45 against per share of Tk. 10.00 each and stock dividend @ 5.5%, i.e., 11 bonus shares against holding of each 200 shares.
- 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. MABS & J Partners, Chartered Accountants, as External Auditors of the Bank.
- f. A Member may join the Meeting virtually and the participation process will be notified in details to the respective Member's email address and by SMS. Members are requested to notify the change of address, email address or cell number, if any, well in time.

Scope & Boundary

It is our immense pleasure to present to our shareholders Annual Report 2019, which has been prepared aiming to communicate how effectively the Bank, as a financial institution, has managed business & growth of its portfolios in the reported year to deliver consistently increased value to its stakeholders. Not to comply only with regulatory obligation, it encompasses the efforts the Bank has undertaken towards contributing to economic prosperity, environmental sustainability and social well-being for a sustainable tomorrow.

Scope and Boundary

The Report covers the period starting from 1st January 2019 to 31st December 2019. The scope of our Annual Report comprises of activities of the Bank that have been carried out within the geographical boundary of Bangladesh, but includes that of Off-shore Banking Unit (OBU). It is to be noted that the Bank does not have any operation in other countries.

Unless indicated otherwise, all data pertains to the Company and its business units. In explaining the Bank's operations and financial performance, we have extracted the financial information from the Audited Financial Statements for the financial year ended 2019 with relevant comparative information. The financial statements consistently comply with the requirements of:

- International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS);
- The Companies Act 1994;
- Bank Companies Act 1991 (as amended up to the date);
- Securities and Exchange Rules 1987;
- Relevant rules and regulations of Bangladesh Bank;
- Other applicable laws and regulations of the land.

The disclosure of non-financial information has been extracted from internally-maintained records reported for the statement of financial position, unless otherwise stated that it has been extracted from a reliable source. Due approval has been obtained from the Board of Directors (Board) for all materials that significantly matters, such as Financial Statements, Directors' Report etc. The Director's Report to the Shareholders is prepared under section 184 of the Companies Act 1994, includes few additional statements that referred to the Corporate Governance Code dated June 03, 2018 issued by Bangladesh Securities and Exchange Commission (BSEC). In presenting the Report, checklist applicable for a banking company issued by the Institute of Chartered Accountants of Bangladesh (ICAB) has been followed, as much as possible.

External Assurance

The Bank has obtained external assurance on the following reports in the reporting period under consideration:

Description of Report	External Assurance
Financial Statements Audit Report	MABS & J Partners , Chartered Accountants, an independent member firm of Nexia International, UK.
Provident Fund Financial Audit	MABS & J Partners , Chartered Accountants
Credit Rating	Credit Rating Agency of Bangladesh Limited (CRAB)

Comparability & Materiality

There have not been any significant changes to the scope, boundary and reporting basis since the last reporting date as of December 31, 2018. All the information presented in this report is on the same basis as the 2018 report in terms of the entity covered, the measurement methods applied and time frames used except a new reporting standard i.e. IFRS 16 has been followed in preparing the financial statements for the year 2019, since IFRS 16 'Leases' replaces IAS 17 'Leases' along with other related Interpretations. Ratios used are comparable across the industry. The information provided covers all material matters relating to business strategy, risk and areas of critical importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication to our stakeholders.

Availability of the Annual Report

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

Responsibility and Integrity of the Report

I, as Managing Director & CEO of Modhumoti Bank Limited, acknowledge that reasonable care has been taken in ensuring the integrity of this Annual Report and this report has been done through collaborative and collective efforts of the stewardship which ensures transparency and accountability and played its part in identification, prioritization and communication of material matters to best serve the information needs of our stakeholders, which should be read in conjunction with the audited financial statements for the year 2019.

Best Regards,



Md. Shafiu Azam
Managing Director & CEO



Statement Regarding Forward Looking Approach

Our values underpin everything we do for success: Respect, Integrity, Service, Excellence and Stewardship

Business Model

Modhumoti Bank Limited has been continuing its operation since inception with an aim to become a safer, more agile and customer focus organization whilst increasing profitability. We are creating a responsible business model through a bundle of excellent products & services that will always meet customers' needs and a culture where everyone puts customers first for creating difference in lives, the Bangladesh economy and the World at large.

Value Creation

We work together to help people rise, developing a strong value-based culture that enables us to serve our customers, to make a significant contribution to society, to reward shareholders and to protect ourselves from the reputational damage associated with both systematic & unsystematic risks. These will certainly be the key to our long-term success and to fulfilling our aim to attain the position as the best private commercial Bank for all the stakeholders.

Strong Base

We intend to create a strong and sound footing for the Bank based on the fundamentals of our balance sheet and working on further strengthening our liquidity, capital and reserves, improve on quality and appropriate

mix of assets & liabilities and also adopting risk mitigation measures against market risk, interest rate & other Pillar-2 risks for maximizing shareholder value, which will always be continued and reflected in our 'strong balance sheet'.

Technology in Banking Operation

We commit to meet our customers' needs effectively in this new world of technology and working further towards establishing a very effective banking operational environment which is being run by the latest technology, necessary tools & applications and will be continuing keeping pace with the rapid change in technology for improving our service to customers faster, more convenient and with more extensive tailored propositions to meet their needs, which will obviously bring new opportunities for all stakeholders.

Customer Loyalty

We aim to serve all our customer segments in the best manner, which is truly fair and inclusive, and will continue materially deepen and broaden our reach, delivering differentiated service to the full range of customers – corporate, SME and retail, urban and rural, through innovation in products, processes and technology for making it easy for them to find, understand and access products that are justly right for them, whatever their circumstances, to be succeed with customer loyalty.

Risk Mitigation

We firm on improving loan work out strategies, introducing technology in various phases of approval of loans and advances, both funded and non-funded, diversifying risks for a balanced growth of lending by emphasizing more on small and medium sized enterprises, strengthening monitoring and supervision activities to keep quality asset portfolio and will be continuously keep efforts to excel in risk management capabilities and developing appropriate financial risk modeling and monitoring to restrict NPL at a tolerable low level and recovery of NPL will always get priority in Bank's to-do list as it will directly make the bottom line healthier.

Cost Management

We plan to serve our customers efficiently, for which cost management is our strategic priority and will continue maintaining our competitive advantage in cost leadership by achieving an ideal deposit mix through attracting "low-cost, no-cost" deposits, that will enable lending at a lower interest rate to the businesses, which is very much aligned with the tone of our business model.

IT Infrastructure & Control

We believe that digital technology has radically changed people's lives and has brought many untold benefits, but unfortunately it has also brought cybercrime, and defending against cybercrime is one of our most important as well as most urgent priorities and will continue investing in IT controls & infrastructures gradually to protect our customers, systems, i.e., the Bank and Society as a whole.

Aspects for Sustainability

We wish to accelerate the transition to a green future, recognize our responsibility on sustainable development,

increasingly emphasizing on environmental management system in bank-financed projects, maintaining strict compliance and good governance in norms and regulations to ensure long term sustainability and will, therefore, work constructively with all of our stakeholders to find the right balance.

Recognition & Reward

We emphasize on philosophy where everyone feels himself rewarded and will continue offering rewards, where colleagues will be rewarded for performance aligned to the long-term sustainable success of the business, building trust and adopting changes in culture, while shareholders will be rewarded with lucrative returns and customers will be happier for efficient services at lower cost, and resulting all will create more employment and income, increasing GDP, ultimately development of the nation.

Disclaimer

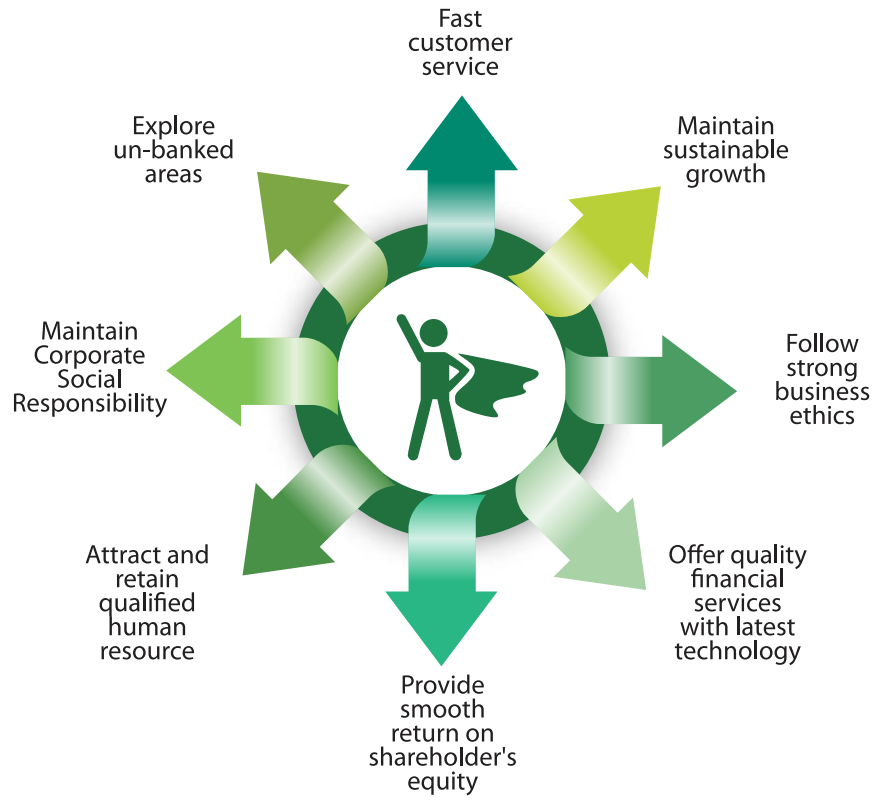
Our future is not entirely within our own hands. The global economic environment and the Bangladesh Economic outlook including fixation of current low interest rates mean it has become more challenging for the Bank to achieve growth at the same pace like previous years. Our results presented in the highlights indicate that our strategy is working. It is important to focus on where we can be strong and effective, but also different. The Board and the Management team recognize that there is still work to do. The underperforming areas have been clearly identified and are receiving the appropriate strategic attention and indeed investment where that makes sense. Although achievement of growth targets and our aspirations stated in this forward looking statement may not be guaranteed as there are many macro-economic uncertainties as well as unforeseen risks, the Management team does relentlessly focus on delivering improvements ahead.

VISION



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

MISSION



CORE VALUES

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



OUR COMMITMENT



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

Culture

Our Culture is expressed in the phrase 'creating opportunities to rise'. We understand that our ability to succeed ultimately depends on our culture, our strategies at all levels, compliance to stewardship and responsibility. As an important determinant of the culture, we wish to build dynamic and engaged leadership teams who are charged with, living the Bank's values each day and holding themselves accountable and responsible for the business, celebrating success and learning from their mistakes.



Brand

Our values underpin everything we do: Respect, Integrity, Service, Excellence and Stewardship. We support sustainable and inclusive growth by connecting the ideas, innovations and aspirations of our customers and clients to the capital that can bring them to life.

Continuously improve and promote Products and Services in a manner to create a unique experience that will be inspiring for the customers to remain connected.

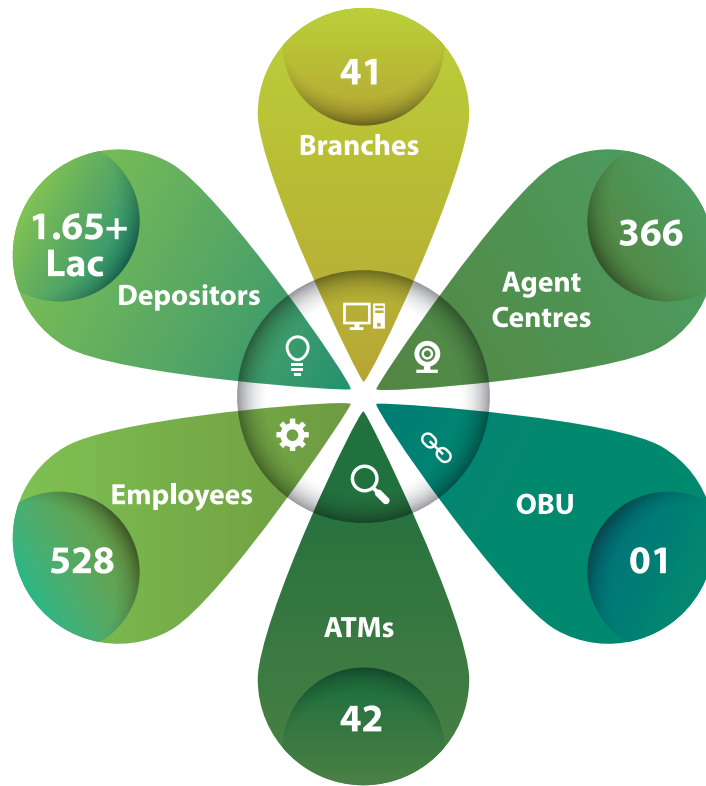


Teamwork

- We remain committed to helping to make our world more sustainable, more inclusive and more connected.
- We work together as a team based on mutual respect and dignity.
- We are passionate about constant improvement and innovation excellence and efficiency.
- We are committed to delivering outstanding performance and superior service.
- We are honest, professional and ethical in all our dealings.
- We continuously build long-term and mutually beneficial partnerships.
- We know that fulfilling our promises will build trust and create mutual respect among our stakeholders.
- We empower colleagues, motivate and engage them to do their best work, develop them and build their career and support their health and well-being.



Corporate Profile



Modhumoti Bank Limited (the 'Bank') is a scheduled commercial bank in Bangladesh promoted by some visionary entrepreneurs having long sound background & adequate skill & capability for leading towards success. The Bank was incorporated in Bangladesh as a public limited company under the Companies Act 1994 and established to run as per provision of the Bank Company Act 1991 to carry out banking business for serving enterprises ranging from micro, small and medium enterprises and industries to large corporate houses keeping the tagline in mind, 'Your Access to Success'.

Modhumoti Bank Limited is the only commercial bank in Bangladesh so far, who has been awarded gold dealer registration by Bangladesh Bank in 2019. Besides, the Bank has been operating Off-shore Banking Unit (OBU) since 2015 as permitted by Bangladesh Bank. 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. It may be mentioned that the Bank has commenced its banking operation on September 19, 2013 focusing to be a responsible bank, which is not limited just to a stable financial institution with quality products, but also becoming an integral part of the community, help others go ahead for positive changes and improve the life of people around by providing stakeholders the highest level of stability, reliability, honesty and quality of services through practicing standard principles in accordance with the guidelines by Bangladesh Bank.

Since inception the Bank has been running its banking operation following the Bank Companies Act 1991 (as amended up to the date), Central Bank's (Bangladesh Bank) Regulations, Bangladesh Securities and Exchange Commission (BSEC) Rules & Regulations and all other laws & rules applicable in Bangladesh. The Bank is being run by a competent 'Management Team' under supervision of a strategic Board of Directors having passion to be a leading bank of the country. The Bank has 41 branches and 1 Off-shore Banking Unit as on 31 December 2019, (presently 44 branches) covering all the administrative divisions of the country. The Bank has already established 366 Agent Centres in UDCs under Agent Banking Operation with a view of financial inclusion.

Modhumoti Bank Limited is working to build a solid base of its asset portfolio which will be reflected in its 'strong balance sheet'. Maintaining capital adequacy, asset quality, strengthening liquidity position and adopting risk mitigation measures against market risk, interest rate & other Pillar -2 risks are the main parts of its business objectives.

The Bank has been continuing its operation since inception with an aim to become a safer, more agile and customer focus organization whilst increasing profitability. We are creating a responsible business model that will always meet customers' needs and a culture where everyone puts customers first. We aim to serve all our customers with the best manner which is truly fair and inclusive, making it easy for them to find, understand and access products that are right for them, whatever their circumstances.

We are working together to help people rise, which will certainly be the key to our long-term success and to fulfilling our aim to attain the position as the best private commercial Bank for all stakeholders.

Corporate Information

Legal Status	Public Limited Company
Date and Place of Incorporation	June 04, 2013, Dhaka, Bangladesh
Date of Commencement of Business	June 04, 2013
Banking License No. and date of obtaining banking license from Bangladesh Bank	বিআরপিডি (পি-৩)৭৪৫(৬৪)/২০১৩-২৭৩৭ June 09, 2013
Registered Office	Banglar Bani Bhaban, 81 Motijheel C/A, Dhaka-1000
Head office	Khandker Tower (Level 7 & 8) 94 Gulshan Avenue, Dhaka-1212 Email: info@modhumotibankltd.com Phone: 02-5506 8910

Chairman, The Board of Directors	Mr. Humayun Kabir
Chairman, Audit Committee of the Board	Mr. Shaikh Salahuddin, MP
Chairman, Executive Committee of the Board	Barrister Sheikh Fazle Noor Taposh
Chairman, Risk Management Committee of the Board	Mr. Mostafa Kamal
Managing Director & CEO	Mr. Md. Shafiqul Azam

BIN	000001507-0202 dated 01.11.2019
VAT Registration	19011088268-Area Code 190101
Tax-Payer Identification Number	718496557566/LTU/Dhaka

Auditors	M/s. MABS & J Partners, Chartered Accountants
Credit Rating Agency	Credit Rating Agency of Bangladesh Limited (CRAB)
Legal Retainer	Barrister Ali Asif Khan, Hossain & Khan Associates
Tax Consultant	M/s. ACNABIN, Chartered Accountants

Capital Information

Authorised Capital	Taka 20,000.00 million
Paid-up Capital	Taka 4,746.00 million
Face Value of Each Share	Taka 10.00
No. of Outstanding Shares	474.60 million
Shareholding Pattern	Wholly owned by the Sponsors

Deposit and other liabilities

In million Taka

Particulars	2019	2018
Deposit from Banks	200.00	-
Deposit from Customers	49,920.94	37,743.91
Total	50,120.94	37,743.91

Capital to risk-weighted assets ratio (CRAR)

In million Taka

Particulars	2019	2018
Tier-I Capital	6,595.75	6,256.45
Tier-II Capital	641.84	514.25
Total Capital	7,237.59	6,770.70
Risk weighted assets	52,011.63	45,008.44
CRAR	13.92%	15.04%

Rating Information

Particulars	2019	2018
Long-Term	A2	A2
Short-Time	ST-2	ST-2

Human Capital

Gender	2019	Percentage	2018	Percentage
Male	433	82%	402	82%
Female	95	18%	88	18%
Total	528	100%	490	100.00%

Accreditation & Membership

- Association of Anti-Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB)
- Association of Bankers Bangladesh (ABB)
- Bangladesh Association of Banks (BAB)
- Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- Bangladesh Financial Intelligence Unit (BFIU)
- Bangladesh Institute of Bank Management (BIBM)
- Bangladesh Money Market Dealers Association (BAMDA)
- Bankers Almanac
- Institute of Bankers Bangladesh (IBB)
- Society for Worldwide Interbank Financial Telecommunication (SWIFT)

Major Events in 2019



Branch Opening

Melandaha, Jamalpur, 11 April 2019
Bhedarganj, Shariatpur, 28 July 2019
Mirsharai, Chattogram, 06 August 2019
Saidpur, Nilphamari, 03 October 2019
Rangpur, 03 October 2019
Bangshal, Dhaka, 26 December 2019



Business Opening

Unveiled Luxurious Lounge
at the International Terminal of
Shah Amanat International Airport,
Chattogram, 28 November 2019



Celebration

Bengali New Year 1426, 14 April 2019
Sixth Anniversary of Bank, 19 September 2019



Significant Meeting

Annual Business Conference 2019, 11 January 2019
Half-Yearly Business Conference 2019, 20 July 2019
Sixth Annual General Meeting, 19 September 2019
BAMLCO Conference 2019, 30 November 2019



Significant Agreement

MoU with Southeast Bank Limited, 29 August 2019
MoU with LankaBangla Finance Limited, 14 October 2019
MoU with Bank of Huzhou Co. Limited, 18 December 2019



Business Partnership

MoU with Essential Drugs Company Limited, 26 February 2019
MoU with Northern Electricity Supply Company Limited, 1 July 2019
MoU with SQUARE Hospitals Limited, 10 July 2019
MoU with May International Trade Services Limited, 25 August 2019
MoU with Star Electronics, 29 September 2019
MoU with SS Engineering & Construction Limited, 10 October 2019
MoU with Aman Plastic Industries, 15 October 2019

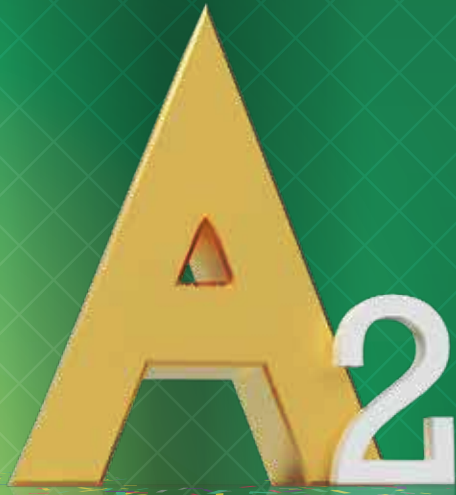
MoU with Majumder Group, 16 October 2019
MoU with Needs Services Limited, 27 October 2019
MoU with Dhaka Mohila College, 28 October 2019
MoU with Lab One Hospital Limited, 29 October 2019
MoU with GD Assist Limited, 1 December 2019
MoU with Delta Software and Communication Limited, 10 December 2019

Strategic Priority

We support sustainable and inclusive growth by connecting the ideas, innovations and aspirations of our customers and clients to the capital that can bring them to life. To meet the challenges of the current environment and deliver on our strategy, we have a set of strategic priorities that are reviewed and refreshed each year. We will continue to manage these priorities in a balanced way with an appropriate mix of growth, risk, return, and profitability. However, our special attention will be as follows:

- We will build a strong, diversified and sustainable business that can deliver consistent returns in a way society expects. We work for assisting our clients to operate successfully and being their bank of choice for their business and personal financial needs.
- To provide delightful customer experience, Service Quality will be our top priority for all business segments and all touch points.
- Bank will continue its focus to reduce cost of deposit by changing deposit mix and to improve Cost to Income Ratio (CIR) by reducing operating expenses in 2020. It will ultimately reduce the cost of fund.
- Because of introduction of single digit interest rate, spread will shrink and earning capacity of the Bank will be affected. To reduce this adverse impact, the Bank will increase its non-funded business portfolio to earn fee & commission based income.
- Besides, our existing exposure in 'Corporate' portfolio, the Bank will continue to focus on growth of SME & Retail business portfolio.
- Bank will focus on increasing the investment portfolio in government securities which will generate income at an average yield to exceed the expected rate of return of the funds under management at Treasury Division's end. Classification of asset portfolio and charging of provision will thus be avoided by the Bank.
- Maintaining asset quality & business growth in terms of both deposit & advance is always prime objective. Collection from loan customers will be given priority during the year 2020 and a strong monitoring system for overdue loans will be introduced in place for strengthening performance of collection units both at the branch and head office end.
- Technology led robust monitoring will be introduced. Efforts are on and shall be further strengthened for recovery of NPL. Preventive measures shall be strongly pursued for restraining emergence of fresh NPL through increasing effectiveness of Early Alert System.
- Bank aims to deliver technology driven products and services in the coming years to address the pace of transformation in banking business.
- Considering customer experience, changing demands & information security of customer Data, the Bank has already started to take various initiatives for business automation and implementing IT as well as information security including our ability to deal with cyber-threats which will be completed to the fullest extent in next few years.
- Continuous development of Human Capital is a key strategy of the Bank. Performance measurement policies will be reviewed for improvement to ensure motivation and employee loyalty for optimum performance and job satisfaction.
- Capacity building by hiring talents for branches, different business segments & operational divisions at the head office is another priority for the coming years. Our purpose is expressed in the phrase 'creating opportunities to rise'. Bank will prepare a succession plan and develop future leaders for growth & sustainability.
- To gain more efficiency, the Bank has already started to centralize some areas of operation. Payroll management & fixed assets management have already been centralized. There are some other areas like loan documentation, government savings certificate etc. to be managed centrally and centralization of them is expected to be complete in 2020.

Finally, we shall accelerate the pace of our digital journey, and continue to play a leading role in capturing innovation and bringing it to life, at scale, for millions of customers and clients in the coming days.



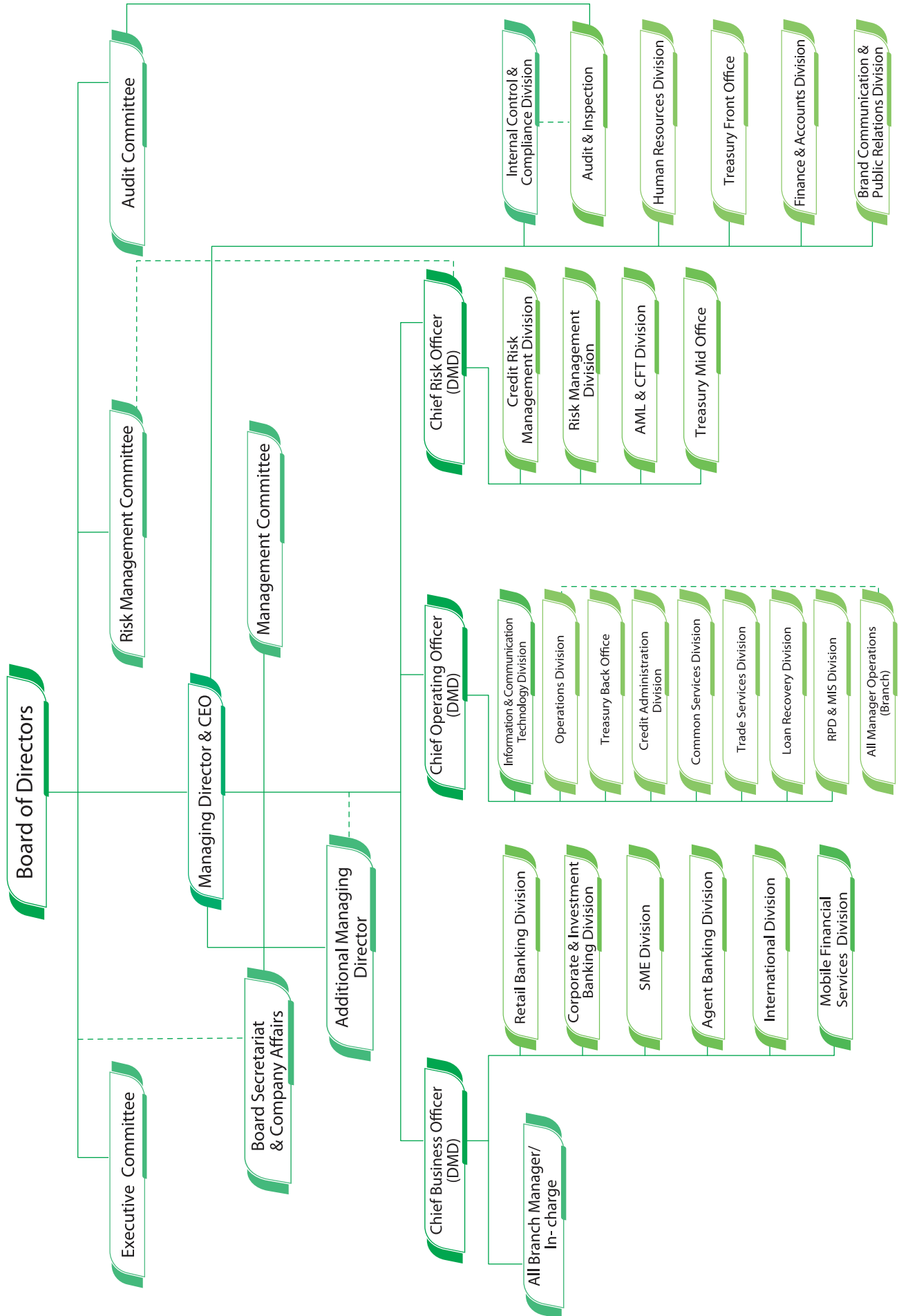
Credit Rating of Modhumoti Bank Limited

Towards Sustainable Growth

Modhumoti Bank Limited has been rated by Credit Rating Agency of Bangladesh (CRAB) based on financials of the Bank for the year ended December 31, 2019. The details of the rating are as under:

Surveillance Rating		Explanation
2018	2019	
Long Term A2	Long Term A2	Modhumoti Bank Limited has been rated in the category of A2 for long term indicating that the corporate entity has strong capacity to meet financial commitment/ obligations.
Short Term ST-2	Short Term ST-2	Modhumoti Bank Limited rated as ST-2 , which indicates strong capacity for timely repayment of obligations. The rating as such denotes that the bank is on a very sound and strong footing in terms of its liquidity base, internal fund generation capacity and also having access to alternative sources of arranging funds.
Outlook Stable	Outlook Stable	Stable outlook implies that the bank is on the consistent growth trajectory having prospect of further progression with sustainability.
Date of Rating		July 01, 2020
Validity		Up to June 30, 2021

Corporate Organogram



Board of Directors & Management Profile



The Board of Directors in Meetings



Composition of the **Board of Directors**

Mr. Humayun Kabir, Chairman

Mr. Shaikh Salahuddin, MP, Vice-Chairman

Mr. Sheikh Fazle Noor Taposh

Mr. Mohammad Ismail Hossain
Representing Sharmin Apparels Limited

Mr. Nemai Kumer Saha
Representing Sandhani Life Insurance Company Limited

Mr. Salahuddin Alamgir

Mr. Mostafa Kamal
Representing Tanveer Oils Limited

Mrs. Tanjima Binthe Mostafa
Representing Everest Power Generation Co. Limited

Mr. Humayun Kabir Bablu

Mrs. Shahana Yasmin

Mrs. Sultana Jahan

Mr. A. Mannan Khan
Representing Mango Teleservices Limited

Mrs. Ferdousi Islam
Representing Azbal International Limited

Mr. Manwar Hossain
Representing Anwar Jute Spinning Mills Limited

Mr. Tanveer Ahmed Mostafa
Representing Meghna Flour & Dal Mills Limited

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

Mr. Didarul Alam, MP

Mrs. Syeda Sharmin Hossain
Representing Sharmin Fashions Limited

Mr. Md. Shafiu Azam, Managing Director & CEO (Ex-officio)

The **Executive Committee** of the Board of Directors



Barrister Sheikh Fazle Noor Taposh
Chairman



Mr. Mostafa Kamal
Member



Mr. Salahuddin Alamgir
Member



Mr. Mohammad Ismail Hossain
Member



Mr. Nemai Kumer Saha
Member



Mr. Humayun Kabir Bablu
Member



Mr. Manwar Hossain
Member

The **Audit Committee** of the Board of Directors



Mr. A Mannan Khan
Member



Mr. Shaikh Salahuddin, MP
Chairman



Mr. Md. Mahbubur Rahman
Member

The **Risk Management Committee** of the Board of Directors



Mrs. Sultana Jahan
Member



Mr. Mostafa Kamal
Chairman



Mr. A Mannan Khan
Member



Mr. Didarul Alam, MP
Member



Mrs. Syeda Sharmin Hossain
Member

Profile of the Board of Directors



Humayun Kabir
Chairman

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

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

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



Shaikh Salahuddin, MP
Vice-Chairman

Mr. Shaikh Salahuddin is the Vice-Chairman of the Board of Directors and the Chairman of the Audit Committee of the Board of Directors of the Bank since inception and also a member of parliament in the Bangladesh National Parliament. He was born in a respectable Muslim family in 1967 in Khulna. His father, Late Shaikh Abu Naser was younger brother of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

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

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



Sheikh Fazle Noor Taposh
Director

Mr. Sheikh Fazle Noor Taposh, Barrister-at-Law, is the Chairman of Executive Committee of the Board of Directors of the Bank since inception. He is also the Mayor of Dhaka South City Corporation.

He completed his LL.B (Honours) with Upper Second Class from the University of Wolverhampton, U.K. in 1996 and then completed his Bar Final Course under the General Council of the Bar of England and Wales in 1997. He is a member of the Honorable Society of Lincoln's Inn, U.K. He is also a member of the Bangladesh Bar Council and has been practicing in the High Court Division of the Supreme Court of Bangladesh since 2001 and has been enrolled as an Advocate in the Appellate Division of the Supreme Court of Bangladesh in 2010. He was the lead counsel to Prime Minister Sheikh Hasina and had successfully defended her in all her cases. He was also the Counsel in the 'Bangabandhu Sheikh Mujib Murder case' before the High Court Division and the Appellate Division of the Supreme Court of Bangladesh.

He specializes in Constitutional Law (Law of Judicial Review), Commercial Litigation and Arbitration, General Corporate Practice, Banking & Insurance Law, Energy, Power, Mining and Mineral Resources, Telecommunications, Real Estate, Mergers & Acquisitions, Law of Intellectual Property and also Criminal Law. He is a Member of the International Bar Association (IBA) and a Member of the Mining Law Committee & War Crimes Committee of the IBA. He worked as Local Legal Counsel in various projects funded by the World Bank, Department for International Development of UK (DFID), Asian Development Bank (ADB) and Japan Bank of International Co-operation (JBIC). He was one of the eminent Lawyers who were called by the 'Special Committee on Amendment of the Constitution of Bangladesh' for opinion on constitutional reforms and amendment of the Constitution of Bangladesh. He has been designated by Bangladesh as a Panel Member of the International Center for Settlement of Investment Disputes (ICSID) Panels of Conciliators and of Arbitrators. He has been appointed as an Arbitrator to arbitral proceedings in commercial disputes.

He was a member of parliament in the Bangladesh National Parliament for consecutive three times. He was an International Observer in the UK General Election 2010 on behalf of the Commonwealth Parliamentary Association (UK Branch) and the Royal Commonwealth Society, UK. He was also a Member of the Senate of the Dhaka University. He is the Editor of the first Monthly English Law magazine of Bangladesh, named 'Bangladesh Legal Times'.



Mohammad Ismail Hossain
Director

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

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

Mr. Hossain is life member of Gulshan Club limited, Uttara Club Limited, Kurmitola Golf Club Limited. Mr. Hossain is declared as Commercially Important Person (CIP) by the Government of Bangladesh (GOB) for his remarkable contribution in trade.

Mr. Hossain is furthermore one of the few Bangladeshi entrepreneur to receive 'Socrates Award' and Manager of the year for his contribution in RMG Sector.



Nemai Kumer Saha
Director

Mr. Nemai Kumar Saha, representing Sandhani Life Insurance Company Limited, was born in a respectable Hindu family in 1965 in Narail. Currently he is serving Sandhani Life Insurance Company Limited as Chief Executive Officer (Current Charge). He obtained Master of Commerce in Accounting from Govt. Jagannath College in Dhaka University.

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

Mr. Salahuddin Alamgir, CIP was born in a respectable muslim family in Tangail. He is a BMA Graduate and one of the most promising Entrepreneurs and committed Business Personalities. He is the Chairman & Managing Director of Labib Group which is involved in various business sectors in Bangladesh like Textile, Sweater, Telecom, Bank, Lease Finance, IT, Agro etc. and he has been running all his Business Concerns with good reputation, honest credibility and satisfactory turnover for last 22 years.

And based on his excellent business records and significant contribution to the Commerce, Industry & Economy of Bangladesh, Mr. Salahuddin Alamgir has been awarded with National & International Recognitions like '20th BATEXPO AWARD-2009', 'NOKIA BEST DISTRIBUTION AWARD-2009', '21st BATEXPO AWARD-2010', 'NATIONAL EXPORT TROPHY 2010-2011', 'MERCANTILE BANK HONOUR-2017 AS INDUSTRIALIST', 'SAMSUNG APPRECIATION TROPHY-2019', 'BANGLADESH BEST EMPLOYER BRAND AWARD-2019', 'SOUTH ASIAN BUSINESS EXCELLENCE AWARD-2019', 'BEST PERFORMANCE AWARD-2019' etc.

Being a credible & committed Business Professional, Mr. Salahuddin Alamgir is nominated and associated with different Associations & Institutions. He is involved in various social works & activities. Moreover, Mr. Salahuddin Alamgir is a Capstone (NDC) Course Holder.

Under a Charitable Fund & Organization titled 'Salahuddin Alamgir Foundation', Mr. Salahuddin Alamgir has been providing 'OLD AGED PEOPLE ALLOWANCE' to the old aged people of Shakhipur & Tangail since 2012.

As a part of Corporate Social Responsibilities (CSR), Mr. Salahuddin Alamgir, CIP is also contributing to the employees of LABIB GROUP as well as other distressed humanities in various forms like Scholarship to the Students, Clothing to the Cold Affected People, Food to the Flood Affected People, Monetary Welfare to the Underprivileged Children/People and various Religious & Educational Institutions.



Salahuddin Alamgir, CIP
Director



Mostafa Kamal
Director

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

Mr. Kamal started career with trading in the year 1976 and became a successful importer within a very short span of time. In 1989 he set up industries and subsequently became a successful and a leading entrepreneur of the country establishing as many as 35 major industries of different categories under flagship of Meghna Group of Industries including heavy industries like cement, chemical, shipbuilding, steel, power generation etc.

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



Tanjima Binthe Mostafa
Director

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

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

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



Humayun Kabir Bablu
Director

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 businesses houses in the country and Managing Director of Bengal Media Corporation Limited (RTV). He is a member of the Executive Committee of the Board of Directors since inception of the Bank.

Mr. Kabir is declared as Commercially Important Person (CIP) by the Government of Bangladesh (GOB) for his remarkable contribution in exports. He is the eldest son of Mr. Morshed Alam, Member of Parliament from Noakhali 2.

Mr. Kabir is associated with different social and trade bodies. He is a member of the Executive Committee of Bangladesh Plastic Goods Manufacturers & Exporters Association (BPGMEA) and Bangladesh Auto Biscuit & Bread Manufacturers Association (BABBMA); member of FBCCI, BGMEA, BKMEA and BASIS. Mr. Kabir a permanent member of Gulshan Club Limited. He is also a member of Dhaka Club Limited, Chittagong Club Limited, Kurmitola Golf Club Limited, Savar Golf Club Limited, Army Golf Club Limited, and Dhaka Boat Club Limited. Besides, Mr. Kabir is actively involved in a numerous social welfare activities.



Shahana Yasmin
Director

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

Mrs. Yasmin is a Member of Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust & Museum. She is also associated with many philanthropic activities and travelled many countries.



Sultana Jahan, CIP
Director

Mrs. Sultana Jahan, CIP was born in a respectable Muslim Family in Chandpur. She is the Vice-Chairman & Director of Labib Group, which is involved in various business sectors in Bangladesh like Textile, Sweater, Telecom, Bank, Lease Finance, IT, Agro etc. for last 22 years.

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

Mrs. Sultana Jahan, CIP is also a Member of Gulshan Club, Army Golf Club, Kurmitola Golf Club, Baridhara Society and Gulshan Society, Dhaka. Moreover, Mrs. Sultana Jahan is a Capstone (NDC) Course Holder.



A. Mannan Khan
Director

Mr. A. Mannan Khan, Chairman of Mango Teleservices Limited, was born in 1966 at Singair, Manikganj. He graduated from Tianjin University of China in Computer Engineering and post-graduation in Telecommunication. He is a Member of the Audit Committee of the Board of Directors since inception of the Bank.

After returning from China, he started business as Chairman of Communication Solutions Limited (CSL) and contributed substantially to the nation undertaking many world class office automation solution and innovative projects. Later on, in 2007, he established Mango Teleservices Limited, the first private sector International Internet Gateway (IIG) of the country and connected the country with the rest of the world. He also ventured into the business of voice network and established Platinum Communications Limited as an International Gateway, and Purple Telecom Limited as an Interconnection Exchange.

Mr. Khan is the founder Chairman of Baira College, Singair, Manikganj, which was established in 1994. He is also the Chairman of the governing body of Playpen which is an English Medium School catering the urban people and offering world-class education up to A level to about 2000 students in Dhaka City. He has attended many workshops/ seminars at home and abroad. In personal life, Mr. A. Mannan Khan is married and the proud father of a son and a daughter.



Ferdousi Islam
Director

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

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

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

As Group Managing Director, Mr. Manwar Hossain leads Anwar Group of Industries, a conglomerate with a 186 years legacy. Chaired by his father, the legendary business philanthropist of Bangladesh Al-Hajj Anwar Hossain, Anwar Group is now recognized as the 'Dun & Bradstreet' awarded most Diversified Business conglomerate in Bangladesh.



Manwar Hossain
Director

Mr. Manwar Hossain, awarded with Global Asian Business Leader-2018, began his business career in the Group in 1994 after completing his BBA & MBA from University of New Hampshire, USA. Apart from the Anwar Group of Industries, Mr. Hossain is also the Chairman of Bangladesh Finance & Investment Company Limited, BD Finance Securities Limited, BD Finance Capital Holdings Limited. Mr. Hossain has also had the honor of being the youngest Vice Chairman of a commercial bank in Bangladesh with The City Bank Limited. He also proudly represented the Chairman of the Board of Directors of Bangladesh Commerce Bank Limited.

Mr. Manwar Hossain has played a vital role as a Director of Dhaka Chamber of Commerce & Industry (DCCI). He leads the steel and cement sectors of Bangladesh as the President of the Bangladesh Steel Manufacturers' Association (BSMA) and Senior Vice President of Bangladesh Cement Manufacturers Association (BCMA).



Tanveer Ahmed Mostafa
Director

Mr. Tanveer Ahmed Mostafa, representing Meghna Flour & Dal Mills Limited, is a director at Meghna Group of Industries, one of the biggest business conglomerates of the country.

Born and raised in Dhaka, Bangladesh, He completed his High School from American International School Dhaka in 2010. He later went on to complete his undergraduate from University of Wales, United Kingdom in Bachelor of Science (Hons) with a major in Business and Management.

Mr. Tanveer is a big believer of Technological Innovation based changes and improvement to increase efficiency within the work environment and overall organizational growth. He is the leading force behind the implementation of IT-Based solutions to modernize business activities and process efficiency within the company spearheading the strategy and innovation department of Meghna Group of Industries.



Md. Mahbubur Rahman
Director

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

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



Didarul Alam, MP
Director

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

Mr. Alam holds a Bachelors Degree in Arts. He has started his glorifying business career in the field of ship breaking following long history of family-run business. He has expanded his businesses in many dimensions. He played a vital role in different companies, i.e., T.R Fishing Limited, TR Ship Breakers Limited, Golden Bricks Limited, Kumira Ship Breakers Limited, Mostafa Hakim Shipping Lines Limited, Golden Auto Workshop Limited, Golden Oxygen Limited, Taher & Company Limited, Golden Ispat Limited, Alhaj Mostafa Hakim Cement Industries Limited, Alhaj Mostafa Hakim Housing and Real Estate Limited, S.B. Corporation, Taseen Steels Limited, Silk Line Travels, Kadam Rasul Steel Ship Breaking Ltd., A Razzak Dobush & Sons Limited, Amena Fishing etc. at different capacities, such as Chairman, Managing Director & Director of the Board of Directors. He was also a Director of Bangladesh Finance and Investment Company Limited.

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



Syeda Sharmin Hossain
Director

Mrs. Syeda Sharmin Hossain, representing Sharmin Fashions Limited, was born in a respectable Muslim family in 1984 at Dhaka. Mrs. Hossain is a Director of Sharmin Group, one of the largest 100% export oriented garments industry in the country. Mrs. Hossain is declared as Commercially Important Person (CIP) by the Government of Bangladesh (GOB) for his remarkable Contribution in Export.

Mrs. Hossain is permanent member of Gulshan Club Limited and also associated with many philanthropic activities and travelled many countries.



Md. Shafiqul Azam
Managing Director & CEO

Mr. Md. Shafiqul Azam has been continuing as Managing Director and Chief Executive Officer (CEO) of Modhumoti Bank Limited since 2016. Joined as Additional Managing Director in 2014, Mr. Azam, as a professional is one of the youngest Managing Director in the banking community of Bangladesh. His long and colorful career path was started back in 1991 with AB Bank Limited as Probationary Officer. With the progression of time and experience, Mr. Azam later took new challenge and joined Shahjalal Islami Bank Limited, the then newly formed 3rd generation bank in Bangladesh and gradually by dint of his hard work coupled with honesty and sincerity; he became the Deputy Managing Director of the Bank within very short span of time. A highly connected, positive minded, talented, customer centric banker, Mr. Azam possesses more than 29 years banking experience where he discharged responsibilities in different capacities including Head of Corporate at Head office & Branch Manager/ Deputy Manager of major corporate Branches like Motijheel, Dhanmondi, Karwan Bazar, Mohakhali & Gulshan in his previous banks. He has been awarded several times for achieving outstanding performance and measurable contributions.

Academically, he has completed Post Graduation from the University of Dhaka in Marketing.

Mr. Azam is the proud youngest son of his former civil servant father and passed his childhood in various corners of the country, which makes Mr. Azam divergent, visionary and helps in taking prompt decision for mitigating risks related to banking activities.

He has visited many countries of the world for official purpose and enriched his experience by attending various seminars, workshops, trainings, etc. He is also associated with many social activities.

Mr. Azam is a happily married person and proud father of one daughter and a son.

The Sponsors



Mr. Humayun Kabir



Mr. Shaikh Salahuddin, MP



Barrister Sheikh Fazle Noor Taposh



Mr. Noor-E-Alam Chowdhury, MP



Sharmin Apparels Limited
Rep. by Mr. Mohammad Ismail Hossain



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



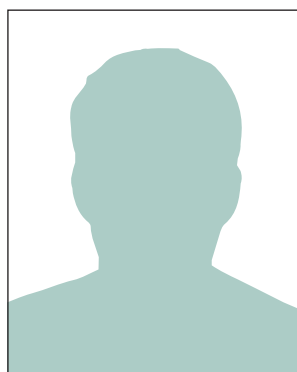
Mr. Alhaj Anwar Hossain



Mr. Salahuddin Alamgir



Tanveer Oils Limited
Rep. by Mr. Mostafa Kamal



Anwar Jute Spinning Mills Limited



Mr. Humayun Kabir Bablu

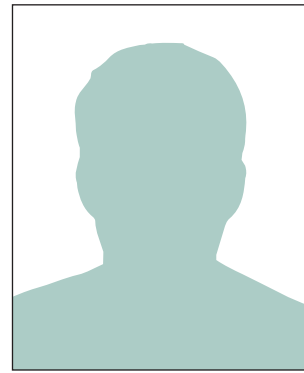
The Sponsors



Mrs. Shahana Yasmin



Mrs. Sultana Jahan



S. Jute Industries Limited*



Mr. Mohammad Ali Talukder*



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



Mr. Abdullah Al Islam Jakob, MP



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



Mr. Md. Irshad Ali



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



Mr. Mohd Jashim Uddin



Mr. Faiz Ahmed Khan



Mr. Syed Salman Masud

The Sponsors



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



Mr. Sheikh Fazle Shams



Barrister Rahat Khalil



Barrister Imranul Kabir



Barrister Khandaker Reza-E- Raquib



Dr. Golam Mohiuddin*



Barrister Mejbahur Rahman



Barrister Khandoker Reza-e- Rabbi



Barrister Mohammad Mehedi
Hasan Chowdhury



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



Mr. Iqbal Aziz



Mr. Sk. Belal Uddin

The Sponsors



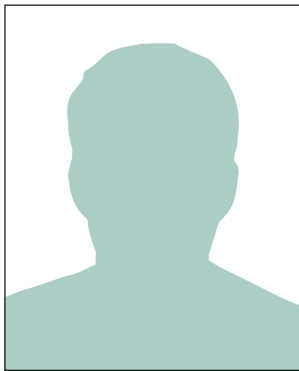
Mona Financial consultancy & Securities Limited
Rep. by Mr. Md. Mahbubur Rahman



Mr. Didarul Alam, MP



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



D & S Pretty Fashions Limited*



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



Azbal International Limited
Rep. by Mrs. Ferdousi Islam



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



Mr. Hasanur Bari**

* Transferred entire shareholding.

** Holds sponsor shares through transfer.

Cherishable **Memories**



The Sponsors and Directors posed with officials after launching ceremony held on 6th July 2013.



The Sponsors and Directors posed after holding 1st Anniversary.



The Directors posed with Alhaj Anwar Hossain, one of the sponsors and former Director of the Bank.



The Sponsors and Directors posed after holding the 6th Annual General Meeting in 2019.

The Senior Management & Committees



MD & CEO Mr. Md. Shaful Azam with DMD & CBO Mr. Kazi Ahsan Khalil and DMD & COO Mr. Shahnawaj Chowdhury



Mr. Shahnawaj Chowdhury, Deputy Managing Director & COO, Mr. Md. Shaful Azam, Managing Director & CEO, Mr. Kazi Ahsan Khalil, Deputy Managing Director & CBO and Mr. Md. Shaheen Howlader, SEVP and Head of Corporate & investment Banking Division [from right]

The Senior Management & Committees



Mr. Shahnawaj Chowdhury
DMD & COO, Member



Mr. Md. Shafiul Azam
Managing Director & CEO, Chairman



Mr. Kazi Ahsan Khalil
DMD & CBO, Member



Mr. Arif Hasan Khan
SVP & CRO, Member



Mr. Mohammad Nazmul Hossain FCA
VP & Head of FAD, Member Secretary

The Senior Management Team (SMT)

- Chairman : Mr. Md. Shafiul Azam, Managing Director & CEO
- Members : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Chief Business Officer (CBO)
- : Mr. Shahnawaj Chowdhury, Deputy Managing Director & Chief Operating Officer (COO)
- : Mr. Arif Hasan Khan, SVP and Chief Risk Officer (CRO)
- : Mr. Mohammad Nazmul Hossain FCA, VP and Head of Finance & Accounts Division

The Senior Management & Committees



MANCOM

- Chairman : Mr. Md. Shafiqur Rahman, Managing Director & CEO
- Members :
- : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Chief Business Officer (CBO)
 - : Mr. Shahnawaj Chowdhury, Deputy Managing Director & Chief Operating Officer (COO)
 - : Mr. Md. Shaheen Howlader, SEVP and Head of Corporate & Investment Banking Division
 - : Ms. Fahmida Saeed Saki, EVP and Head of International Division
 - : Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Services Division
 - : Mr. Md. Shafiqur Rahman, SVP and Head of Human Resources Division
 - : Mr. Arif Hasan Khan, SVP and Chief Risk Officer (CRO), Member Secretary
 - : Mr. Biswas Arifur Rahman, VP and Head of Treasury Front Office
 - : Mr. Mohammad Nazmul Hossain FCA, VP and Head of Finance & Accounts Division
 - : Mr. Md. Emdad Hossain, VP and Head of Internal Control & Compliance Division
 - : Mr. Ashutosh Talukder, FVP and Company Secretary

The Senior Management & Committees



Asset Liability Committee (ALCO)

- Chairman : Mr. Md. Shafiqur Rahman, Managing Director & CEO
- Members :
- : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Chief Business Officer (CBO)
 - : Mr. Shahnawaj Chowdhury, Deputy Managing Director & Chief Operating Officer (COO)
 - : Mr. Md. Shaheen Howlader, SEVP and Head of Corporate & Investment Banking Division
 - : Ms. Fahmida Saeed Saki, EVP and Head of International Division
 - : Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Services Division
 - : Mr. Md. Shafiqur Rahman, SVP and Head of Human Resources Division
 - : Mr. Arif Hasan Khan, SVP and Chief Risk Officer (CRO)
 - : Mr. Biswas Arifur Rahman, VP and Head of Treasury Front Office, Member Secretary
 - : Mr. Mohammad Nazmul Hossain FCA, VP and Head of Finance & Accounts Division
 - : Mr. Md. Mojammel Hoque, FVP and Deputy Head of Risk Management Division

The Senior Management & **Committees**



Credit Evaluation Committee (**CEC**)

- Chairman : Mr. Kazi Ahsan Khalil, Deputy Managing Director & Chief Business Officer (CBO)
- Members : Mr. Md. Shaheen Howlader, SEVP and Head of Corporate & Investment Banking Division
- : Mr. Shaikh Mohammed Shoieb, SVP and Head of Trade Services Division
- : Mr. Arif Hasan Khan, SVP and Credit Risk Officer (CRO)
- : Mr. R.M. Sariful Islam, SVP and Head of Credit Risk Management Division, Member Secretary
- : Mr. Mohammad Mahmud Hasan, FVP and In-charge of Credit Administration Division

The Executives

Managing Director & CEO

Mr. Md. Shafiqul Azam

Deputy Managing Director

Mr. Kazi Ahsan Khalil

Mr. Shahnawaj Chowdhury

Senior Executive Vice President

Mr. Md. Shaheen Howlader

Executive Vice President

Ms. Fahmida Saeed Saki

Senior Vice President

Mr. Shaikh Mohammed Shoieb

Mr. Md. Shafiqur Rahman

Mr. Arif Hasan Khan

Mr. Mohammad Anas

Mr. R.M. Sariful Islam

Mr. Mohammad Shanoor Siddique

Vice President

Mr. Shah Md. Humayun Kabir

Mr. Atiqul Islam Akhand

Mr. Muhammad Amir Hossain Sarker

Mr. Biswas Arifur Rahman

Mr. Md. Kayum Zaman

Mr. Azim Salam Khan

Mr. Noman Kabir

Mr. Mohammad Nazmul Hossain FCA

Mr. Md. Emdad Hossain

Mr. Mohammad Abu Toyab

Mr. Mohammad Omar Faruq Khan

Mr. Md. Kamruzzaman

Mr. Md. Ahsan Habib

First Vice President

Mr. Md. Mahboobur Rahman

Ms. Asma Ul Husna

Mr. Md. Gias Uddin

Mr. Md. Moniruzzaman

Mr. Mohammad Faruk Hossain

Mr. K.M. Murshed Kabir

Mr. Md. Lychur Rahman

Mr. S.M. Imran Alam

Mr. Ashutosh Talukder

Mr. Mohammad Najib Ullah

Mr. Muhammad Imran Alam

Mr. Md. Monirul Islam

Mr. Md. Mojammel Hoque

Mr. Mohammad Mahmud Hasan

Mr. Kazi Asif Mahbub

Mr. Md. Kawsar Ali Molla

Mr. S.M. Ashikur Rahman

Mr. Mohammad Abul Hasan Kabir

Mr. Md. Nazmus Sakeb

Mr. R.M Shuvo Rahman

Mr. Md. Rajaul Islam

Mr. Mohammad Almas Uddin Miah

Mr. Protap Shekhor Mohanto

Mr. Mohammad Shahadath Hossain

Assistant Vice President

Mr. Md. Abdus Selim

Mr. Kawsar Ahamad

Mr. Md. Touhidur Rahman

Mr. Md. Abdullah Al Mamun

Mr. Zahid Al Muntasir

Mr. Mohammad Sanowar Hossain

Mr. Md. Tofazzal Hossain

Mr. Md. Shahidul Islam

Mr. Tanushyam Sikder

Mr. Md. Asfakur Rahaman

Mr. Kamrul Momin

Mr. Md. Mustafizur Rahman

Mr. Md. Ataul Gani

Mr. Dipon Chandra Roy

Mr. S. M. Shahin Iqbal

Mr. Md. Abdur Rahim Khan

Mr. Md. Mashiur Alam Mollah

Mr. Md. Razib-Al-Hasan Khan

Mr. Md. Ashiqur Rahaman

Mr. Mohammed Monirul Haq

Mr. Md. Ziaul Wahid

Mr. Tapos Kumer Biswas

Mr. Bablu Khan

Message from the Chairman & Managing Director





Chairman's Message

Bismillahir Rahmanir Rahim

Dear Distinguished Shareholders,

Assalamu Alaikum,

It gives me immense pleasure to welcome you to the 7th Annual General Meeting of Modhumoti Bank Limited.

I feel honored as got this opportunity to present the snapshot of progress made by our beloved organization, Modhumoti Bank Limited in the last calendar year 2019. Before I go into the details regarding socio-economic environment, overall performance and strategic priorities we followed in 2019, I would like to thank the Board of Directors and its Committees and all the members of the Management Team for steering through the challenges we faced.

Economic view

Bangladesh has been one of the stable and fastest growing economies of the world achieving GDP growth rate of 8.15% in fiscal year 2019 and per capita GDP has reached to USD 1,909. Country's foreign exchange reserve reached USD 32.69 billion compared to last year's USD 32.02 billion. Exports increased by 10.1% to USD 39.94 billion while imports grew by only 1.79% to USD 55.44 billion. Remittance flow also experienced significant growth in 2019 reaching USD 16.42 billion while it was USD 14.98 billion in 2018. At end of this June annual average CPI inflation stood at 5.5%.

Banking industry

Banking industry of Bangladesh had to face some challenges in 2019 like rising non-performing loans (NPL),

drop in private sector credit growth, upward trend of exchange rate against USD etc. The deposit growth rose to 13% in 2019 from 9% in 2018 while the private sector credit growth stood at 10% compared with 13% in 2018. At present, NPL is the most critical factor for the stabilization of banking industry. In 2019, NPL in banking industry stood at Taka 1,163 billion which was Taka 994 billion in 2018 having growth of 17%. Capital shortfall in the banking sector stood at Taka 236.12 billion in 2019 comprising mostly of Government-owned banks. Bangladesh Bank has given directives for fixed interest rate regime known as '9-6' which would further decrease the profitability of the Bank.

Bank's performance in 2019

Modhumoti Bank Limited has been striving to establish itself as a model bank in the banking industry of Bangladesh since inception of its operation in 2013.

We have enhanced our capacity to deliver better customer service and experience. The Management of the Bank has intent on providing banking services in the most efficient and competent ways. This has helped us achieve the desired results in an increasing trend. I would take the opportunity to share with you the snapshot of our business results.

Profitability: The operating income of the Bank has increased to Taka 2,078 million in 2019 from Taka 1,942 million in 2018. However, net profit after tax decreased to Taka 791 million in 2019, from Taka 982 million in 2018, for which EPS dropped to Taka 1.67 from Taka 2.07 a year earlier. The falling trend in profit was mainly caused by increased operating cost due to the depreciation charged on the right-of-use assets as per IFRS 16 during the year

and also for additional expenses incurred for 6 (six) new branches, hiring experienced officials, cost of fund, and maintaining required provision as per Bangladesh Bank's circulars & guidelines related to non-performing loans (NPL). However, I am confident that the Management of the Bank will be able to overcome the challenges and deliver positive results in the post Covid-19 situation in which the economy may rebound with a V-shape recovery.

Growing size of the balance sheet: Despite the challenges faced by the Bank during the year 2019, the key components of balance sheet of the Bank continued to expand. Deposit increased to Taka 50,121 million from Taka 37,744 million, an increase of 32.79%. Loans & Advances also showed increasing to Taka 42,507 million from Taka 35,576 million, an increase of 19.48%. Total balance sheet size (Assets) grew to Taka 71,127 million in 2019 from Taka 51,693 million, an increase of 37.60%.

Foreign exchange business: The Bank facilitated import business of Taka 23,657 million in 2019 from Taka 20,040 million with a growth of 18%. Export business stood at Taka 20,855 million with nominal 4% increase through its 5 AD branches and CTPU facility at Head Office. During the year, the Bank has also facilitated channeling NRB remittance of Taka 1,327 million, which registered growth at 202.94%. The Bank is also operating an Off-shore Unit since late 2015, the first OBU of any fourth generation bank of the country, which achieved balance sheet size of Taka 2,774 million in 2019.

Non-funded business: During the year, the Bank's non-funded business in Bank Guarantee increased to Taka 17,990 million from Taka 11,034 million with an increase of 63.04% mainly due to its focus of work order finance, which is driving the construction and development activities of the country.

Capital and Assets Base: In 2019, total capital reached to Taka 6,600 million from Taka 6,257 million in 2018, which has a growth of 5.48%. The capital adequacy ratio of the Bank was 13.92% against regulatory requirement of 12.50% in 2019. Credit rating of clients plays a pivotal role in reducing capital requirement of the Bank which also enables the Bank to maintain quality assets.

Spreading footprint: The Bank continued to spread its presence in different parts of the country. It opened 6 new branches in commercial locations at both urban and rural part of the country. It also opened a number of agent banking points to bring Bank closer to previously un-banked population of the country. This is helping to consolidate market position of the Bank in rural parts of the country. The 366 agents, currently operating, are delivering all types of services bearing the 'Modhumoti' Brand.

Credit rating: The Bank is continuing marching ahead with superior credit rating of A2 based on financials as of December 31, 2019. This superior rating reflects improved resilience, innate strength and stability of the fundamentals of the Bank.

I am pleased to inform you that Modhumoti Bank is the only commercial bank in Bangladesh so far, who has been awarded gold dealer registration by Bangladesh Bank in 2019. Besides, we have introduced app based banking naming 'Go Smart' in addition to our existing products and services.

Corporate Governance

The Bank continues to follow industry's good corporate governance practices as safeguard for its stakeholders' interests. We are in constant efforts for adhering to the rules, regulations and guidelines of regulatory authorities, and already realized from the experience that skilled human resource is important not only to run financial institutions like a bank, or to increase profit or customer satisfaction but even to establish a sustainable bank and a healthy relationship amongst stakeholders in a longer period.

The Bank has given efforts to properly develop and build up capacity of its human resources under a sustainable planning. The Bank continues to strive to hire and maintain a talented workforce, and always keep them motivated by offering a comprehensive career to them, where accuracy of remuneration or financial aspects are not mere considerations. I am highly confident that the competent Management Team led by Mr. Md. Shafiq Azam as Managing Director & CEO, who has been re-appointed in 2019 after completion of three-year term, will take the Bank to new heights and deliver expected results to the stakeholders, where all will be part of celebration of success.

Future prospect and outlook

Due to Covid-19 pandemic, subsequent general holidays and flood situation in the country, the economic activities of the country have been severely affected alike almost all countries of the globe which pose a serious challenge to prospect of the economy and also to our Bank. Coronavirus would negatively affect Bangladesh's overall import, export, infrastructure development and livelihood of the general people of the country. Other issues that we have to face cautiously with most other banks are single digit interest rate, rising NPL and implementation of government stimulus packages. I am confident that our Management would come up with efficient plan to overcome these challenges.

There is no doubt that cottage, micro, small and medium (CMSM) enterprises, backbone of an economy, have been severely affected. But, Bangladesh economy is expected to speed up on its growth track in post Covid-19 situation. The economy is already showing signs of rebounding.

The improvement in per capita income, growth in the middle-class population, better gender parity and influx of youth population into the employment market along with other positive changes in the demographic and socio-economic areas are expected to drive the future economy of Bangladesh. Because of this encouraging economic and social indicator, coupled with the strong

organic growth of the Bank in a difficult market environment, we are hopeful that in 2020 we will be able to overcome challenges successfully for Modhumoti Bank Limited, especially when the Government has offered various stimulus packages for many sectors.

I am faithfully confident on the Management of Modhumoti Bank Limited that they are resolute to the commitment to improve performance in the coming years. Going forward in 2020, I would request the Management considering following approaches in setting priorities and focus for the Bank:

- 🌱 To consolidate Bank's overall business position by nurturing existing customers for smooth and timely recovery of loans;
- 🌱 To source funds from low-cost and no-cost sources to reduce cost of fund. Focus on attaining a favorable CASA ratio by mobilizing low-cost or no-cost fund while tilting the loan portfolio towards high yielding SME and Retail sector;
- 🌱 To restrict NPLs within desired levels and review policies and processes to ensure portfolio quality in the backdrop of business growth objectives;
- 🌱 To continue investment in technology and people, since development is a continuous process, and will bring better results for us;
- 🌱 To expand agent banking network all over the country to achieve more geographical coverage resulting more financial inclusion;

- 🌱 To implement Government stimulus packages within their prescribed framework for revival of the economy of the country after Covid-19 pandemic;
- 🌱 To promote gold banking by being the only gold dealer among the commercial banks in the country.

Note of appreciations

I am immensely indebted to my colleagues for their unrelenting 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 M/s. MABS & J Partners, Chartered Accountants for conducting external audit with professionalism and advising us on various issues.

I would like to recognize the contribution of the employees led by the Managing Director & CEO. 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 Review

Bismillahir Rahmanir Rahim

Honourable Members of the Board of Directors and Respected Shareholders

Assalamu Alaikum,

For the fifth time in a row, I am presenting the financial performance of the Bank for the year ended on December 31, 2019 along with the glimpse of upcoming activities of the Bank. It's a great pleasure for me to come once again before you and I feel thankful for that. Like before, as well in 2019, we continued emphasizing on maintaining corporate governance culture and also focusing on sustainable operation with special concern in grabbing the continuing economic development of the country under the prudent direction of the Board of Directors. Commencing banking operation back in September 19, 2013, this time, once again, our Bank dedicatedly value the trust of its patrons - shareholders, customers, employees and society in general. Our unrelenting goal is to serve our clients in all the ways they make choice for banking which is mutually constructive, to operate with responsibility towards durability and sustainability, and also to work for value creation for the communities in which we are doing business.

First: World Economy- Brief Review

It appeared that World Gross Product Growth slipped to 2.3% in 2019—the lowest rate since the global financial crisis of 2008–2009. This slowdown is occurring alongside growing discontent with the social and environmental quality of economic growth, amid pervasive inequalities and the deepening climate crisis. Based on the assumption that potential setbacks will not materialize, a

modest uptick in global growth to 2.5% is forecasted for 2020, though policy uncertainties will continue to weigh on investment plans, apart from Covid-19 pandemic outcome. Rising tariffs and months of shifting between the escalation and de-escalation of global trade tensions have fuelled policy uncertainty, significantly curtailed investment, and pushed global trade growth down to 0.3% in 2019—its lowest level in a decade. Bilateral trade between the United States of America and China has plummeted, with significant disruptions to international supply chains. The global electronics and automobile sectors, which have extensive cross-country production networks, have been hit particularly hard. Meanwhile, many of the least developed countries (LDCs), which are generally not well integrated into global trading networks, have remained relatively unaffected by trade disputes. Unlike rest of the world, the majority of LDCs saw GDP growth accelerate in 2019.

Stress from country specific weakness in large emerging market economies such as Brazil, India, Mexico and Russia, extensive bushfires in Australia, escalating geo-political tensions between US and Iran, trade war between US and China etc. continued to exert pressure on global economic activity. Apart from all these, the ongoing outbreak of the novel corona virus disease has become one of the biggest disruptors to the global economy and financial markets. Fears of the corona virus impacting on the global economy have rocked markets worldwide, plunging stock prices and bond yields. Restrictions on movement of people, goods and services, and containment measures such as factory closures have cut manufacturing and domestic demand sharply. Emphasizing its impact on the global economy, the Chief Economist of IMF has warned that the world may not fully

recover from Corona virus even by the end of 2021. The IMF now expects the global economy to shrink by 3% in 2020 before growing 5.8% next year.

Second: Bangladesh Economy- Brief Review

A remarkable decade as Bangladesh has achieved highest GDP growth rate i.e. 8.15% at the end of it (2010-2011: 6.46%; 2018-2019: 8.15%; Average growth: 6.88%). Robust growth momentum continues in the Bangladesh economy amid tepid global growth environment, with 8.15% real GDP growth estimated by Bangladesh Bureau of Statistics for Financial Year (FY) 2018-2019. Per Capita Income increased to USD 1,909 in FY 2018-19 from USD 1,751 in FY 2017-18. Bangladesh has achieved credit rating by Moody's (Ba3), S&P (BB-) and Fitch Rating (BB-), which is consistently 'Stable' for the last several years.

Both public and private investment increased in FY2018-19 from previous fiscal year. The total investment rose to 31.56% in FY 2018-19, which was 31.23% in FY2017-18. The strong 8.15% real GDP growth in FY 19 was broad based across economic sectors, supported both by strong domestic demand and by external demand reflected in 10.50% export growth. Public and private sector investment and consumption along with sharp rise in the flow of wage earners remittance highlighted the economic performance of the country in 2019. Average inflation was slightly uptrend, recorded at 5.59% in December 2019 from 5.54% in December 2018. However, Foreign Exchange Reserve has recorded a steady level, USD 32.69 billion in December 2019 compared to USD 32.01 billion in December 2018.

The EPZs play a special role in the development of the industrial sector by attracting domestic and foreign investment. Investment and exports of the EPZs are gradually increasing. At present 93% people of the country are under electricity coverage. During FY2018-19 the total installed electricity generation capacity stood at 18,079 MW, which is 21,169 MW including captive and renewable energy. The Government continues implementing different projects on transport and communication sector as priority basis. The construction and reconstruction/rehabilitation of road/bridge/culvert is being adopted and implemented. Furthermore, Padma Bridge, Dhaka Elevated Express Way and some other mega-projects are being implemented by Bridges

Division. Apart from this, Government has been implementing various programs and projects for development and maintenance of navigability of different river routes. And also works for ensuring safe movement of water crafts, development of inland river ports, creating infrastructure facilities to carry container goods in inland waterways and so on. In order to attain the desired target of poverty alleviation, the Government provides special priority in social safety-net programs. A total of Taka 641,764.80 million has been allocated against social safety-net program in FY 2018-19 national budget, which has been increased over the last year.

ADP allocations, which is an important parameter for the Bank to extend finance to its customers, shows that maximum importance has been given to transport, energy, physical infrastructure, water supply and housing, rural development education and religion, science and information technology (SICT), health, nutrition and family planning and agriculture sectors. During the last five fiscal years, the highest allocation has been given to the transport sector. As the construction of Padma Multipurpose Bridge is a national priority, the increased allocation for the 'Padma Multipurpose Bridge project', 'Padma Bridge Rail Connectivity project' and third important project 'Dhaka Mass Rapid Transit Development project' allocated Taka 26,560.00 million, Taka 32,900.00 million and Taka 24,888.3 million respectively. This proves how Bangladesh is outperforming in the midst of flare-up trade tensions, financial turmoil, an escalation of geo-political tensions etc. However, due to limited resource mobilization, limited sources of finance, ongoing several mega infrastructure projects including the Padma Multipurpose Bridge, a mass rapid transit system, LPG terminal and several power plants and deep sea ports, etc., the Government may go through fiscal challenges in managing its expenditure and continuing development initiatives.

Third: Accomplishment of Modhumoti Bank - Brief Review

Likewise the expansion of economic development of the country towards maturity, Modhumoti Bank's business has been continuing to grow despite facing adversities from different forms and corners. The key Performance Parameters of our Bank is presented below:

In million Taka

Parameters	Year-2019	Year-2018	Comments on Net Result
Total Deposits	50,121	37,744	Increased by 32.79%
Total Loans & Advances	42,507	35,576	Increased by 19.48%
Total Assets	71,127	51,693	Increased by 38.00%
Total Shareholders' Equity	6,600	6,257	Increased by 5.00%
Paid-up Capital	4,746	4,520	Increased by 5.00%
Retained Earnings	479	683	Decreased by 30.00%
Operating Income	2078	1,942	Increased by 7.00%
Net Profit After Tax	791	982	Decreased by 19.00%

Parameters	Year-2019	Year-2018	Comments on Net Result
Net Cash Flow from Operating Activities	7094	432	Net Positive increased
Import Business	23,657	20,040	Increased by 18.00%
Export Business	20,855	20,005	Increased by 4.00%
NRB Remittance	1,327	438	Increased by 203.00%
Loan Amount outstanding with Large Loan Segment and NPL %	35,653 Nil	26,320 Nil	Increased by 35.00% 0% NPL in Large Loan Segment
% of Classified Loans	2.53%	1.83%	Higher than previous year, but lower than industry average rate (9.30%)
Capital to Risk Weighted Asset Ratio	13.92%	15.04%	Higher than regulatory requirement (12.50%)
Dividend	10%	15%	5.5% stock and 4.5% cash dividend for 2019, which was 10% cash and 5% stock dividend in 2018.

I am pleased to report that in 2019, the Bank successfully navigated economic and industry uncertainties to consistently deliver value in financial, operational, commercial and sustainable areas, attesting to the inherent soundness and effective implementation of the Bank's strategy in recent years. Our goal remains to continue this momentum while managing risk and engaging our clients and employees in the highest ethical manner. We are determined to deliver services that provide value for money to clients. Our strategy remains to focus on our clients with a combination of digital banking, a branch network, and relevant & insightful communication to help them bank better. This, combined with our ability to adapt to the changing needs of clients, new markets and new technology, will remain MMBL's competitive advantage today and in the future.

Business performance analysis & analytical review reveals that:

In terms of Deposit Accounts; there were 1,65,430 deposit accounts in 2019, which were 99,168 in 2018. Also the Bank has been able to collect the deposits against various utility service providers with whom the Bank entered into agreements.

In terms of Loan Accounts; there were 3,162 loan accounts in 2019, increased from 2,803 in 2018. This increase depicts increase not only in the number but also indicates increased diversified business customers' portfolio.

During the year 2019, the Bank disbursed Taka 10,185.4 million in CMSME where outstanding was Taka 7,144 million as on 31.12.19 that constitute 17.96% of overall loan portfolio of the Bank, which strongly shows Bank's diversified asset portfolio. For instance, we have 'Modhumoti Goti' for starting up financing to small entrepreneurs, 'Modhumoti Progoti' for capital financing, 'Modhumoti Agrogoti' for working capital financing, 'Modhumoti Moushumi' for financing seasonal business and 'Modhumoti Labonnyo' for women entrepreneurs, 'Modhumoti Sangoti', a factoring product – some of

which are getting tremendous respond from the customers.

We have products in our basket to extend financial support to direct agricultural sector namely 'Modhumoti Shamolima', 'Modhumoti Shamolchhaya' and 'Modhumoti Shamolmaya'. Total Agricultural Portfolio has stood at Taka 257.7 million as on 31.12.2019 which is almost 0.66% of the total portfolio of the Bank increased from 0.21% from previous year.

We have continued strengthening our footprint throughout the country in Agent Banking arena. I take the pride to state here that we are one of the few first to understand the power of Agent Banking towards implementation the goal of financial inclusion in our country. As a result, number of Agent points increased from 281 in the Year 2018 to 366 in the Year 2019 covering 366 Unions, 45 Upazilas, 16 Districts and 8 Divisions of the Country and still moving on. In doing so, we took the assistance of a2i of the Government of the People's Republic of Bangladesh with the motto to spread our Banking activities to the underserved segment of population for the safe, reliable and low cost delivery of banking services, who previously did not have basic access to banking. We make them enabled to open accounts, execute transactions, get remittance and avail other services.

Moreover, we have priority banking service designed to provide ultimate banking experience to the high-net worth segmented customers of the Bank. Modhumoti Bank is continuing to serve the Freedom Fighters of the country by offering special rate for deposits and loans for them. Debit cards, Credit cards, Internet banking are continuously increasing their net to serve more people. Meanwhile, the Bank has introduced 'Go Smart' Digital Mobile Banking Application in 2019, which has by this time gained popularity among its users for its simple and user-friendly interface. To start a new business segment, the Bank has obtained gold business license in 2019 to act as gold importers for importing gold from the authorized dealers or producers.

Corporate Portfolio of the Bank was Taka 31,951 million in 2019 in comparison with Taka 23,574 million registering growth of 35.53%. Total import business of the Bank was equivalent to Taka 23,657 million in 2019 compared to Taka 20,040 million of 2018. In 2019, different customers of the Bank exported for Taka 20,855 million through our Bank which was Taka 20,005 million in 2018. Import and Export Business of the Bank grew by 18.04% and 4.24% respectively. Moreover, as a part of diversification and also to take part in the ongoing development works of the country, we have participated in two Syndication Finance deals namely, Baraka Shikalbaha Power Limited and KSRM Power Plant Limited.

We have achieved important results on efficiency, risk management, process reengineering for simplification & prompt service and started further digitization of products & services we provide to customers. We are doing all these through investments by ensuring all regulatory requirements and maintaining highest level of ethical standards, transparency and professionalism.

Fourth: Forward Plan– Predicting Future

No doubt that we are passing through a global severe pandemic that the world ever see. Almost every corner of the world has been affected and the world trade has been hampered in a way that was completely unpredicted. The severity of this pandemic is yet to be measured mathematically and to overcome this, no single strategy would fit for all. A concerted strategic effort should be in place to be formulated by the Government and Public Authorities in consultation with the Private Sectors' entrepreneurs & others concerned. There will be a restoration of the CMSME Sector and Implementation of Financial Stimulus Packages declared by the Government through Bangladesh Bank. It may be mentioned here that the Government of Bangladesh and Bangladesh Bank have responded swiftly, announced effective measures to aid weaker sections of society and facilitate credit flow to the economy.

To meet the challenges of the current environment and deliver on our strategy, we have a set of strategic priorities. We will continue to manage these priorities in a balanced way with an appropriate mix of growth, risk, return, and profitability. Our special attention will be as follows:

1. We will build a strong, diversified and sustainable business that can deliver consistent returns in a way society expects. We work for assisting our clients to operate successfully and being their bank of choice for their business and personal financial needs.
2. To provide delightful customer experience, Service Quality will be our top priority for all business segments and all touch points.
3. Bank will continue its focus to reduce cost of deposit by changing deposit mix and to improve Cost to Income Ratio (CIR) by reducing operating expenses in 2020. It will ultimately reduce the cost of fund.

4. Because of introduction of single digit interest rate, spread will shrink and earning capacity of the Bank will be affected. To reduce this adverse impact, the Bank will increase its non-funded business portfolio to earn fee & commission based income.
5. Beside of our existing exposure in 'Corporate' portfolio, the Bank will continue to focus on growth of SME & Retail business portfolio.
6. The Bank will focus on increasing the investment portfolio in government securities which will generate income at an average yield to exceed the expected rate of return of the funds utilized by Treasury Division. Classification of asset portfolio and charging of provision will thus be avoided by the Bank.
7. Maintaining asset quality & business growth in terms of both deposit & advance is always prime objective. Collection from loan customers will be given priority during the year 2020 and a strong monitoring system for overdue loans will be introduced in place for strengthening performance of collection units both at the branch and head office end.
8. Technology led robust monitoring will be introduced. Efforts are on and shall be further strengthened for recovery of NPL. Preventive measures shall be strongly pursued for restraining emergence of fresh NPL through increasing effectiveness of Early Alert System.
9. The Bank aims to deliver technology driven products and services in the coming years to address the pace of transformation in banking business.
10. Considering customer experience, changing demands & information security of customer Data, the Bank has already started to take various initiatives for business automation and implementing IT as well as information security including our ability to deal with cyber-threats which will be completed to the fullest extent in next few years.

We are determined to remain in the growth trajectory amid all adversities. We have been relentlessly working on for executing and building sustainability in our business performance and operations. During the year, we have significantly strengthened the risk and compliance function and compliance culture throughout the Bank. We have strengthened our credit function by streamlining the relevant committees. To make the controls effective & to minimize risk, we need to implement centralization of the Loan Documentation process. We would continue our focus on expanding agent banking network through exploring other avenues. The Bank always ensures its commitment to the community through expanding its area of CSR activities.

Lastly and most importantly: Acknowledgment

I am very grateful for the generous support and guidance of the Senior Management Team and I enjoy from our honourable Chairman and the Board of Directors. We know that we must stay focused and maintain our pace of sustainable growth. The profession of banking has a unique role in society and it is our fundamental belief that we can and must do business in a way that does good. Through the work we do with our customers and clients, we can have a meaningful impact on the progress of our communities and the preservation of our environment, as well as making a positive difference to the health and well-being of our employees. We take that duty seriously, and it shapes our view of the professional culture we want to be known for and the business we want to become.

My gratitude also goes to the honourable Governor and other Officials of Bangladesh Bank, Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities & Exchange Commission (BSEC) and all other regulators for their continuous support and mentorship, since the very inception of the Bank and I sincerely hope that this will continue in the days to come.

I'm very proud of the way the management team and our colleagues across the country have maintained their focus on making a tangible difference every day to the customers and clients we are here to serve. In delivering for them, we continue to demonstrate that the strategic path we are on is the right one for our Bank. I am extremely proud to lead such a dedicated and capable team and wish to thank all the employees of the Bank for their relentless commitment and efforts in delivering the results set out in this Annual Report. For growth & sustainability, the Bank's commitment is expressed in the phrase 'creating opportunities to rise'. I am confident that Modhumoti Bank will emerge as one of the leading private commercial banks in the country in near future.

Thank you all for your continued trust and we look forward to delivering for all of our stakeholders in 2020 and beyond.



Md. Shaful Azam
Managing Director & CEO

Inauguration of the new Head Office

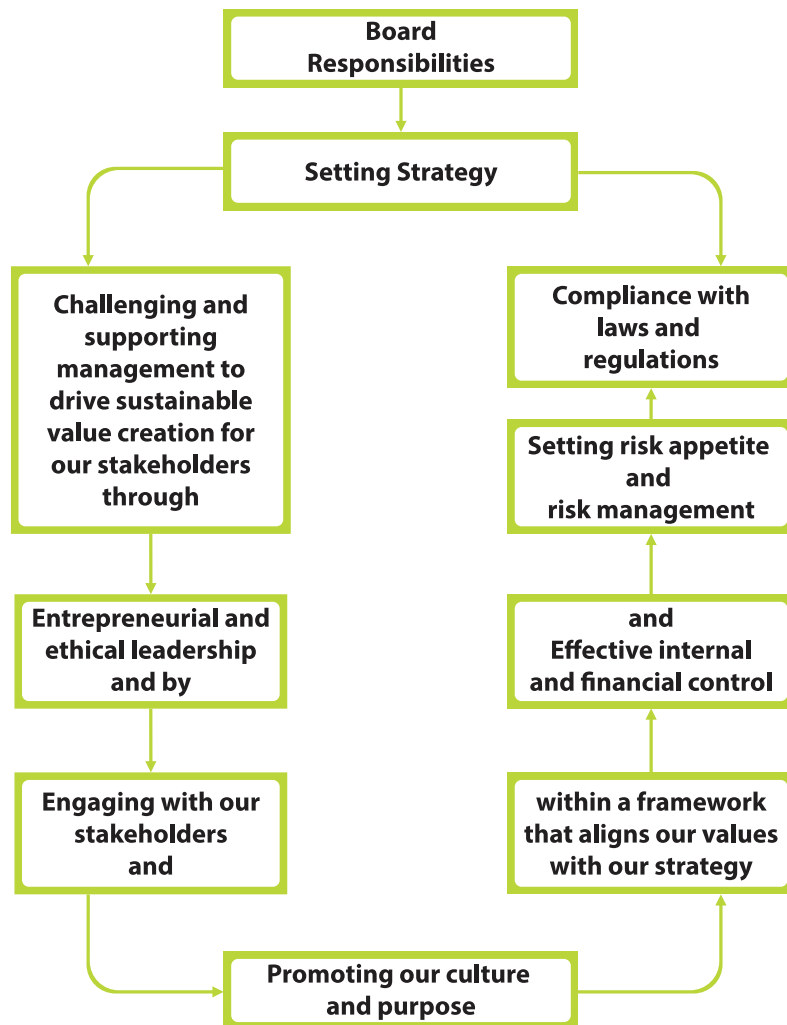


Corporate Governance



Directors' Report

The Board of Directors ('The Board') is comprised with competent and professionally skilled persons with a view to formulating policy-guidelines and supervising business activities of the Bank efficiently as well as ensuring good governance.



The Board determines the objectives and goals and does chalk out strategies and work-plans on annual basis. It specially engages itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structure, change and reformation for enhancement of institutional efficiency and relevant policy matters.

The Board thinks of governance as how it governs the Bank and makes decisions to promote its success for the long-term benefit of our stakeholders. Effective governance makes possible the delivery of our purpose and our strategy.

To ensure good governance, the Board gives emphasize on risk management, internal controls, internal audit & compliance and ensures their implementation.

The Board discharges its responsibilities as described in this high-level flow diagram.

The Board of Directors of Modhumoti Bank Limited ('MABL') has an immense pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended December 31, 2019 together with the Report of Auditors to the Shareholders in the occasion of the Seventh Annual General Meeting (AGM) of the Bank.

This Directors' report has been prepared in compliance with section 184 of the Companies Act 1994, Section 15 & other relevant sections of Bank Companies Act 1991 (amended up to the date) and condition 1(5) of the Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 titled as "Corporate Governance Code 2018". Guidelines of Bangladesh Bank along with the instructions as stated in BRPD Circular No. 11 dated October 27, 2013 and Bangladesh Accounting and Financial Reporting Standards have also been considered while preparing this report.

A review of the report would reveal consistency in performance of the Bank during 2019 in a stiff and competitive environment. In addition, an overview of the key performances of the world and Bangladesh economy during 2019 and outlook for 2020 are provided in this report as part of humble presentation to our valued shareholders. Moreover, the Directors are pleased to explain and disclose some issues, which they consider relevant to ensure transparency and practice of corporate governance in the operational activities of the Bank. The Directors believe that the Report will give complete insights of the Bank's performance during the year under review.

Global Economy

A dynamic and inclusive global economy is essential to meeting the ambitious targets of the 2030 Agenda for Sustainable Development. Amid prolonged trade disputes and wide-ranging policy uncertainties, the world economy has seen a significant and broad-based deterioration over the past year. This threatens to impede efforts to reduce poverty, create decent jobs, broaden access to affordable and clean energy, and achieve many other Sustainable Development Goals. World gross product growth slipped to 2.9% in 2019—the lowest rate since the global financial crisis of 2008–2009 (projected GDP for 2019 was 3.2%). This slowdown is occurring alongside growing discontent with the social and environmental quality of economic growth, amid pervasive inequalities and the deepening climate crisis. Even as global trade tensions ease along some fronts, the potential for relapse is high, as important issues underlying these disputes have yet to be tackled in depth. Based on the assumption that potential setbacks will not materialize, a modest uptick in global growth for 2020 was forecasted at the end of December 2019 though policy uncertainties will continue to weigh on investment plans.

Rising tariffs and months of shifting between the escalation and de-escalation of global trade tensions have fuelled policy uncertainty, significantly curtailed investment, and pushed global trade growth down to 0.3% in 2019 – its lowest level in a decade. Bilateral trade between the United States of America and China has plummeted, with significant disruptions to international supply chains. The global electronics and automobile sectors, which have extensive cross-country production networks, have been hit particularly hard. Nonetheless, several countries have benefited from a rise in global export market share, as firms seek to source inputs from countries that are not directly affected by rising tariffs. Meanwhile, many of the least developed countries (LDCs), which are generally not well integrated into global trading networks, have remained relatively unaffected by trade disputes. Unlike most of the rest of the world, the majority of LDCs saw GDP growth accelerate in 2019.

The world economy is plagued by various risks that threaten financial stability. Amid prolonged loose monetary conditions in developed economies and rapid credit growth in some emerging economies, high levels of debt are pervasive. Overburdened monetary policies have proven insufficient to stimulate investment, which in many countries is being held back less by financing costs than by uncertainty and a lack of business confidence.

Moreover, the recent fallout in global output growth due to corona virus pandemic is being recognized as the worst and unprecedented since the great depression of the 1930s by many global giant institutions including the IMF. Following table shows the IMF's latest (June 2020) near-term projections for global economic growth as a whole and by major Advanced Economies and Emerging & Developing Economies:

Overview of Global Economic Growth (updated up to June 2020):

Particulars	Growth in percentage				
	2018	2019		2020	2021
	Actual	Projected	Actual	Projected	Projected
World	3.6	3.2	2.9	-4.9	5.4
Advanced Economies	2.2	1.9	1.7	-8.0	4.8
Emerging Market & Developing Economies	4.5	4.1	3.7	-3.0	5.9

Source: International Monetary Fund

Corona virus pandemic is not only tragically costing a large number of human lives but also inflicting huge output losses in almost all the regions and countries of the world. Given the uncertainties created by Covid-19, global growth has been projected to be shrunk by 4.9% in 2020 which is anticipated to be recovered by a growth of 5.4% in 2021. It is noteworthy that the growth performance of emerging markets & developing economics anticipated to be shattered 3.0% in 2020 which is anticipated to be recovered by registering a growth of 5.9% in 2021. Despite a significant drop in global real GDP growth, headline inflation has been seen to increase in many countries due to the disruption of production and supply chains. As a result, there has been a significant uncertainty regarding global inflation.

The world in 2033 is likely to be very different from that in 2019. The emerging economies will have largely emerged; the biggest element of trade will be down phone lines; many aspects of the physical trade between Asia and Europe will be transported by land rather than by sea. Technology will transform business and we run the risk that income inequality will be much higher than it is now. The environmental challenge will remain and one of the key determinants of growth will be how well we deal with this. The key to making the next 15 years successful and prosperous for as many as possible will be how we as a society cope with these challenges.

Bangladesh Economy

A remarkable decade as Bangladesh has achieved highest GDP growth rate at the end of it (2010-2011: 6.46%; 2018-2019: 8.15%; Average growth: 6.88%). Robust growth momentum continues in the Bangladesh economy amid tepid global growth environment, with 8.15% GDP growth estimated by Bangladesh Bureau of Statistics for Financial Year (FY) 2019 against global growth projection averaging 4.1% for 2019 in emerging market and developing economies. The strong 8.15% real GDP growth in FY 2019 was broad based across economic sectors, supported both by strong domestic demand and by external demand reflected in 10.50% export growth. Public and private sector investment and consumption along with sharp rise in the flow of wage earners remittance highlighted the economic performance of the country in 2019. Average inflation was slightly uptrend, recorded at 5.59% in December 2019 from 5.54% in December 2018. However, Foreign Exchange Reserve has recorded a steady level, USD 32.69 billion in December 2019 compared to USD 32.01 billion in December 2018.

Bangladesh's progression path of the government's pursuit of an ascending trajectory of sustained inclusive, equitable and environmentally benign economic growth and social development proceeded broadly on track during H1FY20 (July-December 2019). In this period, the pace of economic activities continued its normal trend due to robust domestic demand aided by strong remittance inflows and higher government investment.

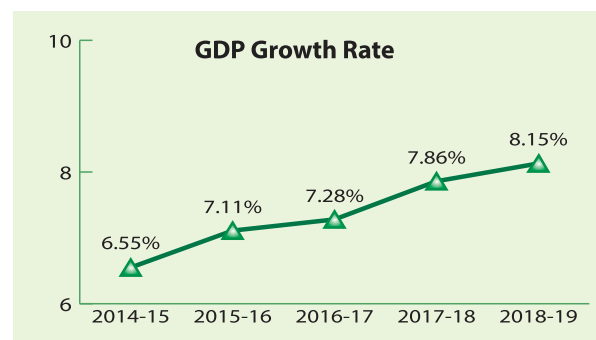
Bangladesh Bank, presuming stable global and domestic economic environment, projected the current robust growth momentum in Bangladesh economy to continue through 2024. The projection looks plausible given that a number of large ongoing infrastructure projects will be operational over the projection period, adding substantial new output capacity to attract new domestic and external investments in output initiatives.

But, towards the end of calendar year 2019, the dark shadows of the hitherto wholly unknown new covid-19 pandemic began to engulf the entire global community very rapidly, causing the health and economic disruptions on an unprecedented scale. Bangladesh is also affected and government authorities have had to adopt abrupt drastic steps like community wide extensive spells of mandatory quarantines and lockdowns during March 26 to May 30, 2020 to limit and contain the threat of Covid-19 infection. There was a disruption in domestic economic activities to a large extent. To overcome the adverse effects, the Bangladesh authorities had no option other than to line up massive support measures to help out affected businesses and weaker population segments facing loss of work opportunities for their livelihood. Although the pandemic's pace of expansion in Bangladesh has thus far remained relatively moderate and the economy has already been reopened in a limited scale since May 31, 2020, the shadow of pandemic related uncertainties is still there.

Because of the corona virus pandemic related devastation, the government's estimated real GDP growth for FY 20 plunged to 5.20% from its target of 8.20%. The Government has set the target of real GDP growth at 8.20% for FY 21 considering that the ongoing corona pandemic situation will improve soon and the economy will rebound strongly following a V-shaped path.

Bangladesh is moving towards high middle-income strata on the strength of an annual economic growth rate of 6% and above during last six years or more. Steps are being taken to increase private investment and the government has already identified some important things for the betterment of economy like ensuring efficient infrastructure, including ports and transportation, energy generation, increasing ease of doing business, and ensuring good governance.

Overall poverty rate dropped to 20.50% at the end of FY 2018-2019. Extreme poverty rate dropped to 10.50% from 11.30%. Regarding Least Developed Country (LDC) graduation, in March 2018, the United Nations Committee for Development Policy (CDP) found that Bangladesh met the criteria for graduation for the first time. If Bangladesh meets the graduation criteria at the next review in 2021, the UN Committee for Development Policy (CDP) will recommend it for graduation from the LDC category to Developing Country in 2024. As per report of a London-based Centre for Economics and Business Research (CEBR), Bangladesh's economy will make one of the biggest jumps between 2020 and 2034. Bangladesh ranks 40th among 193 countries this year (2019) and will rise to 25th in 2034. It is expected that the economy of Bangladesh will perform better in the coming years and achieve the development goals.

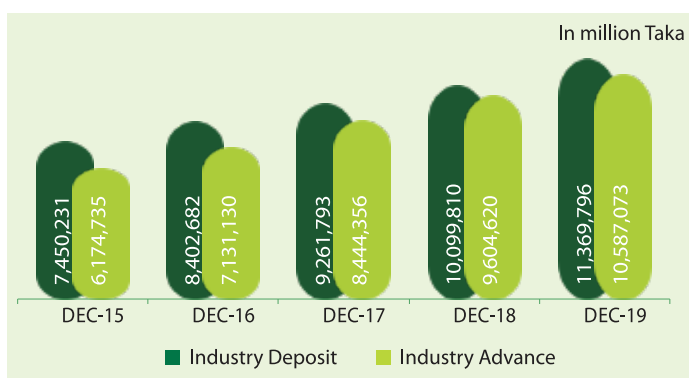


Banking Industry Outlook

The banking system in Bangladesh appeared to be mostly resilient in 2019 although had to bear few impacts of the challenges faced by the Bangladesh economy. The operating profits of the country's private commercial banks (PCBs) witnessed a 'slower growth' in the outgoing calendar year (2019) because of some reasons but mainly for a rising trend in classified loans in the banking sector. Most of the banks, however, maintained growth in their operating profits, despite a declining trend in foreign trade, private sector credit growth, and interest rate spread. The private sector credit growth came down to 10.04% in October 2019 on a year-on-year basis from 11.26% in July, according to the central bank's statistics. It has stood at 8.6% at the end of FY2019-20 against the target of 14.8%. The banks have maintained a conservative approach in sanctioning and disbursing fresh loans, which also pushed down the private sector credit growth. Sluggish trend in the country's capital market along with lower growth of foreign trade, covering both export and import activities, had also a negative impact on profits of the banks in 2019.

On the other hand, the weighted average spread between lending and deposit rates, offered by the commercial banks, came down to 3.92% in October from 4.15% in January 2019, according to the Bangladesh Bank (BB) statistics. It was reduced further at the end of December 2019. The banks, which managed non-performing loans (NPLs) well by using the BB's relaxed policy on loan rescheduling, made better operating profits by the year-end. The volume of classified loans jumped by nearly 24% to Taka 1,162.88 billion as on September 30, 2019, from Taka 939.11 billion as on December 31, 2018. However, the amount of NPLs in the banking sector has stood at Taka 1,238.68 billion (NPL rate 9.30%) after the end of final quarter of 2019. On the other hand, some banks have been able to increase their operating profits following higher earnings from their treasury operations. Increased yields on the government securities have helped some banks boost their operating profits.

Overall surplus liquidity is seen to be broadly stable in 2019. The broadly stable liquidity situation is reflected in limited volatility in weighted average overnight interest rate, seldom going above the BB's repo policy interest rate. Private sector banks complain of difficulty in competing for deposits at affordable costs because of government's National Savings Scheme instruments bearing high non-market yields siphoning away savings of households. The government has already brought some modification in issuance of National Savings Scheme instruments. Public sector banks do not face as much hardship in this respect because of their greater access to low cost government deposits. Lower than expected tax revenue generation and slow sales in the National Savings Certificate forced the government to increase its borrowing from banks in the second half of 2019.



Top managements of the country's banks, particularly the private commercial banks (PCBs), have agreed with the proposal of gov. authorities and various associations to bring down their interest rates on all loans, except on credit cards, at 9.0% from the existing level from April 01, 2020. The decision was taken at a meeting of the chairmen and managing directors of all the PCBs with the Finance Minister. The meeting also decided that the interest rate on deposits will be brought down to maximum 6.0% instead of the existing level from April 01. Some other important issues include single-digit interest rate on all loans and mandatory deposit of the government's funds with the PCBs along with the public sector ones. The government had decided to allow the state entities to deposit 50% of their funds with the PCBs, up from the previous ceiling of 25%, to minimise the cost of funds in banking sector.

In the backdrop of covid-19 outbreak, BB's liquidity enhancing policy measures including reduction of CRR by 150 basis points for banks, by 350 basis points for off-shore banking units (OBU) and by 100 basis points for Financial Institutions (FIs), purchase of gov. securities from banks and FIs, the introduction of long term repo facilities up to 360 days, along with adoption of several refinance schemes helped to inject sufficient liquidity in the money market. Hence, overall surplus liquidity of the banks was also satisfactory as increased substantially at the end of 2019.

Challenges for the banking industry

The year 2020 is expected to be an exceptional one for banking industry in Bangladesh because of implementation of single digit interest rate. Fundamental structural reforms are very much essential in our banking sector. Following uncertainties may persist:

- Ensuring good governance in the banking sector remains the number one challenge for the sector itself as well as for the country.
- There is a lack of supervision in our banking system. Establishing a proper monitoring system at all levels is one of the biggest challenges.

- 🌱 The economists emphasised on creating an investment-friendly environment for accelerating private investment in the country. Because of slow growth of private sector investment, banks are not getting proposal of quality credits.
- 🌱 A huge amount of bad loans is going to be the biggest challenge for handling which causing a chaotic and vulnerable banking sector.
- 🌱 To keep both loan and deposit rate in single digit will be a big challenge for the banks as it will shrink their spread as well as net interest margin (NIM) which will have a severe impact on bottom line of performance statement (Profit & Loss Account).
- 🌱 Single digit interest rate will ultimately have impact on the Return on Assets (ROA) and Return on Equity (ROE) of the Banks.
- 🌱 Difference between the rate of deposits offered by the banks and rate of govt. savings instruments may be a reason for which savers are not interested to keep their money in banks. Consequently, deposit growth in private commercial Banks is not touching the level of expectation.
- 🌱 Growth of investment and business activities may not occur as per projections due to various directives likely to impact credit flow and lack of governance letting loose ever rising NPLs.
- 🌱 The big infrastructure projects that have been initiated in the recent years need to be implemented quickly to accelerate private investment. The planned special economic zones (SEZs) need to be operational soon. This, in turn, would encourage investment and export. In order to execute the ongoing mega projects, government may borrow huge sums from the banking sector eventually causing severe impact on the liquidity scenario.
- 🌱 As per roadmap for implementation of Basel III, banks will require maintaining additional buffer capital of 2.50% from 2019 & onwards which may cause pressure on Capital Management resulting in curtailing fresh lending.
- 🌱 Flow of inward remittance may shrink further due to global recession & other adverse factors affecting global outlook and Bangladesh economy.

Capital Market Outlook

The capital market has passed yet another gloomy year, as the core index of the Dhaka Stock Exchange (DSE) - DSEX - eroded 18.52% year-on-year in 2019, after hitting a 42-month low. Between January 1 and December 30, the DSE prime index lost 1,012 points or 18.52% to close the year at 4,452 on December 30, 2019. It was indeed another challenging year for investors in 2019 although Bangladesh Bank took several initiatives including (i) the relaxation of capital market investment exposure limit for banks (investment in capital market from excess liquidity up to 25% of bank's capital on a solo basis and 50% on a consolidated basis), (ii) the creation of a special investment fund of Taka 2 billion by each bank to be invested in the stock market in addition to bank's stock market exposure limit, (iii) the initiation of a new dividend disbursement policy allowing the banks to distribute dividend up to 30% including 15% in cash subject to maintaining minimum 12.50% capital conservation and (iv) the introduction of the long-term repo and other liquidity enhancing policy measures helping the banks to ease up their fund management.

Besides, the government has taken a series of initiatives to increase the flow of funds and institutional participation in the capital market for improvement.

Review on performance of Modhumoti Bank Limited

Background

Modhumoti Bank Limited (the 'Bank') is a scheduled commercial bank in the private sector established under the Companies Act 1994 and incorporated in Bangladesh as a public limited company to carry out banking business in Bangladesh following the Bank Companies Act 1991 (as Amended up to 2018), Central Bank's (Bangladesh Bank) regulations, Bangladesh Securities and Exchange Commission's (BSEC) regulations & directives and all other laws & rules applicable in Bangladesh. The Bank has commenced its banking operation on September 19, 2013 with Authorized Capital of Taka 20,000.00 million and Paid-up Capital of Taka 4,746.00 million with a vision of being the best private commercial Bank in Bangladesh.

Principal activities in brief

The principal activities of the Bank include conventional banking and related businesses. The Bank is being run by a competent 'Management Team', under supervision of a strategic Board of Directors, having long and sound background to serve the enterprises ranging from micro, small and medium enterprises and industries to large corporate houses. The Bank has 41 branches and 1 Off-shore Banking Unit as on 31 December 2019. The banking businesses include deposits taking, cash withdrawal, extending credit to corporate organizations, organizing syndication deals, retail and SME financing, trade financing, project financing, lease and hire purchase financing, credit cards, remittance services etc. During 2019, the Bank has obtained 'gold business' license to act as gold importer for importing gold from the authorized

dealers or producers. All the services are provided through both traditional and modern IT based products. Core competencies may be classified into two segments interest earning activities in the form of providing loans & advances and investment activities.

Meanwhile the Bank has developed various customized products for corporate, SMEs, agro-based, green-based enterprises as well as for retail customers for meeting financial needs of all segments to maximize its services net. The Bank also opened 366 Agent centres in Union Digital Centres (UDCs) under arrangement with a2i of Prime Minister's Office through Agent Banking Operation till 2019. At present the Bank has real-time online banking network through 44 branches in both urban and rural areas having smart IT-backbone. Besides traditional delivery points, the Bank has 42 ATMs of its own, also sharing with other partner banks and consortium throughout the country. The Bank has launched internet banking services with a title 'Go Smart'. It is a state-of-the-art mobile banking application by which registered customers of Modhumoti Bank Limited are able to avail banking services from their smart phone at anytime and anywhere. Presently, the Bank does not have any subsidiary company, but forming one for conducting fund management activities under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 is under process.

Vision, Mission, Corporate Philosophy, Strategic Priorities and Corporate Conduct

Since the task of crafting, implementing and executing business level strategies are the heart and soul of managing a business, Modhumoti Bank Limited has had some game plans which are being used gradually to stake out market position, conduct its operations, attract and please customers, compete successfully and achieve organisational objectives.

The 'Business Model' of the Bank deals with the revenue-cost-profit economies of its strategy, the actual and projected revenue streams generated by the product offerings and competitive approaches, the associated cost structure and profit margins, and the resulting earnings stream and return on investment (ROI). The fundamental issue surrounding a business model is whether adopted strategy by the Bank makes sense from a money-making perspective as well as value creation for the society.

All the strategies, business plans and performance measures are adopted & reviewed from time to time to attain Bank's Vision which is to lead the new generation of local commercial banks by excelling in customer delivery through insightful empowered employees, smart use of technology and offering a full range of highest quality products and services.

Business performance analysis and target-setting are, therefore, important to depict a 'Strategic Vision' for the long-run objective of an organization i.e., 'Wealth maximization'. There is a roadmap of the Bank's future-providing specifics about customer focus & technology, the geographic and product market to be targeted, and the capabilities it plans to develop. How 'Strategic Business Units (SBUs)' or Business segments operated by the Bank are performing is very much essential to assess 'who we are and what we do'. This gives a better strategy to the Bank Management to combat against the key challenges to reach the ultimate goal, i.e., 'where we are going'. Since most businesses ultimately target for profits, it's very important to know how to measure profitability. The key standard measures followed in the Bank are Spread or Gross Profit Margin, NIM or Net Interest Margin, Break-even Point Analysis, Return on Asset (ROA) and Return on Equity (ROE).

Preparation of Financial Statements

The financial statements prepared by the Bank Management present fairly its state of affairs, the result of its operations, cash flows and changes in equity. These statements have been prepared in accordance with the first Schedule (Section-38) of the Bank Company Act 1991, BRPD circular no. 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank from time to time, International Accounting Standards (IAS) & International Financial Reporting Standards (IFRS), the Securities and Exchange Rules 1987 and relevant rules & regulations applicable in Bangladesh. The external auditor, MABS & J Partners, Chartered Accountants appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2019. The financial statements of 2019 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration.

Maintaining proper books of accounts

The Bank maintained proper books of accounts for its financial transactions occurred during the year 2019. The transactions are recorded as per guidelines stipulated by the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable for the Bank. The books of accounts have also been reviewed by the external auditors, MABS & J Partners, Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

Appropriate Accounting policies

Appropriate accounting policies have been consistently applied, except for the changes disclosed in the financial statements in preparation of financial statements and that the accounting estimates are based on reasonable and prudent judgment. Bank records financial transactions on accrual basis with required disclosures and also prepared the financial statements accordingly.

Changes in accounting policy

IFRS 16, issued in January 2016 replaces existing guidance related to lease transactions and effective for reporting period beginning on or after 1 January 2019. IFRS 16 'Leases' replaces IAS 17 'Leases' along with other related Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. Interest expense on lease liability and depreciation on ROU assets are charged in the Profit and Loss Account.

The Bank has implemented IFRS 16 during 2019 and assessed whether a contract is a lease, in accordance with the guidance stated in the IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, unless the underlying asset is of low value. Office premises for which monthly lease rental is the amount not exceeding Taka 25,000, ATM Booths and other installations are considered as low value assets.

Follow up of IAS & IFRS in preparation of financial statements

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of financial statements. However, in case requirement for provisioning and Circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, Circulars issued by Bangladesh Bank have prevailed. As such the Bank has departed from certain requirements of IFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed in notes to the financial statements.

Going Concern

Going concern is one of the fundamental assumptions in accounting on the basis of which financial statements are prepared. Financial statements are prepared assuming that a business entity will continue to operate in the foreseeable future without the need or intention on the part of management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. It is the responsibility of the management of a bank to determine whether the going concern assumption is appropriate in the preparation of financial statements. The Management of Modhumoti Bank Limited has calculated all the ratios related to the maintenance of regulatory capital, LCR, NSFR, Leverage ratio, adequacy of bank's liquidity as per structured liquidity profile, regulatory reserves and has performed stress testing to determine bank's shock absorbent capacity in different scenario. All the ratios and results thus calculated reveal that Modhumoti Bank is running well above the level of different parameters set by the respective guideline of Bangladesh Bank.






Vendor Payment Policy

The Bank follows a set of payment policies and approved delegation of authority matrix for all of its vendors. While selecting vendors as per the methods prescribed in the Bank's Procurement Policy, payment terms & conditions are communicated explicitly before issuing work order or purchase order. Bills are paid according to the payment terms and withholding taxes are deducted from bills as per tax laws. As of date there is no legal case filed by the Bank or filed against the Bank by any supplier.

Internal Control System

The issues of an effective internal control system, good governance, transparency of all financial activities, and accountability towards its stakeholders and regulators have become momentous to ensure smooth performance of the banking industry. An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the banking industry.

"Internal Control System" means all the policies and procedures (internal controls) adopted by the Board of Directors and Management of a Bank to assist in achieving Bank's objective of ensuring following aspects, as far as practicable,

-  the orderly and efficient conduct of its business, including adherence to Bank policies,
-  the safeguarding of assets,
-  the prevention and detection of fraud and error,
-  the accuracy and completeness of the accounting records, and
-  the timely preparation of reliable financial information.

Internal control system consists of some interrelated components, such as, Control (or Operating) environment, Risk assessment, Control objective setting, Event identification, Control activities, Information & communication, Monitoring, and Risk response.

The Board of Directors through its Audit Committee of the Board reviews the effectiveness of the system of internal controls and management, establish effective audit process and manage various risks. The internal audit function reporting to the Audit Committee operates independently of other aspects of the Bank's management structure. It continuously reviews the Bank's system of internal controls. The internal control system of Modhumoti Bank Limited is sound in design and effective. It is dynamic & a continuing series of activities planned, implemented and monitored by the Board of Directors and Management at all levels within the Bank.

Control Environment

Control activities are the policies and procedures which help ensuring that management directives are carried out and the necessary actions are taken to minimize the risks of failure to meet stated objectives. An effective Control environment is set by top management and cascades across all business functions. Every year the top team conducts a self-assessment of key controls that affect the business and develops action plans to make the internal control environment more robust. Policies and procedures are effectively established within the Bank and are continuously reviewed for compliance, adequacy and improvement of opportunities. The Board of Directors sets the tone for an effective control environment through regular reviews of the processes for identifying, evaluating, and managing significant risks.

Risk Management

The identification, evaluation and management of risks, together with the way we respond to changes in the external operating environment are keys to sustainable growth and underpin the robustness of our business plans and strategic objectives, protecting our license to operate and our reputation and helping create a long-term source of competitive advantage.

Risk management is embedded in Modhumoti Bank's organizational structure, operations and management systems. Business risks across the Bank are addressed in a structured and systematic way through a predefined risk management structure. This ensures that the Board's assessment of risk is informed by risk factors and mitigating controls originating from and identified by the Bank's assets, functional departments and operations. Moreover, the Bank possesses a detailed risk management system with procedures in place to support risk evaluation.

The Bank has already formed different committees for risk management, which include the Board Risk Management Committee, Executive Risk Management Committee, Management SRP Team and Basel Unit (Supervisory Committee) along with Credit Risk Management Committee and Asset and Liability Committee (ALCO). The Committees regularly review issues related to the markets, credit & liquidity and, accordingly recommend and implement appropriate measures to proactively identify and mitigate risks. The Bank possesses an approved Asset Liability Management (ALM) policy. The Risk Management Division (RMD) independently scrutinizes projects from a risk-weighted perspective and assists relevant Divisions/Departments in setting business development priorities. These are aligned with the Bank's risk appetite while optimizing the risk-return trade-off derived from relevant risk exposures. The CRM team also clearly defines exceptionally high-risk sectors and prohibits lending to those projects having negative impact in terms of environmental, social or ethical standards.

Credit Risk Management

Credit risk is the risk of losses arising from borrowers' failure to repay the loans or meet contractual obligations. The aim of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable levels. Banks need to manage the credit risk inherent in the entire portfolio as well as the risk in individual borrower transaction. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization. Since exposure to credit risk continues to be the leading source of problems in banks, banks should have a keen awareness of the need to identify, measure, monitor and control credit risk as well as to determine that they hold adequate capital against these risks and they are adequately compensated for risks incurred.

In order to establish a sound credit risk management, adopting a modern rating mechanism is important. Bangladesh Bank (BB) introduced the Lending Risk Analysis (LRA) framework in 1993. Then BB made the Core Risk Management Guidelines (CRMG) mandatory in 2003, introducing the requirement of grading unclassified accounts. In 2005, Bangladesh Bank, vide its BRPD Circular No.18, advised all scheduled banks to implement Credit Risk Grading (CRG) for their borrowing clients. During the last couple of years, industry characteristics have changed a lot. Besides, necessity has evolved to review different weights applied in the CRG framework.

"Internal Credit Risk Rating System" comprises with 20 (twenty) different rating templates for 20 (twenty) industries/sectors instead of just one template for all the sectors like previous CRG model. The Internal Credit Risk Rating System describes the

creditworthiness of the borrower of a particular sector based on the assessment criteria set for that sector. Since the leverage, liquidity, profitability, as well as other quantitative and qualitative indicators, vary significantly from sector to sector, the ICRRS is developed to calibrate such diversities into the rating system.

The Bank has prepared its own credit risk management policy following Bangladesh Bank regulations and other standards as per international best practice for identifying, measuring, managing and controlling credit risk. A well defined process for credit evaluation and approval is being followed in the Bank by an excellent business and credit risk management team with adequate professional knowledge and experience. Business delegation of authority for approval of credit proposals by the Management, the Executive Committee (EC) of the Board and the Board of Directors are properly defined which is followed for all the cases.

ICT Risk Management

Information and Communication Technology has become the part and parcel in the daily activities of the Banks. Hence, risk management for Information and Communication Technology has become very much important. ICT Division is aimed to provide uninterrupted & efficient operations of all products, services and deliverables – Banks already offered or intends to do in future. In banking institutions, all risks should be recognized, addressed and managed in a prudent manner according to the fundamental characteristics and challenges. ICT risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of ICT within an organization. Risks surrounding Information Technology, such as unauthorized access to a system, network failure, software failure, lack of skills, hacking, viruses attack and poor system integration poses threat for the organization. ICT risk of the Bank is addressed by finding out the weakness in a particular operation and initiating appropriate/ suitable strategy within the approved policies and procedures. As an ongoing process, the Bank is constantly assessing risk by analyzing threats and vulnerabilities and taking necessary corrective measures following the standards and industry's best practice.

Internal Control and Compliance

Modhumoti Bank Limited has established an effective 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. 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 related to Bank's position & performance.

The Bank has continuously taking efforts to establish an effective organizational structure to maintain strong internal control culture by complying with Bangladesh Bank guidelines and implementing the Bank's internal control and compliance policies through the resources of the Internal Control and Compliance Division (ICCD). ICCD has three interrelated wings/units, namely, i) Audit & Inspection Department ii) Monitoring Department and iii) Compliance Department. This Division is independently verifies that all the branches & head office divisions are conducting their business in compliance with all approved risk management and internal control policies. If deviations, lapses & irregularities are found, they are reported to the appropriate authority and regularly followed up for ensuring compliance. ICCD is ensuring compliance regarding submission of all regulatory reports/returns by its own as well as other divisions & branches. The Board of Directors through its Audit Committee regularly monitors the adequacy of internal audit functions and their monitoring & compliance related activities so that a compliance culture is established within the Bank.

Anti-Money Laundering and combating Terrorism Financing

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) & Deputy CAMLCO at Head Office and BAMLCO at branches, who independently monitor, review & verify the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been prepared and transaction profile (TP) has been introduced. Training is continuously given to all categories of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions. Guidelines of Bangladesh Bank and instructions of Bangladesh Financial Intelligence Unit (BFIU) are properly followed for implementation in the Bank.

Statement of Directors' Responsibility to establish appropriate system of internal control

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with the applicable laws and regulations. This process ensures that a system of internal control in accordance with the best financial reporting practice was in place throughout the year and up to the date of the signing of financial statements for the year ended 31 December 2019. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and the Bank's risk management functions.

Statement of Directors on adequacy of the system of internal control

The Directors have reviewed the effectiveness of the Bank's systems of internal control for the year ended December 31, 2019. The Board through the Audit Committee has supervised the policies and various parts of businesses to ensure an effective internal control system. The Bank's business strategy, significant policies for internal control system and risk management have been taken properly and internal audit and control has been accomplished as per requirement of the Bank Company Act 1991 (as amended up to the date), Bangladesh Bank guidelines, Corporate Governance Code of Bangladesh Securities and Exchange Commission etc.

Analysis of business performance and financials

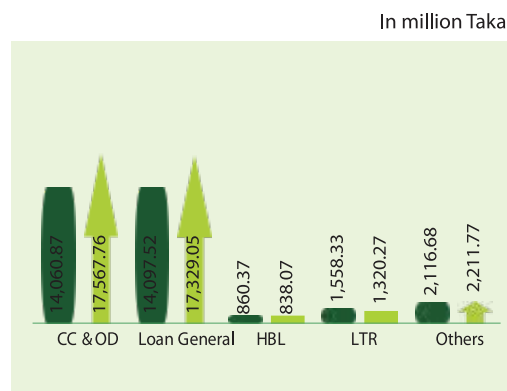
Modhumoti Bank Limited is maintaining its performance consistently as if we review the Balance Sheet of the Bank as at December 31, 2019, year-on-year comparison reveals that total assets has a growth of 37.60% (Taka 19,434 million) at the end of 2019 compared to last year. The Balance Sheet Size has stood at Taka 71,126 million at the end of 2019. Loans & Advances has a growth of 19.48% (Taka 6,931 million) in 2019 and total balance has stood at Taka 42,507 million at the end of 2019. Investments has increased by Taka 8,077 million (growth 159%) in 2019 and total balance of it as on December 31, 2019 was Taka 13,163 million. Fixed Assets has increased by Taka 676 million at the end of 2019 mainly due to the adoption of IFRS 16. As per IFRS 16, all lease contracts (except that for low value assets) will be treated as finance lease and will appear in Balance Sheet in the name of "right-of-use (ROU) Assets". The Bank has recognized a total ROU Assets of Taka 669 million in the Balance Sheet during the year 2019.

In the liability side of Balance Sheet as at December 31, 2019, we observed that deposit has a growth of 32.79% in 2019 and the balance has stood at Taka 50,121 million at the end of year 2019. Deposit book reveals that Short Notice Deposit (SND) has a growth of Taka 1,925 million (68%) and Fixed Deposits has a growth of Taka 10,250 million (40%) at the end of 2019. The Shareholders' Equity has a growth of 5.48% (Taka 343 million) at the end of year 2019 and the balance of it was Taka 6,600 million as on December 31, 2019.

Analysis of loan portfolio reveals that the Bank has focused on industrial loans in the form of working capital financing. The Bank has also had a portion of its total portfolio in work order financing.

a) Product-wise loans & advances:

Particulars	2019	2018
Cash credit and overdrafts	17,567.76	14,060.87
Loans (General)	17,329.05	14,097.52
House building loan	838.07	860.37
Loan against trust receipt	1,320.27	1,558.33
Other Loans	2,211.77	2,116.68
Sub-total	39,266.92	32,693.77
Bill purchased & discounted	3,240.34	2,881.88
Total	42,507.26	35,575.65



b) Category-wise allocation of loans and advances

In million Taka

Particulars	2019	2018
Agriculture, fishing, forestry and dairy firm	260.77	146.12
Industry (Other than working capital)	5,758.11	6,008.35
Working capital financing	9,567.08	8,630.83
Export credit	1,003.81	1,492.47
Import credit	1,406.48	3,450.22
Commercial credit	13,196.66	3,079.36
Constructions	8,071.31	4,597.47
Transport and Communication	694.39	688.66
Consumer Credit	484.52	401.87
Others	2,064.13	7,080.29
Total	42,507.26	35,575.65



The Board of Directors was reviewing loan proposals in a board meeting.

c) Sector-wise loans & advances

In million Taka

Sl. No.	Particulars	2019	2018
1	Agriculture	260.77	97.60
2	Industry	18053.17	15,855.60
3	Constructions	7022.89	3,568.90
4	Power, Gas, Water & Sanitary Services	1902.57	982.90
5	Transport, Storage & Communication	694.39	811.80
6	Trade Services	5214.02	5131.80
7	Housing Services	543.57	1,494.50
8	Banking & Insurance	4628.97	4,526.20
9	Professional & Misc. Services	4186.91	3,106.35
	Total	42,507.26	35,575.65

d) Geographical location-wise allocations of loans and advances

In million Taka

Name of Divisions	2019	2018
Dhaka	34,714.19	30,440.00
Chattogram	5,316.18	3,975.05
Rajshahi	223.66	69.16
Sylhet	104.67	113.37
Khulna	1,916.29	743.86
Mymensingh	47.75	36.53
Rangpur	150.54	155.14
Barisal	33.96	42.55
Total	42,507.26	35,575.65

Modhumoti Bank Limited has been able to keep its NPL at 2.53% level at the end of 2019 although it has increased from last year's i.e. 1.83%. Industry average rate of NPL is 9.30% at the end of 2019. The Bank has further strengthened its recovery process and is regularly monitoring impaired loans which will be helpful for restraining NPL within a very low level in future.

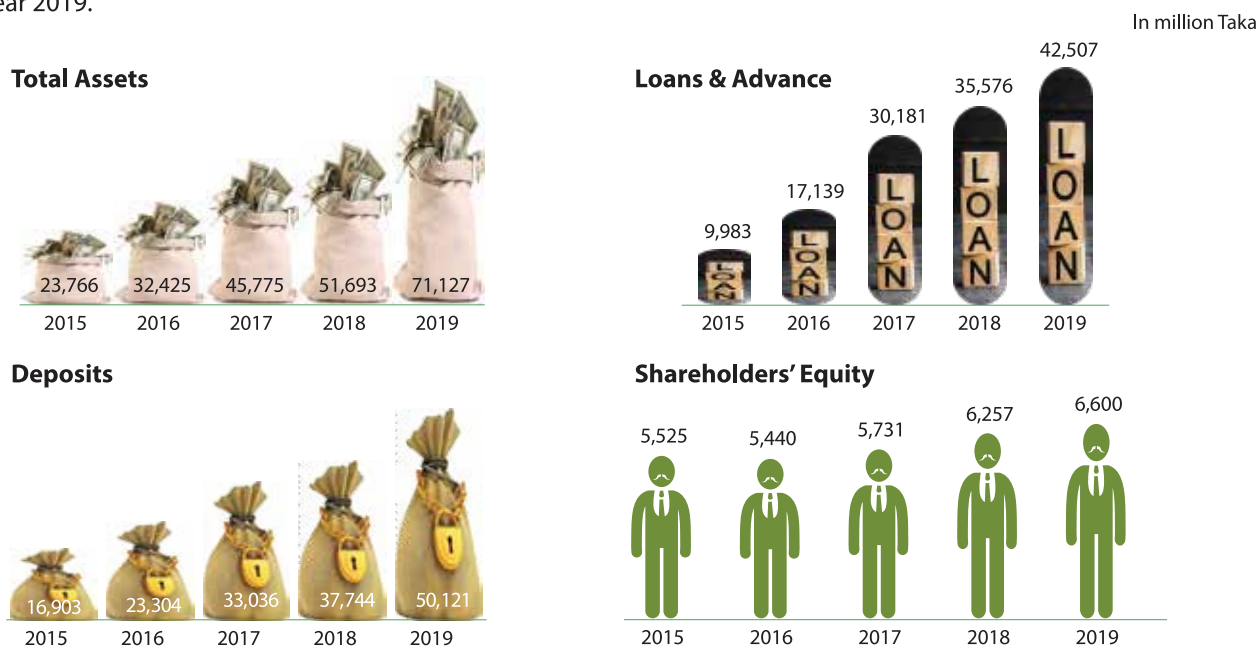
Out of total deposit of Taka 50,121 million at the end of 2019, the deposit mix reveals that high cost deposit is 71.51% and no cost & low cost deposit is 28.49%. The Bank management will have to give concentration on improving the deposit mix by collecting more no cost & low cost deposit which will ultimately reduce the cost of deposit as well as cost of fund.

Analysis of other performances

In million Taka

Particulars	2019	2018	Growth in Taka	Growth in percent
Import Business	23,657	20,040	3,617	18%
Export Business	20,855	20,005	850	4%
Bank Guarantee	17,990	11,034	6,956	63%
NRB Remittance	1,327	438	889	203%

Review of financial position as presented in the following graphs and tables reveals that the Bank has been able to maintain satisfactory growth of its total assets & other key performance indicators in spite of various challenges during the year 2019.



Quarterly & Annual Financial Performance

In million Taka

Particulars	Q-1	Q-2	Q-3	Q-4	Total
A) Net interest income	478.43	505.26	460.99	401.57	1,846.25
B) Non-interest income	208.00	257.88	239.50	553.58	1,258.96
C) Operating income	686.43	763.14	700.49	955.15	3,105.21
D) Operating expenses	228.89	260.46	262.93	275.33	1,027.61
E) Operating profit (C-D)	457.54	502.68	437.56	679.82	2,077.60

Analysis of Income Statement

In million Taka

Sl. No.	Particulars	2019	2018	Change in Amount	Change in %
1	Interest income	5,406.71	4,386.05	1,020.66	23.27%
2	Interest Expense	3,560.47	2,501.71	1,058.75	42.32%
3=1-2	Net interest income	1,846.25	1,884.33	(38.09)	-2.02%
4	Non-interest income	1,258.96	922.42	336.55	36.49%
5=3+4	Total operating income	3,105.21	2,806.75	298.46	10.63%
6	Operating Expenses	1,027.61	864.82	162.79	18.82%
7=5-6	Profit before provision	2,077.60	1,941.93	135.66	6.99%
8	Profit before Taxes	1,589.64	1,682.43	(92.79)	-5.52%
9	Provision for Taxes	798.35	700.44	97.91	13.98%
10=8-9	Net Profit After Tax (NPAT)	791.29	981.99	(190.70)	-19.42%

Operating Expenses

Operating expenses incurred for the year 2019 is Taka 1,027.61 million which was Taka 864.82 million for 2018. It has increased by an amount of Taka 162.79 crore (19%) in 2019. The main reason of increasing operating expense is depreciation charged (Taka 111.98 million) on the right-of-use (ROU) assets during the year 2019 which is almost 68% of total increase. But this increase of depreciation expense has no impact on cash outflow, although recognized & charged in Profit & Loss Account (P&L) as per IFRS 16. All other expenses mentioned in the P&L includes a portion of total increase which is Taka 51.32 million (32%). Salary expense has increased due to recruitment of experienced bankers for the new branches opened in 2019. Some officials have also been recruited for head office divisions as the Bank is in growing trend. Since the Bank has opened six new branches, hired new head office premises, expanded IT infrastructure, introduced new products & business lines, some development and branding & marketing related expenses were incurred in 2019.

Vehicle Cost

Total number of vehicles owned by the Bank is seven (07). The vehicles are generally used for carrying cash from feeding branch to other branches and for providing transport facilities to the officials for performing official duties. Total expenses incurred for vehicles under Bank's pool is Taka 2.18 million in 2019 as against Taka 2.48 million in 2018.

Directors' Remuneration

Directors are not eligible to any remuneration other than that for attending any meeting of the Board and its Committees. The Bank pays Taka 8,000 to each Director for attending a meeting in compliance with the BRPD Circular letter no. 11 dated October 04, 2015 of Bangladesh Bank subject to deduction of 10% tax at source. In the year 2019, a total amount of Taka 1.808 million has been paid by the Bank as Directors' fees and it was Taka 1.464 million in 2018.

Contribution to the National Exchequer

Modhumoti Bank Limited is one of the largest tax payers among peer banks in the country's banking sector and regularly performing its obligations both as a corporate tax payer as well as deducting authority as per provision of tax laws applicable in Bangladesh. During the year 2019, the Bank has contributed a total amount of Taka 1,379.54 million to the govt. exchequer which is presented as under:

In million Taka

Particulars	Year	Contribution
Corporate Tax, withholding tax, VAT and excise duty	2019	1,379.54
	2018	979.20

Key Performance Feature & Ratio

Particulars	Dec - 2019	Dec - 2018
Net Asset Value per share (NAV) [in Taka]	13.91	13.18
Earnings per share (Taka)	1.67	2.07
Net Operating Cash Flow Per Share (NOCFPS)	14.95	0.91
Return on asset (ROA)	1.29%	2.02%
Return on equity (ROE)	12.31%	16.38%
NPL	2.53%	1.83%
Yield on Advance	12.83%	12.48%
Cost of deposit	6.88%	6.68%
Cost of administration	1.72%	1.74%
Cost of fund	8.60%	8.42%
Spread	4.23%	4.05%

Appropriation of profit

The profit available for distribution after complying with regulatory requirements is presented in the following table:

In million Taka

Particulars	2019	2018
Net Profit After Tax (NPAT)	791.29	981.99
Less: Statutory Reserve (20% on Profit before Tax)	317.93	336.49
Retained Surplus during the year	473.36	645.50
Add: Retained Surplus from the previous year	5.17	37.67
Distributable Profit for the year 2019	478.53	683.17

Capital Management

The challenges around capital management linked to regulatory metrics have increased following the strengthening of the regulatory capital framework after the global financial crisis. Banks are required to significantly increase the quantity and the quality of their capital. New capital buffers and a leverage based requirement have been introduced to reinforce the robustness of the regulatory capital framework.

In terms of Section 13 (2) of the Bank Company Act 1991, the Guideline on Risk Based Capital Adequacy (RBCA) under Basel-III issued vide BRPD Circular No.18 dated December 21, 2014 (effective from January 01, 2015), BRPD Circular No.2 dated March 04, 2015, and BRPD Circular No. 5 dated May 31, 2016, the calculation of Capital to Risk Weighted Asset Ratio (CRAR) is done at the end of every quarter in a year.

As per Basel III guideline, banks are required to maintain 'minimum Total Capital Ratio' of 10% including 'Common Equity Tier-1 Capital Ratio' of 4.50%. Additionally, banks have to maintain 'Capital Conservation Buffer' of 2.50% by the end of the year 2019. Modhumoti Bank Limited has able to maintain CRAR at 13.92% at the end of 2019 due to its strong capital base. As a result of our efficient Balance Sheet management, the Bank has consistently been maintaining all Basel ratios as per Basel guidelines (ref: BRPD Circular No. 18, dated December 21, 2014).

Total regulatory capital of the Bank at the end of December 2019 is presented below:

In million Taka

Particulars	2019	2018
Tier-I Capital	6,595	6,256
Tier-II Capital	642	514
Total Capital	7,237	6,771
Total RWA	52,011	45,008
CRAR (Percentage)	13.92%	15.04%

For risk management, the Bank is emphasizing on completion of credit rating of all eligible unrated corporate and medium customers by external credit rating agencies and also emphasizing on restructuring of asset portfolio to low risk based assets. Moreover, the Bank is in the process of building up a platform to transfer from the standardized approach of risk measurement to more advanced version of Internal Risk Based Approach in evaluation of risk exposure of the Bank.

Credit Rating

Bangladesh Bank vide BRPD Circular No.06 dated July 05, 2006 has made it mandatory for the banks to have themselves rated. Accordingly, credit rating of Modhumoti Bank Limited is being done by Credit Rating Agency of Bangladesh Limited (CRAB), one of the oldest rating agencies of the country. Meanwhile, they have completed their working papers based on the audited Financial Statements for the year ended December 31, 2019 and affirmed that the rating of the Bank is 'A2' in the long term category. Three years rating is summarized as under:

Particulars	Credit Rating		
	Year-2019	Year-2018	Year-2017
Long Term	A ₂	A ₂	A ₃
Short Term	ST-2	ST-2	ST-2
Outlook	Stable	Stable	Stable
Date of Rating	01 July 2020	30 June 2019	27 June 2018
Validity	30 June 2021	30 June 2020	30 June 2019

Events subsequent to the Balance Sheet date

The Directors are aware of following matter or circumstance that has arisen since the end of the year 2019 up to the date of approval of financial statements by the Board of Directors of the Bank that may significantly affect the operations of the Bank, the results of its operations or its state of affairs:

- The COVID-19 (Corona Virus) pandemic has evolved rapidly in 2020 and it impacts how Banks & other business entities evaluate and disclose events after the reporting date ('subsequent events'). The World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19 after the Balance Sheet date of the Bank on March 11, 2020. Along with many other countries of the world, the Government of Bangladesh initiated a lockdown from March 26, 2020 to May 30, 2020 to contain the spread of novel coronavirus 2019 known as Covid-19.
- The Board of Directors of the Bank has recommended 5.5% stock dividend and 4.5% cash dividend for the year 2019 for approval of the shareholders in the Annual General Meeting.

Corporate Social Responsibility

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

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

Corporate Governance

Successful value added business is profoundly dependent upon transparency, internal and external confidence and trust. Corporate governance, i.e., an application of set of processes, mechanism, customs, policies, laws to attain certain sets of objectives, corporate mission and vision with regard to protect the interest of stakeholders, contributes to the efficiency of an organization enabling them to compete in a sustained way, maintaining integrity in the organization and also managing risk of the organization. Good governance is manifested through adherence to ethical business norms, a firm commitment to values and compliance with applicable laws and regulations, while enhancing shareholders value.

Since inception in 2013, Modhumoti Bank Limited focuses on ethics, governance and transparency. We are committed to maintain full compliance with the laws, rules and regulations that govern our businesses. The main objective is to develop a strong, sustainable and competitive company in the best interest of its shareholders, employees, business associates and society at large.

Corporate Governance Framework

The Board of Directors of Modhumoti Bank Limited is aware on separate roles of the Board and Management, as stipulated in Bangladesh Bank's BRPD Circular No.11 dated 27 October 2013. The Board acknowledges the greater responsibility of prioritizing accomplishment of transparency, accountability and professionalism through formulation of appropriate policies and execution thereof by deploying proper resources and engaging prudent Management, while the Management under guidance of Managing Director & CEO is responsible to execute such policies and procedures set by the Board for the greater interest of shareholders and other stakeholders of the Bank.

The Board and its Committees

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

The Board of Directors of Modhumoti Bank Limited plays pivotal role in bank-governance through their far sighted decision and visionary leadership that drive the company to keep sustainable growth. The Board appoints one of its directors as the Chairman and one as the Vice-Chairman. The Chairman presided over the meetings and headed Board's activities. All the assistive committees according to Bangladesh Bank's guidelines have already been formed and are playing pro-active roles in formulation of the Bank's goals, policies and strategic direction.

In the Sixth Annual General Meeting held on September 19, 2019, the Board constituted with 18 members. In 2019, the Board approved and ratified many policies and operating manuals as proposed by the Management from time to time to run the operation more smoothly and also reviewed effectiveness thereof and also approved necessary measures to accomplish the commitment for ensuring corporate governance and professionalism.

In accordance with BRPD Circular No. 11 dated October 27, 2013; the Board has formed the Executive Committee of the Board of Directors consisting of seven members under chair of Barrister Sheikh Fazle Noor Taposh. The Board has also formed an Audit Committee consisting of 3 (three) members under chair of Mr. Shaikh Salahuddin, Vice-Chairman of the Board of Directors and a Risk Management Committee consisting of 5 (five) members under chair of Mr. Mostafa Kamal. The Bank had no independent directors till to the date of December 31, 2019. Activities of the Committees are dealt according to Terms of Reference (ToR) approved by the Board under terms stated in the circulars of Bangladesh Bank. Minutes of the Committee meetings are presented for ratification before the meeting of the Board of Directors. The Company Secretary of the Bank also acts as secretary of these Committees and attends the meetings of the Board of Directors and its Committees. Sometimes other Executives are invited to attend meetings when required, provided that they do not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.

Meeting of Directors in 2019

In 2019, 11 (eleven) meetings of the Board of Directors were held. Besides, 13 (thirteen) meetings of Executive Committee (EC), 4 (four) meetings of Audit Committee (ACB) and also 4 (four) meetings of Risk Management Committee (RMC) were held and attendance of the Directors in these meetings were satisfactory. Directors who could not attend the meeting(s) were granted leave of absence by the Board. The status of the attendance is presented below:

Attendance of Directors in Board Meeting held in 2019:

Name	Designation	No. of meetings attended
Mr. Humayun Kabir	Chairman	11
Mr. Shaikh Salahuddin, MP	Vice Chairman	6
Mr. Sheikh Fazle Noor Taposh	Director	11
Mr. Mohammad Ismail Hossain	Director	10
Mr. Nemai Kumer Saha	Director	7
Mr. Salahuddin Alamgir	Director	10
Mr. Mostafa Kamal	Director	4
Mrs. Tanjima Binthe Mostafa	Director	4
Mr. Humayun Kabir Bablu	Director	6
Mrs. Shahana Yasmin	Director	5
Mrs. Sultana Jahan	Director	9
Mr. A. Mannan Khan	Director	10
Mrs. Ferdousi Islam	Director	7
Mr. Manwar Hossain	Director	7
Mr. Tanveer Ahmed Mostafa	Director	3
Mr. Md. Mahbubur Rahman	Director	9
Mr. Didarul Alam, MP	Director	3
Mrs. Syeda Sharmin Hossain	Director	11

Pattern of Shareholding

The Authorized Capital of Modhumoti Bank Limited is Taka 20,000.00 (twenty thousand) million divided into 2,000.00 million ordinary shares of Taka 10.00 each. The Paid-up Capital of the Bank was Taka 4,746.00 million divided into 474.60 million ordinary shares as of 31 December 2019. The Bank's shares are yet to be floated through initial public offering (IPO) nor listed with any stock exchange. The Board members collectively represented 72.57% of total outstanding paid-up capital of the Bank at the end of 2019, which was also 72.57% in 2018. Pattern on shareholding according to structure by Bangladesh Securities and Exchange Commission (BSEC) is reported below:

- (A) Share held by Parent/Subsidiary/Associated Companies and other related parties: Nil
- (B) (i) Shares held by Directors and their spouses and minor children as at 31 December 2019:

SL.	Name	No. of Shares	% of total Shares	Nominating Shareholder's (Institution) Name	Remarks
1	Mr. Humayun Kabir & Spouse	12,600,000	2.655%	--	--
2	Mr. Shaikh Salahuddin & Spouse	39,900,000	8.410%	--	Both are Directors.
3	Mr. Sheikh Fazle Noor Taposh & Spouse	42,000,000	8.850%	--	--
4	Mr. Mohammad Ismail Hossain & Spouse	21,000,000	4.425%	M/s. Sharmin Apparels Limited	--
5	Mr. Nemai Kumer Saha & Spouse	31,500,000	6.637%	M/s. Sandhani Life Insurance Co. Limited	--
6	Mr. Salahuddin Alamgir & Spouse	42,000,000	8.850%	--	Both are Directors.

SL.	Name	No. of Shares	% of total Shares	Nominating Shareholder's (Institution) Name	Remarks
7	Mr. Mostafa Kamal & Spouse	21,000,000	4.425%	M/s. Tanveer Oils Limited	--
8	Mrs. Tanjima Binthe Mostafa & Spouse	21,000,000	4.425%	M/s. Everest Power Generation Co. Limited	--
9	Mr. Humayun Kabir Bablu & Spouse	21,000,000	4.425%	--	--
10	Mrs. Shahana Yasmin & Spouse	39,900,000	8.410%	--	Both are Directors.
11	Mrs. Sultana Jahan & Spouse	42,000,000	8.850%	--	Both are Directors.
12	Mr. A Mannan Khan & Spouse	21,000,000	4.425%	M/s. Mango Teleservices Limited	--
13	Mrs. Ferdousi Islam & Spouse	21,000,000	4.425%	M/s. Azbal International Limited	--
14	Mr. Manwar Hossain & Spouse	10,500,000	2.212%	M/s. Anwar Jute Spinning Mills Limited	--
15	Mr. Tanveer Ahmed Mostafa & Spouse	12,600,000	2.655%	M/s. Meghna Flour & Dal Mills Limited	--
16	Mr. Md. Mahbubur Rahman & Spouse	10,500,000	2.212%	M/s. Mona Financial Consultancy & Securities Limited	--
17	Mr. Didarul Alam & Spouse	8,400,000	1.770%	--	--
18	Mrs. Syeda Sharmin Hossain & Spouse	8,400,000	1.770%	M/s. Sharmin Fashions Limited	--

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

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

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

Auditors' Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor, MABS & J Partners, Chartered Accountants based on the audited financial statements of the Bank for the year ended on 31 December 2019. The auditors didn't raise any material misstatement or significant disagreement during review of the Bank's financial statements. The Board also reviewed auditors' opinion/suggestions made under a separate management letter likely to give strategic directions/ guidelines to the Bank Management for further improvement.

Retirement and Re-election of Directors

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

Considering the relentless commitment and efforts in achieving various business parameters, the growth targets and the actual result earned, Mr. Md. Shafiqul Azam, Managing Director & CEO has been reappointed by the Board for the second term of his service with the Bank for the period from 8th August 2019 to 7th August 2022. Managing Director's salary and other benefits have been disclosed in the Bank's financial statements for the year ended December 31, 2019 as per Bangladesh Bank guidelines.

Appointment of Auditors

As per section 210 of the Companies Act 1994 the present auditor named, MABS & J Partners, Chartered Accountants, was appointed in the Sixth Annual General Meeting held on September 19, 2019. At any annual general meeting, a

retiring auditor may be reappointed if they are eligible for being reappointed as per The Companies Act 1994, regulation of Bangladesh Bank & the Bangladesh Securities & Exchange Commission (BSEC) and they have expressed their willingness to be reappointed. Since the external auditor has expressed their willingness for reappointment, the Audit Committee & the Board may consider their proposal which will finally be approved and their remuneration will be finalized at the upcoming Annual General Meeting. Further, obtaining subsequent approval from Bangladesh Bank is required. The appointed external auditors shall have accreditation with them.

Future outlook

Modhumoti Bank Limited is making progress on embedding sustainability into business despite challenging market conditions which are sometimes volatile as witnessed in recent times. In 2019, Modhumoti Bank Limited made good progress on executing our strategy and improving returns. Our progress gives us confidence that by continuing to build our businesses through targeted deployment of financial resources and investments in talent and technology, we have scope to do better. We can accelerate our growth and achieve increased returns for the shareholders in the years ahead.

We shall remain as a well-diversified bank for providing excellent products and services to our customers and clients. Our business model enables us to leverage resource and relationship to produce long-term sustainable outputs for our stakeholders. These outputs provide combined value for our stakeholders, helping people to rise.

We have a strong capital base and have acquired a quality business portfolio and diversity to help us boost our revenue earnings. Our presence in the market is growing steadily and we are in the process of further improving our presence in all areas of operations. We have professional Bankers with profound managerial talents & experience and perhaps most importantly, we have a hard earned reputation as one of the top service providers among the fourth generation banks in the industry, which has already been reflected in balance of key financial performance metrics and broader strategic non-financial measures focusing on the impact we have on our customers and clients, colleagues, and the benefit we bring to society via our citizenship activity. These measures are underpinned by how we behave towards all our stakeholders through our conduct and our culture. Performance against our financial metrics and strategic non-financial performance measures is directly linked to executive remuneration, and influences incentive outcomes for our employees more broadly. This approach supports us in our work to deliver positive outcomes for all our stakeholders. We remain convinced that if we work hard with dedication, passion and creativeness to seize the opportunities ahead of us, our future will be bright.

Acknowledgement

We would like to take the opportunity of expressing our heart-felt appreciation and gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms for their kind cooperation, valuable guidance and advice provided to the Bank from time to time. Prudent guidance and invaluable advice of our regulators especially from Bangladesh Bank has helped us to be governed adhering compliances over the years. We also thank to our external auditor who has given us their continuous guidance on different risk management and control aspects for sustainable business growth.

We remain grateful and also express our thanks and gratitude to our valued shareholders, customers, patrons and well-wishers at home and abroad for their continued support and cooperation to put the Bank at a distinctive edge. We believe, to achieve our aim of becoming the best private commercial Bank in Bangladesh, we shall be continuing to provide our customers with brilliant services and a seamless experience across all our channels.

We also expresses deep appreciation to the Management and all employees including sub-staffs for their enthusiasm in developing all the business models, policies & procedures and implementing an effective control system and also for their insatiable passion to improve process and platforms by embracing new and better ways of doing things to place the Bank to be a prestigious one.

We wholeheartedly appreciate the sincere effort along with combined and incessant support of the Board of Directors by all of its Committees for their wise counsel and guidance in matters of governance and strategic direction which has set strong foundation for sustainable growth and acts as an engine for responsible growth that is producing stronger financial results and sustainable growth.

We will accelerate our digital journey, and continue to play a leading role in capturing innovation and bringing it to life, at scale, for our customers and clients. We know that we must stay focused and maintain our pace to continue the momentum. Lastly, I personally, would like to thank my colleagues at the Board again for their valuable time and contributions in guiding the Bank to the right direction and also like to thank all of our stakeholders for their continuous support and trust on us.

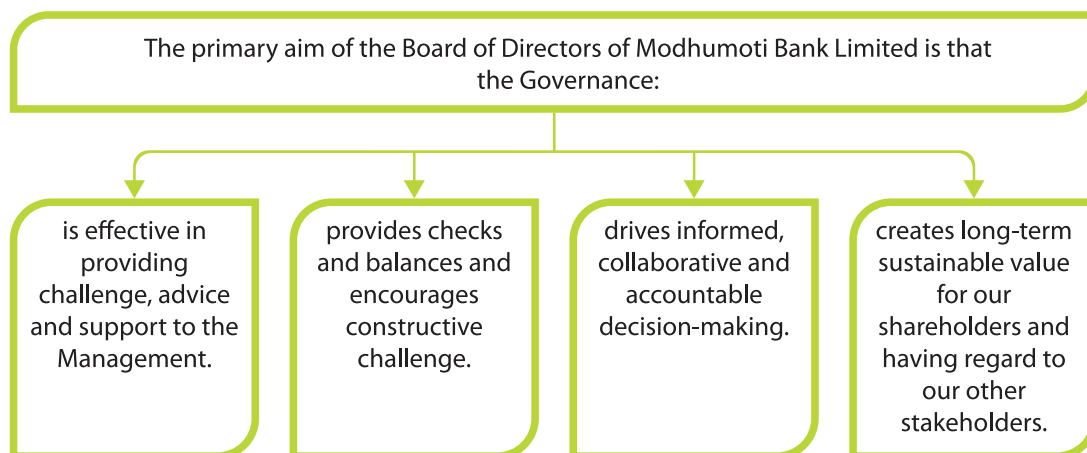
We look forward to delivering for all of our stakeholders in 2020 and beyond.

On behalf of the Board of Directors



Humayun Kabir
Chairman

Brief Report on Corporate Governance



Modhumoti Bank Limited always conducts its business in an open and transparent manner. The Board of Directors of Modhumoti Bank Limited recognizes the importance of effective corporate governance and is committed to ensure the sustainability of the Bank's business and operations by integrating good governance, ethics and business integrity into the strategies and operations of the Bank. The Board also believes in adopting not only the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission (BSEC) but also the international best practices in this area for improving Governance and promoting success for the long-term benefit of our stakeholders.

Corporate governance is the mechanisms, processes and relations by which the entities are controlled and directed to bring transparency, accountability and professionalism in the management system of a corporate body that enhances the credibility and acceptability of the organization to the shareholders, employees, potential investors, customers, lenders, government and regulators and all other stakeholders. Alike other sectors, effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole. Banks serve a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive economic growth. Banks' safety and soundness are keys to financial stability, and the manner in which they conduct their business, therefore, is central to economic health.

A lack of corporate governance can lead to profit loss, corruption and a tarnished image, not only to the corporation, but to the society, or even worse will influence global as a whole. Governance weaknesses at banks that play a significant role in the financial system can result in the transmission of problems across the banking sector and the economy as a whole. Poor corporate governance can create potential conflicts of interests, expropriation and unfair of minority shareholders. It only benefits the parties involved but do not affect value to other stakeholders, small shareholders with little impact on the stock price are brushed aside to make way for the interests of majority shareholders and the executive board. It can greatly eroded public confidence and tarnished society, or worldwide as a whole.

Corporate Governance Framework

Corporate governance is the structures and processes for the direction and control of companies. It is also about the relationships among the Management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders. Corporate governance makes companies more accountable and transparent to investors and gives them the tools to respond to legitimate stakeholder concerns such as sustainable environmental and social development. It contributes to development and increased access to capital encourages new investments, boosts economic growth, and provides employment opportunities.

Corporate governance determines the allocation of authority and responsibilities by which the business and affairs of a Bank are carried out by its Board and Senior Management, including how they:






- set the bank's strategy and objectives;
- select and oversee personnel;
- operate the bank's business on a day-to-day basis;
- protect the interests of depositors, meet shareholder obligations, and take into account the interests of other recognized stakeholders;
- align corporate culture, corporate activities and behavior with the expectation that the bank will operate in a safe and sound manner, with integrity and in compliance with applicable laws & regulations; and
- establish control functions.

A Bank through its Board and Board's Committees endeavors to strike and deliver the highest governing standard for the benefits of stakeholders. In fact, corporate governance leads to good governance, which is also an integral part of sustainable economic development. The three important constituents of corporate governance are Board of Directors which is comprised with non-executive Directors in Bangladesh, Shareholders and lastly but essentially, the Management, who are solely responsible for ensuring interest of other stakeholders, such as depositors, creditors, clients, employees, regulators etc.

The important role of the shareholders is to hold the Board accountable for the proper governance of a company by enabling the Board to provide them periodically the required information in a transparent manner about activities and progress of the company. The Management has the responsibility to undertake management of an organization in accordance with the direction provided by regulators as well as the Board, to put adequate control systems in place and to ensure their operation and to provide information to the Board timely and transparently, which enables the Board to monitor accountability of the Management.

Common Principles of Corporate Governance

Governance structures and principles identify the distribution of rights and responsibilities among different participants in an organization and include the rules and procedures for making decisions in corporate affairs. In other words, corporate governance contributes to the efficiency of an organization enabling them to compete in a sustained way, maintaining integrity in the organization and also managing risk of the organization. Commonly accepted principles of corporate governance include:

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

Corporate Governance at Modhumoti Bank Limited

Modhumoti Bank Limited is registered as a public limited company under Companies Act 1994, licensed by Bangladesh Bank under Bank-Company Act 1991 and amended thereafter and guided mainly by Bangladesh Bank in its corporate governance practices. The Bank is yet not listed with any stock exchange.

Bangladesh Bank has issued following Circulars/Circular Letters wherein separate roles and responsibilities of the Board and Management have been defined and appointment procedures have been stated as guideline, which are to be followed by all banks:

-  BRPD Circular No. 11 dated 27 October 2013: Formation & Responsibilities of Board of Directors of a Bank Company;
-  BRPD Circular Letter No. 18 dated 27 October 2013: Appointment and Responsibilities of Chief Executive of a Bank-Company;
-  BRPD Circular Letter No. 19 dated 27 October 2013: Contractual appointment of Advisor and Consultant in a Bank-Company;
-  BRPD Circular Letter No. 20 dated 23 December 2014: Appointment and Responsibilities of Chief Executive of a Bank-Company;
-  BRPD Circular Letter No. 11 dated 04 October 2015: Payment of honorium & travelling expenses for attending meeting of the board of directors;
-  BRPD Circular No. 14 dated 18 October 2018: Formation and Responsibilities of Board of Directors of a Bank-Company;

- BRPD Circular No. 18 dated 24 December 2018: Removal of disparity in age limit between Chief Executive and other Contractual Officials of a Bank-Company;
- BRPD Circular Letter No. 26 dated 24 December 2018: Appointment and Responsibilities of Chief Executive of a Bank-Company

Besides, Bangladesh Securities and Exchange Commission (BSEC) has introduced Corporate Governance Code in 2012 and thereafter amended in 2018, which is to be followed by listed banks and the banks who will submit their appeal for being listed to the BSEC. The Bank's corporate governance philosophy encompasses not only regulators and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local banks. At Modhumoti Bank, due importance is given to major parameters of corporate governance such as Board system and its independence, function of Board's sub-committees, internal control over financing reporting, transparency, disclosures and compliance etc. All our Banking activities are guided by key principles of good governance.

Vision, Mission and Values

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

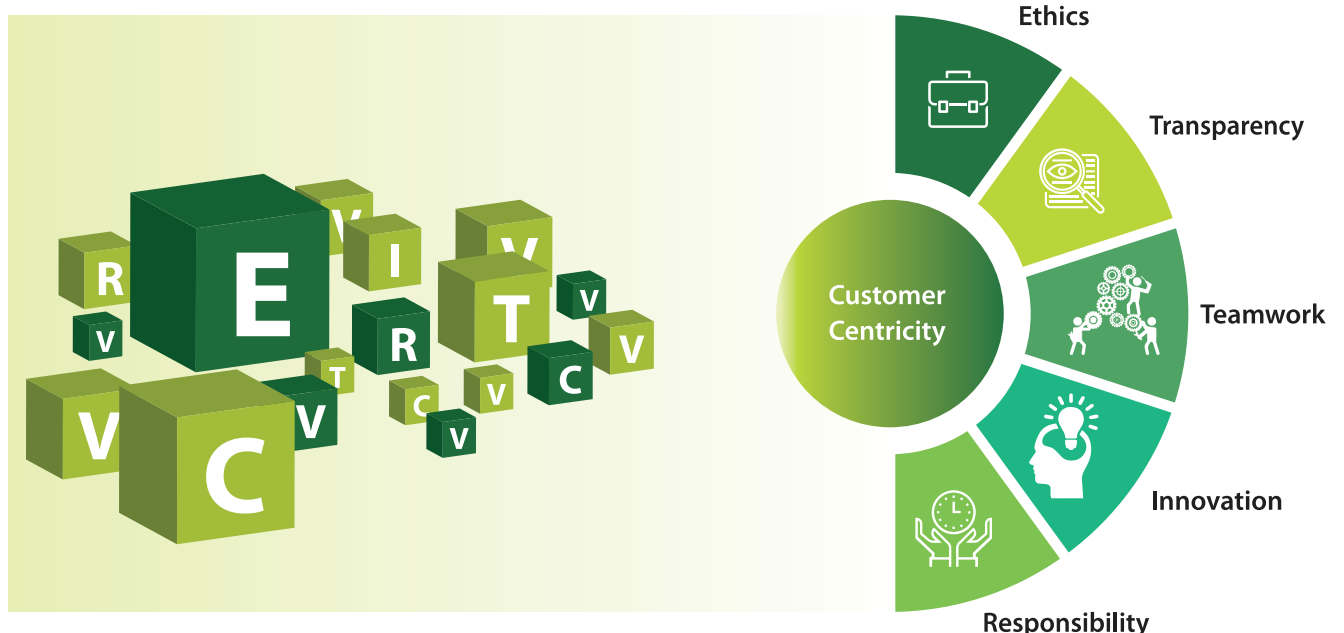
Vision

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










Mission

- | | |
|--|---|
| <ul style="list-style-type: none"> 01 Fast customer service 02 Maintain sustainable growth 03 Follow strong business ethics 04 Offer quality financial services with latest technology | <ul style="list-style-type: none"> 05 Provide smooth return on shareholder's equity 06 Attract and retain qualified human resource 07 Maintain Corporate Social Responsibility 08 Explore un-banked areas |
|--|---|

Core Values



Our Commitment

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

The Board of Directors

The Board of Directors of Modhumoti Bank Limited plays pivotal role in bank-governance through their far sighted decision and visionary leadership that drive the company to keep on track strongly towards sustainable growth. The Board is responsible for both designing and implementing governance mechanism including appointment and supervision of respective Board Committees and Top Management. According to the guidelines of Bangladesh Bank, the onus of setting strategic aims and goals of the company is also on the Board.


The number of directors on the Board is determined by the meeting of shareholders, which shall not be less than 7 (seven) or more than 20 (twenty), as set out in the Bank's Articles of Association. The election of Board members follows the resolution of the shareholders' meeting. Besides, election/ re-election of directors is required to be dealt following Companies Act 1994, Bank-Company Act 1991, as amended from time to time. At every annual general meeting, one-third of the directors shall retire. The retired directors may be re-elected, subject to complying rules/regulations of regulatory bodies in this regard. All the Directors of Modhumoti Bank Limited including the Chairman are Non-Executive directors except the Managing Director & CEO alike all other banks of the country. The Bank has not appointed any Independent Director till the end of 2019.

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

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

Roles and Responsibilities of the Board of Directors

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

-  **Governance:** The Board establishes structures and processes to fulfill board responsibilities that consider the perspectives of investors, regulators and management, among others. The board selects its members and leader(s) via an inclusive and thoughtful process, aligned with company strategy.

- 🌱 **Strategy:** The Board advises Management in the development of strategic priorities and plans that align with the mission of the organization and the best interests of stakeholders, and that have an appropriate short-, mid- and long-range focus. The board also actively monitors management's execution of approved strategic plans as well as the transparency and adequacy of internal and external communication of strategic plans.
- 🌱 **Performance:** The Board reviews and approves company strategy, annual operating plans and financial plans. It also monitors management execution against established budgets as well as alignment with strategic objectives of the organization.
- 🌱 **Integrity:** The Board sets the ethical tenor for the company, while management adopts and implements policies and procedures designed to promote both legal compliance and appropriate standards of honesty, integrity and ethics throughout the organization.
- 🌱 **Talent:** The Board selects, evaluates and compensates the CEO and oversees the talent programs of the company, particularly those related to executive leadership and potential successors to the CEO. The Board communicates executive compensation and succession decisions in a clear manner.
- 🌱 **Risk governance:** The Board understands and appropriately monitors the company's strategic, operational, financial and compliance risk exposures, and it collaborates with management in setting risk appetite, tolerances and alignment with strategic priorities.

According to Bangladesh Bank's BRPD Circular No. 11 dated October 27, 2013, the Board is responsible to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The roles and responsibilities of the Board of Directors include the followings:

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

The Role and Responsibilities of the Chairman of the Board

The Chairman of the Bank has been elected from the non-executive Directors of the Bank. In the absence of the Chairman, the Vice-Chairman would preside over a particular Board Meeting and in his absence, the remaining members of Board of Directors would elect one of themselves as Chairperson for a specific meeting. In such case, the reason of absence of the regular Chairperson needs to be recorded in the minutes.

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

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

Board's Committees and their Responsibilities

Bangladesh Bank's BRPD Circular No.11 dated 27 October 2013 allowed a bank-company to form maximum three committees of the Board. Accordingly, the Board of Modhumoti Bank Limited has formed Executive Committee of the Board of Directors consisting of seven members under the chair of Barrister Sheikh Fazle Noor Taposh. The Board has also formed an Audit Committee under the chair of Mr. Shaikh Salahuddin, MP, Vice-Chairman of the Board consisting of three members and a Risk Management Committee under the chair of Mr. Mostafa Kamal, consisting of five members.

Activities of the Committees are dealt according to ToR approved by the Board under terms stated in the circulars of Bangladesh Bank. Minutes of the Committee meetings are presented for ratification before the meeting of the Board of Directors. The Company Secretary of the Bank also acts as secretary of the Committees and attends the meetings. Other executives are invited to attend meetings as and when required.

Board meetings and attendance

Meeting of the Board of Directors is held on regular basis following minimum 7 days' Notice to every Director specifying day, date, time and full address of the venue, but emergency meeting may be called as and when required. The Agenda to be transacted at the meeting along with Memorandum [Notes to the Agenda] are to be circulated prior to the meeting. Supplementary items may be taken up for consideration with the permission of the Chair and with the consent of the majority of the Directors present in the meeting following BRPD Circular No. 11 dated September 17, 2018.

In the meeting, the Chairman of the Board of Directors allocates sufficient time for the Directors to consider each item of the agenda and allow them to discuss, inquire, and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities.

In 2019, 11 (eleven) meetings of the Board of Directors were held including Special Board Meeting with officials of Bangladesh Bank. Besides, 13 (thirteen) meetings of Executive Committee (EC), 4 (four) meetings of Audit Committee (ACB) and also 4 (four) meetings of Risk Management Committee (RMC) were held and attendance of the Directors in these meetings were satisfactory. Directors who could not attend the meeting(s) were granted leave of absence by the Board.

Independence of Non-Executive Directors

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

Independence of Chairmen of Board's Committees

Chairmen of the committee(s) of the Board of Directors are enjoying full freedom to carry out their responsibilities.

The Executive Committee

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



The Executive Committee is seen in a meeting chaired by Barrister Sheikh Fazle Noor Taposh.

Composition: In compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors constituted the Executive Committee (EC) of the Board with 7 (seven) members, which was as follow as of 31 December 2019:

Name	Status in the Committee	Status in the Bank	No. of meetings attended
Mr. Sheikh Fazle Noor Taposh	Chairman	Director	13
Mr. Mostafa Kamal	Member	Director	5
Mr. Salahuddin Alamgir	Member	Director	13
Mr. Mohammad Ismail Hossain	Member	Director	13
Mr. Nemai Kumer Saha	Member	Director	7
Mr. Humayun Kabir Bablu	Member	Director	8
Mr. Manwar Hossain	Member	Director	7

No. of Meetings and Attendance: A total of 13 (thirteen) meetings of the Executive Committee have been held during 01 January 2019 to 31 December 2019 and attendance of the Directors in these meetings was satisfactory. Directors who could not attend the meeting(s) were granted leave of absence.

The Audit Committee

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



The Audit Committee is seen in a meeting chaired by Mr. Shaikh Salahuddin, MP.

Composition: In compliance with Section 15Kha(2) of the Bank-Company Act 1991 (amended up to 2018), BRPD Circular No. 11 dated 27 October 2013; the Board of Directors constituted the Audit Committee (ACB) of the Board with following 3 (three) members and the Committee was in force during the year ended on December 31, 2019:

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

No. of Meetings and Attendance: The Audit Committee shall conduct at least four meetings in a year and may call meeting at any time as per requirement. A total of 4 (four) meetings of Audit Committee have been held during 01 January 2019 to 31 December 2019.

Major agenda covered in 2019

- Reviewed Bangladesh Bank's Comprehensive Inspection Report;
- Reviewed Audit and Inspection reports prepared by the Internal Control and Compliance Division (ICCD) of the Bank as well as external auditors;
- Reviewed actions taken by the Management in regard to deficiencies/lapses raised in the Bangladesh Bank Inspection Report and also by the internal and external auditors and inspection teams;

- 🌱 Reviewed compliance status of audit objections and recommendations made by Bangladesh Bank inspectors, external and internal auditors;
- 🌱 Reviewed draft financial statements for the year ended 2018 and recommended for approval, which have subsequently been approved by the Board of Directors and by the shareholders in the Sixth Annual General Meeting;
- 🌱 Reviewed Management Report of the Bank received from the external auditors for the year ended on 31.12.2018

Financial Reporting, Transparency & Internal Control: The Audit Committee actively reviews appropriateness of the accounting policies and receives confirmation from the external auditor that Financial statements are prepared in line with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). They also review annual internal audit plan, audit reports, risk management process of the Bank and Bank's technological needs. It also oversees discharging of responsibilities by the Bank's external auditors. The Committee reports on its activities to the Board of Directors from time to time by ratifying Minutes to the Board on a regular basis. If any significant deviation(s) was/were come to the notice of the Committee including the following findings, inform the Board of Directors of the Bank immediately upon receiving such findings:

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

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

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

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

The Risk Management Committee

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



The Risk Management Committee is seen in a meeting chaired by Mr. Mostafa Kamal.

Composition: In compliance with Section 15Kha(3) of the Bank-Company Act 1991 (amended up to 2018), BRPD Circular No. 11 dated 27 October 2013; the Board of Directors constituted the Risk Management Committee with 5 (five) members, which was as follow as of 31 December 2019:

Name	Status in the Committee	Status in the Bank	No. of meetings attended
Mr. Mostafa Kamal	Chairman	Director	4
Mrs. Sultana Jahan	Member	Director	4
Mr. A. Mannan Khan	Member	Director	4
Mr. Didarul Alam	Member	Director	0
Mrs. Syeda Sharmin Hossain	Member	Director	3

No. of Meetings and Attendance: The RMC held 4 (four) meetings during 2019 having detailed discussions and reviewed session with the CEO as well as CRO/Head of RMD regarding their findings, observations and recommendations on many issues of bank affairs that need to be improved.

Major agenda covered in 2019

- Reviewed monthly Risk Management Reports, half yearly Comprehensive Risk Management Reports (RMR) and advised the Management to take actions for diversifying loan portfolio;
- Reviewed the Capital Adequacy Statement of the Bank from time to time and advised for taking steps to increase the number of credit-rated borrowers as well as credit-rated loan amount for decreasing the credit risk weighted asset and maintaining regulatory limit of Capital to Risk Weighted Asset Ratio (CRAR);
- Reviewed Risk Appetite Statement (RAS), Large Loans and its concentration and Credit Risk Assessment of Top-20 Borrowers and Resolution Report, which enable the Bank to get ready with a roadmap of the risk resolution towards enriching the risk resilience capacity;
- Reviewed the Stress Test Reports of the Bank on quarterly basis and advised the Management to pursue loans with adequate collateral to avoid additional capital deployment and recovery of loans in case of default;
- Reviewed Management Action Triggers (MAT) to warn against breach of limit position, which are one of the important tools for risk management in banks, especially in implementation of Pillar 2 Supervisory Review process as per Basel III;
- Reviewed the Comprehensive Risk Management Rating of the Bank based on December-2018 and June-2019 and advised the Management to take appropriate steps to comply the suggestions of Bangladesh Bank;
- Reviewed Risk Management Policies and Effectiveness of Risk Management Functions;
- Reviewed Green Banking activities and CSR activities of the Bank etc.;

The Risk Management Committee works to develop an integrated and institution-wide risk culture, based on a full understanding of the risks it faces and how they are managed by the Bank, considering risk tolerance and appetite. They work to promote a better risk culture at all levels of the Bank which will ultimately assist in setting standards for risk management practices.



The Sixth Annual General Meeting held on 19 September 2019

Attendance of Directors in Board Meetings held in 2019

The status of attendance is stated below:

Name	Designation	Attendance in Board Meetings
Mr. Humayun Kabir	Chairman	11
Mr. Shaikh Salahuddin	Vice-Chairman	6
Mr. Sheikh Fazle Noor Taposh	Director	11
Mr. Mohammad Ismail Hossain	Director	10
Mr. Nemaï Kumer Saha	Director	7
Mr. Salahuddin Alamgir	Director	10
Mr. Mostafa Kamal	Director	4
Mrs. Tanjima Binthe Mostafa	Director	4
Mr. Humayun Kabir Bablu	Director	6
Mrs. Shahana Yasmin	Director	5
Mrs. Sultana Jahan	Director	9
Mr. A. Mannan Khan	Director	10
Mrs. Ferdousi Islam	Director	7
Mr. Manwar Hossain	Director	7
Mr. Tanveer Ahmed Mostafa	Director	3
Mr. Md. Mahbubur Rahman	Director	9
Mr. Didarul Alam	Director	3
Mrs. Syeda Sharmin Hossain	Director	11

Annual Appraisal of the Board's Performance

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

Policy on Induction of Directors

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

Ownership Composition

The Authorized Capital of Modhumoti Bank Limited is Taka 20,000.00 (twenty thousand) million divided into 2,000 million ordinary shares of Taka 10.00 each. The Paid-up Capital of the Bank was Taka 4,746.00 million divided into 474.60 million ordinary shares as of December 31, 2019. The Bank's shares are yet to be floated through initial public offering (IPO). Bangladesh Bank has allowed time extension for IPO till 2019 and the Bank has already applied for further extension, which is yet under their consideration. The Board members collectively represented 72.57% of total outstanding paid-up capital of the Bank at the end of 2019, which was also 72.57% in 2018.





Directors' Shareholding Status

Shareholding details of the Directors as of 31 December 2019 are stated below:

Sl.	Name of the Directors	Status	Number of Shares
1	Mr. Humayun Kabir	Chairman	12,600,000
2	Mr. Shaikh Salahuddin	Vice-Chairman	18,900,000
3	Mr. Sheikh Fazle Noor Taposh	Director	42,000,000
4	Sharmin Apparels Limited Represented by Mr. Mohammad Ismail Hossain	Director	21,000,000
5	Sandhani Life Insurance Company Limited Represented by Mr. Nemai Kumer Saha	Director	31,500,000
6	Mr. Salahuddin Alamgir	Director	21,000,000
7	Tanveer Oils Limited Represented by Mr. Mostafa Kamal	Director	21,000,000
8	Everest Power Generation Company Limited Represented by Mrs. Tanjima Binthe Mostafa	Director	21,000,000
9	Mr. Humayun Kabir Bablu	Director	21,000,000
10	Mrs. Shahana Yasmin	Director	21,000,000
11	Mrs. Sultana Jahan	Director	21,000,000
12	Mango Teleservices Limited Represented by Mr. A. Mannan Khan	Director	21,000,000
13	Azbal International Limited Represented by Mrs. Ferdousi Islam	Director	21,000,000
14	Anwar Jute Spinning Mills Limited Represented by Mr. Manwar Hossain	Director	10,500,000
15	Meghna Flour & Dal Mills Limited Represented by Mr. Tanveer Ahmed Mostafa	Director	12,600,000
16	Mona Financial Consultancy & Securities Limited Represented by Mr. Md. Mahbubur Rahman	Director	10,500,000
17	Mr. Didarul Alam	Director	8,400,000
18	Sharmin Fashions Limited Represented by Mrs. Syeda Sharmin Hossain	Director	8,400,000
Total			344,400,000

Roles and Responsibilities of Managing Director & CEO

Managing Director & CEO has been given many responsibilities at the BRPD Circular Letter No. 18 dated October 27 2013 issued by Bangladesh Bank. Core responsibilities stated therein are presented below:

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

Annual Evaluation of the MD & CEO by the Board

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

During 2019, the Board reviewed the overall business performance of the Bank and observed with satisfaction that there is significant growth in terms of profit, deposit, quality loans & advances and foreign remittance.

Re-appointment of Managing Director & CEO

Mr. Md. Shafiu Azam, having long experiences in banking industry has been re-appointed as the Managing Director & CEO of Modhumoti Bank Limited in 2019 following Bangladesh Bank's approval after expiry of his first term of appointment for three years from his joining at this position on 08 August 2016. Mr. Md. Shafiu Azam also served this Bank as Additional Managing Director since his joining on 11 November 2014.

Benefits provided to Directors and Managing Director

Directors are not eligible to any remuneration other than for attending any meeting of the Board and its Committee. The Chairman of the Bank is allowed to receive facilities in line with BRPD Circular No. 11 dated October 27, 2013 issued by Bangladesh Bank. Directors are allowed for re-imbursment of their expenses in accordance with provisions stated in BRPD Circular No. 11, dated October 27, 2013 and BRPD Circular Letter No. 11 dated October 04, 2015 issued by Bangladesh Bank.

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

The Management and its Committees

The functions of the Board and the Management are clearly defined and sharply bifurcated. It may be mentioned that the Management is an extended wing of the Board executing policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The risk management and overall support functions of the Bank has been designed and kept fully independent from business to guard against any unforeseen events that undermine the brand value of the Bank.

The Management Team is headed by the Managing Director & CEO named Mr. Md. Shafiu Azam, who has long banking experience. The Management implements and acts within the policies and manuals approved by the Board. A clearly defined organizational structure with definite lines of responsibility and delegation of powers to different echelons of the Management are in place in the Bank. The Management enjoys full freedom in conducting the business of the Bank within the scope of the policy guidelines of the Board and the regulatory bodies. However, the Board and the Management work in unison for the continued well being of the Bank.

To streamline the functions of different divisions / departments of the Bank, the Management has formed many Committees to identify and mitigate risks associated with the business and handle operations smoothly as advised by Bangladesh Bank from time to time. Board Risk Committee, Executive Risk Management Committee, Management SRP Team and Basel Unit (Supervisory Committee) have been formed along with Credit Risk Management Committee and Asset Liability Committee (ALCO). The Committees regularly review issues related to the markets, credit & liquidity and, accordingly recommend and implement appropriate measures to proactively identify and mitigate risks. A well-defined process for credit approval is being followed in the Bank, wherein Credit Evaluation Committee at Head Office also assists the Management in assessing, approving and managing credit risk.

Senior Management Team (SMT)

As suggested by Bangladesh Bank to set up a strong and effective control framework within the organization, the Board of Directors of Modhumoti Bank Limited has defined/formed a Senior Management Team (SMT) headed by Managing Director & CEO, wherein the Chief Financial Officer (CFO)/ Head of FAD would act as Member Secretary. Any officer that perform a policy making function or is in-charge of a principal business unit/function may be member of SMT except any executive of ICCD. Any unresolved issue between SMT and ICCD to be referred to the Board of Directors through ECB and ACB respectively and may even to Bangladesh Bank, if needed. The Central Bank suggests following functions of Senior Management Team (SMT):

- 🌱 SMT should monitor the adequacy and effectiveness of Internal Control System based on the bank's established policy and procedure.
- 🌱 SMT shall review the overall effectiveness of the control system of the bank and provide a certification on a yearly basis to BOD on the effectiveness of internal control policy, practice and procedure.
- 🌱 Management will enrich audit teams with adequate skilled manpower and proper IT support as per requisition of the ACB for purposeful and effective audit.
- 🌱 Management will ensure compliance of all laws and regulations that are circulated by various regulatory authorities such as, Bangladesh Bank, Ministry of Finance, Bangladesh Securities and Exchange Commission etc.
- 🌱 During the audit period, if the present audit team finds any lapse or irregularity which was not detected / identified by the previous auditor, then that will be reported to the Audit Committee.

Management Committee (MANCOM)

MANCOM is chaired by the Managing Director & CEO as an Ex-officio Chairman, where related topics for ensuring internal control system in case of all areas of banking business as well as internal processes related to effectiveness of operations are usually discussed. The major responsibility of the Committee is to control overall management of the Bank and decide the extent of the Internal Control System, which is appropriate to the Bank.

The roles of the MANCOM are as under:

- 🌱 Setting out a strong Internal Control Framework within the Bank by establishing an Internal Control & Compliance Division. In this regard, the role of Managing Director is very important.
- 🌱 With governance & guidance from the Board of Directors, the MANCOM shall put in place policies and procedures to identify, measure, monitor and control Bank's core risks.
- 🌱 The MANCOM will, if necessary, put in place an Internal Control Structure of the Bank assigning/segregating clear responsibility & duty, authority, reporting relationship etc.
- 🌱 The MANCOM will monitor the adequacy and effectiveness of the internal control system based on the bank's established policy & procedure so that the system can meet the statutory requirements, safeguard the Bank's assets and provide adequate Management Information System (MIS) for the proper control of the business.

Asset Liability Committee (ALCO)



Asset Liability Committee is headed by the Managing Director and consists of strategically important Divisional Heads of Head Office, wherein the Head of Treasury acts as the secretary. The meetings of the Asset Liability Committee are usually held in every month, chaired by the Managing Director. The Committee is mainly responsible for managing Balance Sheet gap (minimizing mismatch between Deposits and Loans & Advances), interest rate risk and liquidity risk of the Bank.

The roles of the ALCO are as under:

- 🌱 To monitor asset liability management of the bank as per guidelines of Bangladesh Bank.
- 🌱 To review reports on liability risk, market risk and capital management issues.
- 🌱 To review monthly Balance Sheet (specific type) in order to understand balance sheet risk.
- 🌱 To review key management indicators for managing risk and exposures.
- 🌱 To review loan-deposit ratio in respect of its limit, utilization, trend behavior.
- 🌱 To review deposit-pricing strategy for the local market.
- 🌱 To identify balance sheet gaps, interest rate gap/profile etc.
- 🌱 To review the loan-pricing strategy
- 🌱 Any other matter that may arise from time to time.

Internal Control System

Internal Control is a process developed by an organization in combination of policies & procedures in order to provide safe & sound operations within the organization which also helps to achieve its goals and objective. In other words, Internal Control is the process, effected by a Bank's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. External events can interfere with achievement of objectives, no matter how good is the system of internal control. Internal control is more than a structure, consists of policies and procedures.

-  Policies are Board or Management statements about what should be done, and may even be unwritten and implied by management's actions.
-  Procedures are the actions that implement a policy or how it should be done.




International Standards on Auditing (ISA)-400 refer the term 'Internal Control System' as all the policies and procedures adopted by the management of an Entity to assist in achieving management's objective of ensuring, as far as practicable the orderly and efficient conduct of its business, including:

- a) adherence to management policies;
- b) safeguarding of assets;
- c) prevention and detection of fraud and errors;
- d) accuracy and completeness of the accounting records; and
- e) Timely preparation of reliable financial information.

The responsibility of implementing internal controls starts with the following ways:

1. The business lines, which are the 'first line of defense' against breaches that could cause the Bank not to fulfill its objectives not to report properly or not to comply with laws and regulations.
2. Risk management & compliance, which are the 'second line of defense' against mishaps.
3. Internal audit functions are the final or 'third line of defense'.

To establish an effective internal control system a bank must enforce three important control functions in its activities. These are:

-  Risk management
-  Compliance
-  Internal audit







The Board of Modhumoti Bank Limited is very dedicated for establishing an effective system of internal controls by the Management within the Bank to ensure implementation of all policies and decisions of the Board. Accordingly, they delegated the responsibility of establishing and implementing a system of internal control to the Management which is appropriate for the business environment in which the Bank operates. The Board ensures maintaining of effective control of all significant strategic, financial, organizational and compliance issues. The Bank has an Internal Audit Department headed by Head of Internal Audit who works under the supervision of Head of Internal Control and Compliance Division (ICCD). They work for ensuring implementation of internal audit function throughout the Bank to establish controls & ensure compliance and report their observation to the Audit Committee of the Board.





Management Information System (MIS)

An effective reporting system of information that is relevant to decision making shall be in place. Those information shall be reliable, adequate, timely accessible and provided in a consistent format. The reporting system shall include all necessary internal information i.e. financial, operational & compliance data and external market information about events & conditions, which are relevant to decision making for the Bank. The Bank has an effective Management Information System in place which will be strengthened further by implementing the recent requirements related to technology based banking and various surrounding software and reporting modules.



Appointment of External Auditors and restriction of their service involvement

The Shareholders of the Bank in its Sixth Annual General Meeting held on September 19, 2019 appointed M/s. MABS & J Partners, Chartered Accountants as external auditor of the Bank for the year 2019. No partner or employees of the external audit firms possess any share of the Bank. Following Corporate Governance Guidelines of BSEC, the Bank ensures that statutory auditor is not involved in the following services with the Bank:

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

-  Any other service that the Audit Committee determines.
-  Audit or certification services on compliance of corporate governance as required by Corporate Governance Code;
-  Any other service that creates conflict of interest;
-  No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.

Role of External Auditors in Evaluating Internal Control System

-  External Auditors by dint of their independence from the management of the Bank may provide unbiased recommendations on the strength and weakness of the internal control system of the Bank & should incorporate their findings in the Management Report.
-  They may examine the records, transactions of the Bank and evaluate its accounting policy, disclosure policy & methods of financial estimation made by the Bank; this will allow the board and the management to have an independent overview on the overall control system of the Bank.

Related Party Transactions

The detail information regarding Related Party Transactions as of December 31, 2019 has been presented in the Notes to the Financial Statements under Note # 37.2

The Board of Modhumoti Bank Limited has a keen interest in sound corporate governance as it is an essential element in the safe and sound functioning of the Bank and may adversely affect the bank's risk profile if not operating effectively. To avoid mismanagement, good corporate governance is necessary to enable the Bank to operate more efficiently, to improve access to capital, mitigate risk and safeguard stakeholders. It also makes the Bank more accountable and transparent to investors which will ultimately ensure long term growth & sustainability.

Declaration by CEO and CFO

June 27, 2020
The Board of Directors
Modhumoti Bank Limited
Khandker Tower (Level 7 & 8)
94 Gulshan Avenue
Gulshan-1, Dhaka- 1212.

Subject: Declaration on the Financial Statements for the year ended on December 31, 2019.

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Modhumoti Bank Limited for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- i. We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely Yours,

Sd/-
Md. Shafiqul Azam
Managing Director & CEO

Sd/-
Mohammad Nazmul Hossain, FCA
CFO/Head of Finance

Report on the activities of the Board's Audit Committee

The Audit Committee of the Board of Directors has a central role in maintaining the quality of Bank's external disclosures and its internal control environment. The audit committee will assist the Board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Bank's process for monitoring compliance with laws and regulations and its own code of business conduct. Thus, the Audit Committee plays a major role in corporate governance regarding the organization's direction, control, and accountability.

Corporate governance is very important in our business world today, especially when the world economy, developed economies as well as emerging market & developing economies are frequently facing worldwide financial crises. In Modhumoti Bank Limited, it is believed that corporate governance is the mechanisms, processes and relations by which the entities are controlled and directed to bring transparency, accountability and professionalism in the management system of a corporate body that enhances the credibility and acceptability of the organization to the stakeholders.

This Report on activities of the Board's Audit Committee during 2019 is prepared as a disclosure in Annual Report in accordance with the direction given by Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 titled as Corporate Governance Code 2018.

Constitution of the Audit Committee

The Board of Directors of Modhumoti Bank Limited formed the Board's Audit Committee in their very first meeting held on August 01, 2013, the Terms of Reference (ToR) of which has been prepared in line with BRPD Circular No. 11 on 27 October 2013 and other policies and circulars of Bangladesh Bank issued from time to time. The Audit Committee has been reformed on June 27, 2019 in the 42nd meeting of the Board of Directors, and was in force at the balance sheet date i.e. December 31, 2019.

All the members chosen are financially literate and possess required qualifications in keeping with the spirit & objectives laid down in the regulatory guidelines and none of them belong to the Executive Committee of the Board. In addition, all the members are keen to ensure compliance with the financial, regulatory and corporate laws.

Current composition of the Audit Committee

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

Activities and functions of the Audit Committee

The responsibility of the Audit Committee has been widened with the promulgation of revised ICC Guidelines and risk related circulars issued by the regulators in addition to the provision of the Bank Companies Act, 1991 (as amended up to the date). Accordingly, the Committee has to discharge manifold functions including special assignments requested by the Board.

Internal Control

- To evaluate compliance culture by communicating the importance of internal control and the management of risks and ensuring that all employees have clear understanding of their roles and responsibilities;
- To review all initiatives taken by the Management as regards to building a suitable Management Information System (MIS) of the Bank;
- To consider whether internal control strategies have been implemented by the Management;
- To apprise the Board of any fraud, forgery, deficiencies in internal control or other similar issues found by internal and external auditors and inspectors of the regulatory authority and place it before the Board after reviewing whether necessary corrective measures have been taken by the Management.

Financial Reporting

- To check and review the draft annual financial statements to determine whether the statements are prepared according to existing rules & regulations and reporting standards;
- To review Un-audited financial statements of the Bank on quarterly / half-yearly basis;
- To exchange views with Management and the external auditors to review the financial statements before its finalization.

Internal Audit

- To monitor whether internal control management is able to conduct its operation independently from the Bank Management;
- To review the activities and the organizational structure of the internal audit and ensure that no untoward restriction or limitation create bottleneck to internal audit activities;
- To examine the skills and effectiveness of internal audit functions;
- To examine whether the findings and recommendations made by the internal auditors are duly considered by the Management or not.

External Audit

- To review the audit activities of the external auditors and their audit reports;
- To examine whether the findings and recommendations made by the external auditors are duly considered by the Management or not;
- To submit recommendations for appointment of the external auditors to perform audit activities of the Bank.

Adherence with existing laws, rules and Regulations:

To review status of compliance on rules and regulations framed by the regulatory authorities (central bank and other bodies) as well as to review the formulation, implementation & compliance of internal policies, rules & regulations approved by the Board of the Bank.

Meetings and key activities in 2019

According to applicable rules and regulations, 04 (four) meetings of the Committee were held in the year 2019. The Committee from time to time invited the Managing Director, the Head of Internal Control and Compliance Division and other responsible officials entrusted with internal control activities or any other personnel to participate in the meeting as deemed necessary. All the decisions/observations of the Committee are noted in minutes and placed in the following meeting of the Board of Directors. Company Secretary of the Board acts as the Secretary of the Committee. The Bank Management has extended necessary cooperation and team members were present accordingly on invitation. The following matters were transacted in the meetings among others:

- The Committee approved yearly risk based annual audit & inspection plan for 2019;
- The Committee reviewed risk based inspection reports from time to time and compliance thereof and the Management has been advised for necessary compliance;
- The Committee reviewed draft financial statements for the year ended 2018 and recommended for approval, which have subsequently been approved by the Board of Directors and by the shareholders in the Sixth Annual General Meeting;
- Recommended to the Board of Directors to appoint external auditors of the Bank for the year 2019.
- The Committee reviewed the Management Report prepared by external auditors, M/s. A. Qasem & Co., Chartered Accountants and stressed rapid rectification of the lapses pointed out in it;
- The Committee reviewed quarterly reports on the nature of discrepancies/lapses in credit documents/ portfolio according to Central Bank guidelines;
- The Committee reviewed Bangladesh Bank's Comprehensive Inspection Report as of 31.12.2018 on Head Office, which has been discussed later on in the Special Board Meeting in presence of Bangladesh Bank officials;
- The Committee reviewed Bangladesh Bank's inspection reports;
- The Committee reviewed Annual Health Report 2018 as prepared by ICCD of the Bank, which has subsequently been placed in the meeting of the Board of Directors;

- ▶ The Committee reviewed half-yearly statement of Self-Assessment of Anti-Fraud Internal Controls under DOS circular letter no.10 dated 09 May 2017 of Bangladesh Bank;
- ▶ The Committee has also prioritized on many other issues, like maintaining quality of service, non-repetition of lapses etc.

Recommendation of Financial Statements

The Audit Committee reviewed and examined the Annual Financial Statements for the year 2019 prepared by the Management and audited by external auditors, M/s. MABS & J Partners, Chartered Accountants in their 26th meeting held on June 24, 2020 and observed that a new reporting standard i.e. IFRS 16 has been followed in preparing the financial statements for the year 2019, since IFRS 16 'Leases' replaces IAS 17 'Leases' along with other related Interpretations and reviewed the recognition, measurement & presentation of this new standard in the financial statements for the year 2019. They recommended the financial statements for the year 2019 to the Board for consideration, which have subsequently been approved by the Board of Directors in their 49th Meeting held on June 27, 2020 and presently laid before the shareholders in the Annual General Meeting.

Acknowledgement

The Audit Committee accords its sincere thanks and gratitude to the Members of the Board, the Bank Management Team, the Bangladesh Bank's Inspection Teams and the Internal & External Auditors for their excellent support extended to the Committee, which facilitated in discharging its duties and responsibilities. Based on its reviews and above mentioned discussions, the Audit Committee is of the view that the Bank is in the process of establishing an effective internal control and compliance system which is adequate for purposes of presenting a true and fair view of the activities and financial status of the Bank and for ensuring that its assets are safeguarded properly.

With warm regards,



Shaikh Salahuddin
Chairman

Business Review & Analysis





The Bank inaugurated Bangshal Branch, Dhaka in 2019.

Management Discussion & Analysis

The Management of the Bank is very proud of the way the management team and our colleagues have maintained their focus on making a tangible difference every day to the customers and clients we are here to serve. In delivering for them, we continue to demonstrate that the strategic path we are on is the right one for our organization. We know that we have more to do as we are driving towards sustainable growth by ensuring Bank's profitability for wealth maximization as well as our commitment to the society & environment.

It is always expected that all the officials both at the branch & head office level are performing their level best to achieve both short term & long term objectives of the Bank. But, obviously more expectation should be in case of a private commercial Bank especially when the Bank is at seventh (07) year of its age. The Board continues to provide strategic direction to the Bank which has had a focus on strengthening and optimizing the infrastructure already in place as a result of the geographical expansion and investments undertaken / to be undertaken from time to time. To be in line with the Bank's long term strategy, 2019 was a year for growing our volumes and existing relationships, driving operational excellence and strengthening risk management processes and internal controls. The growth, stability and profitability of the Bank bear testimony to the strategic direction provided by the Board.

A strong focus on value creation for all of our stakeholders drives our growth and performance, and also our long term sustainability. Financial strength and profitability are prerequisites to fulfilling our role and ensuring that we stay relevant to the communities we operate in. In this regard, we should disclose that the Management's Discussion and Analysis of the financial condition and results of the operations of Modhumoti Bank Limited for the year 2019 should be read in conjunction with the Bank's audited financial statements for the year ended December 31, 2019 prepared in accordance with International Financial Reporting Standards ('IFRS') and applicable laws of the land.

At the end of the year 2019, the Bank has had total deposit of Taka 50,121.00 million, total loans & advances of Taka 42,507.00 million and earned total operating profit of Taka 2,078.00 million registering growth of 33%, 19% and 7% respectively in comparison with that of the year 2018. We also have extended our branch network to 41 branches, which is presently 44. Keeping the brandline in mind, 'Your Access to Success', the Bank has developed various customized products for corporate, SMEs, agro-based, green-based enterprises. The Bank truly believes in partnering with new entrepreneurs in different business segments of various industries having potential growth in manufacturing, service and trade by offering suitable loan products alongside serving the business need of the country. The Bank has also developed a number of retail banking loan products for meeting financial needs of individuals to maximize its service net.



The Bank arranged Half Yearly Business Conference in 2019.



The Bank signed an agreement with Essential Drugs Company Limited.



The Bank signed an agreement with NESCO for collecting electricity bill.

Though there are some unfavorable macro economic factors bringing challenges for enterprises and fierce competition prevailed in the market, the Bank has tried its level best to diversify and expand business portfolio in various industries through the branches located in both urban and rural areas of the country. The Bank has extended credit facilities to large corporate establishments in diverse business lines of the country either singly or jointly. The Bank is also increasing its SME & retail business portfolio by establishing all required infrastructural set up for efficiency and business optimization through ensuring profitability.

Business Review:

Corporate and Industrial Banking

Ensuring availability of factors of production and infrastructural development will accelerate stable macro-economic development of Bangladesh. Simultaneously, export oriented industry-led growth will lead Bangladesh to be the one of the fastest growing economies in the world. Corporate Banking activities of the Banking Industry play an important role in this regard. Business Development and Marketing Division (Corporate) of Modhumoti Bank Limited runs the Corporate Banking activities related to large manufacturing and service industries. The Division is engaged in originating and managing relationships with corporate enterprises comprising a wide variety of industry segments. The Division manages portfolio that consists of General Credit, Ready Made Garments, Syndication and Structured Finance. Corporate Portfolio of the Bank was Taka 31,951.00 million (Non-Performing Loan is only 0.67% in 2019) in comparison with Taka 23,574.00 million registering at growth of 35.53%. Total import business of the Bank was equivalent Taka 23,657.00 million in 2019 compared to equivalent Taka 20,040.00 million of 2018. In 2019 different customers exported for Taka 20,855.00 million through our Bank which was Taka 20,005.00 million in 2018. Import and Export Business of the Bank grew by 18.04% and 4.24% respectively.

A snapshot of Sector-wise distribution of the portfolio as on 31 December 2019

Sector	2019		2018 (in %)
	Amount (Taka)	Percentage (%)	
Agriculture, fishing, forestry and dairy firm	260,769,857	0.61	0.41
Industry (Other than working capital)	5,758,111,173	13.55	16.89
Working capital financing	9,567,081,866	22.51	24.26
Export credit	1,003,807,299	2.36	4.20
Import credit	1,406,478,979	3.31	9.70
Commercial credit	13,196,660,519	31.05	8.66
Constructions	8,071,313,266	18.99	12.92
Transport and Communication	694,386,115	1.63	1.94
Consumer Credit	484,516,581	1.14	1.13
Others	2,064,132,089	4.86	19.90
Total	42,507,257,746	100.00	100.00

Modhumoti Bank Limited being a compliant fourth generation private commercial Bank of Bangladesh is serving large volume of customers through Corporate Banking Division with diversified products & services. Diversified activities covered under Corporate Banking by experienced personnel in their specified areas are as follows:

- a. **General Credit:** These include traditional banking products like Letter of Credit (LC), Loan against Trust Receipt (LTR), Cash Credit (Hypo), Overdraft, Overdraft (Work Order), Short Term Loan etc.
- b. **Project Finance:** Project Finance deals with corporate houses to facilitate in their project's capital expenditure customized with expected cash flows. The financing is available both in Local currency and foreign currency. So far, we have extended project finances to some notable business houses of the country in following sectors:
 - a. Cement sector,
 - b. Environment friendly Auto Brick Sector,
 - c. Textile and RMG sector,
 - d. Auto Rice Mill,
 - e. Steel Sector,
 - f. Health Care Sector,
 - g. Infrastructure Sector,
 - h. Power Sector,
 - i. Chemical Sector,
 - j. Food Sector,
- c. **Syndication and Structured Finance:** Syndications and Structured Finance deals are usually arranging funds and participating in local currency as well as in foreign currency syndication. Last year, Modhumoti Bank Limited has participated in two syndication deals. One is for Baraka Shikalbaha Power Limited with participation of Taka 500.00 million and another is KSRM Power Plant Limited with participation of Taka 300.00 million.
- d. **Export Finance:** Export Finance Division of the Bank meets the unique requirements of the exporters, specially the garments sector, which has positioned the country amongst the top global exporters. Major types of finances extended by Modhumoti Bank Limited to the export oriented customers are Back-to-Back Letter of Credit, Negotiation of Bills, Packing Credit Loans etc. Footwear, Furniture and Pharmaceutical companies are also in export queue.
- e. **Overdraft (Work Order):** Considering the development in private and public sector, Modhumoti Bank Limited is financing against confirmed Work Order and against Assignment of Bills. The financing starts with issuing Bid Bond/OD (Pay Order) and subsequently Performance Guarantee, Advance Payment Guarantee are issued along with Overdraft (Work Order) for smooth completion of the job. Modhumoti Bank Limited is the front runner in Work Order financing among the fourth generation Banks.
- f. **Investment in Corporate House:** The Bank has been involved in investment in Preference Shares of three power projects of Summit Group. The issuing companies are Summit Narayanganj Power Unit II Limited and Summit Barishal Power Limited in 2018 and Summit LNG Terminal Co. (Pvt.) Limited in 2019.

Corporate Focus in 2020

Modhumoti Bank Limited takes pride in being a compliant Bank since its inception. It always focuses on internal and external circulars, guidelines and policies while extending banking services to the customers. Year 2020 will not be an exceptional one. Rather it will be more concerned with the compliance issues during 2020. Covid-19 has been a pandemic from the beginning of 2020. We are observing a wider impact of this pandemic on all of our lives as well as the global economy adversely. The impact of this is being felt across the country and Banks are not different. Expectedly bank business is slow during this turmoil. Modhumoti Bank will act more prudently while extending corporate services to its customers during 2020. The Bank will take the opportunity to concentrate more on close monitoring of all the corporate loan accounts to ensure repayments as well as compliance as per terms of sanction throughout 2020.

Pictorial view of few of the corporate projects financed by Modhumoti Bank Limited

Toma Construction & Co. Limited is one of the Large Construction Borrowers of Modhumoti Bank Limited. The Bank has financed in the borrower's work order for construction of 03 Silos at Madhupur-Tangail, Mymensingh and Ashugonj-Brahmanbaria for a total project cost of Taka 9,600.33 million. The project shown in the photograph is the work in progress of the silo project at Madhupur-Tangail.



Modhumoti Bank Limited made project finance for construction of the permanent Campus of American International University Bangladesh (AIUB) at Kuril, Dhaka.

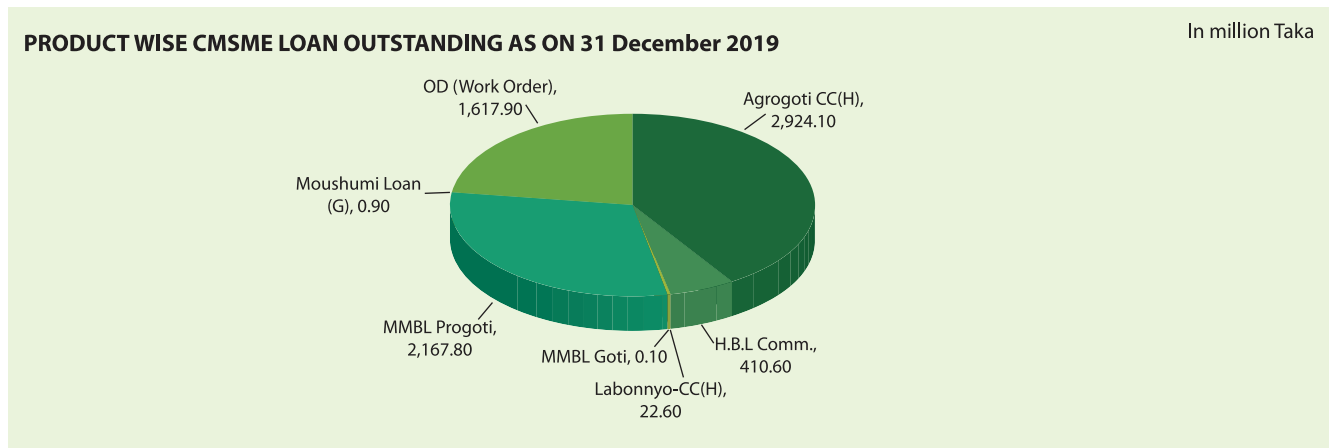
CMSME Banking

In almost every part of the world, limited access to finance is considered a key constraint to private sector growth. This is especially true for SMEs of our country as they are facing different types of problems for availing institutional finance though SMEs play dominantly important role in the national economy of Bangladesh by making up over 90% of industrial enterprises, providing employment to 4 out of 5 industrial workers and contributing to over one-third of industrial value-added to gross domestic product (GDP). The relative SME share in manufacturing value added is much higher and estimated to vary between 45% to 50% of totaling value-added generated by the manufacturing industries sector. Further as important sources of new business creation and developing new entrepreneurial talents, these industries provide the much needed dynamism and vitality to the national economy. Implementation of poverty alleviation action programs and strategies is a systematic and continuous effort in Bangladesh.

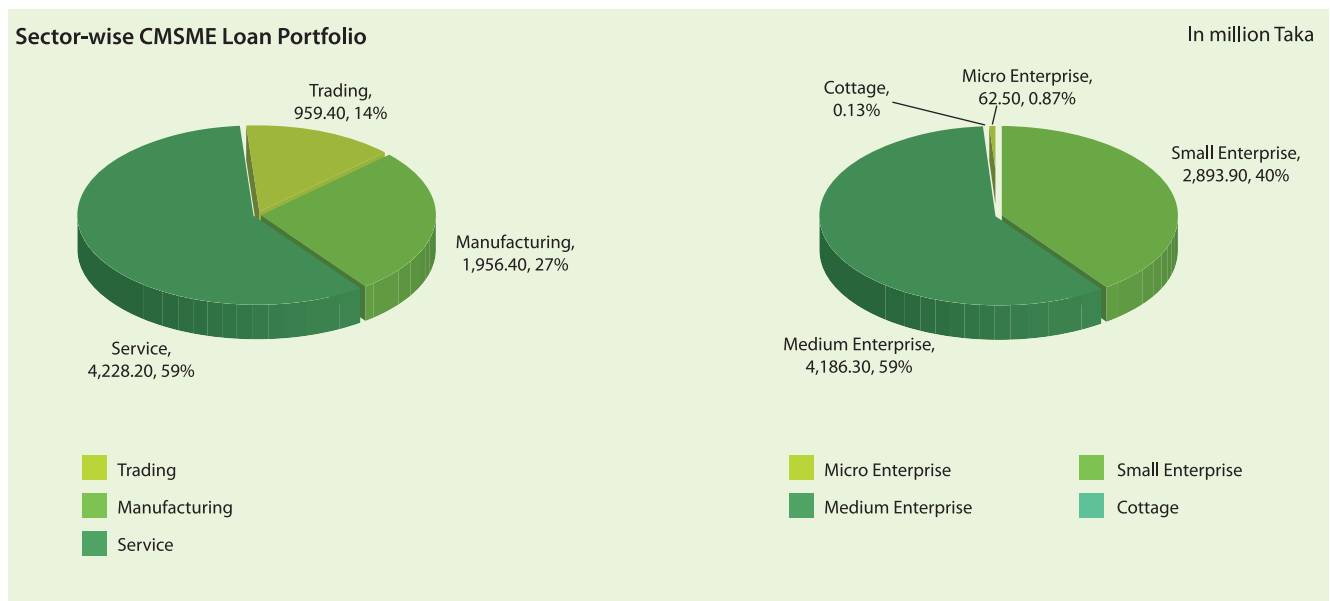
Development of Cottage, Micro, Small and Medium Enterprises (CMSMEs) is envisaged as a key element in development strategy of Bangladesh. For achieving double digit growth in manufacturing, matching development of CMSMEs is considered critical. Enhanced CMSME activities in the rural and backward regions constitute a key component of the strategy for rural development and reduction of poverty and regional disparity. The present government has also put much emphasis on the development of CMSME sector considering it as 'the driving force for industrialization'. Since CMSMEs are based on relatively small investment, their survival depends on readily available market with easy access. In this context, access to finance, market development and expansion as well as removal of other bottlenecks are a challenging task, which requires coordinated efforts both by the individual financial institutions as well as the government.

Modhumoti Bank Limited has already formulated a comprehensive policy on CMSMEs financing and made gradual progress in this sector. The Bank has been offering tailor made congenial loan products and services to accommodate CMSMEs to fulfill their financial need so that it can grow and contribute more to the GDP and be part of the development goal of Bangladesh. At present MMBL has 'Modhumoti Goti' for starting up financing to small entrepreneur, 'Modhumoti Progoti' for capital financing, 'Modhumoti Agrogoti' for working capital financing, 'Modhumoti Moushumi' for financing seasonal business and 'Modhumoti Labonnyo' for women entrepreneurs. Moreover, MMBL also introduced a SME product titled as 'Modhumoti Sangoti' which is a factoring product catering the need of Entrepreneurs involved in manufacturing business who constantly have receivable tied up for two (02) months periods. MMBL also extends financial support to contractor financing through providing different Guarantees and funded facility against work order. Therefore, Bank's SME exposure is thus well diversified as doing business with different sectors i.e. cottage, handy crafts, power loom, auto parts, garments accessories, rice mills, light engineering, commodity financing, textile mill, permitted brick field, scrap iron, poultry farming, fish processing/dry fish, animal feed, agro-based and agro-processing industry, furniture, leather goods sector, jute goods and, computer software and ICT goods, green financing-renewable energy and contractor/ construction etc.

Despite fierce competition in the market, our CMSME portfolio has been growing significantly over the years. Like previous year, MMBL has also successfully achieved the CMSME target set by Bangladesh Bank not only in the field of total loan disbursement but also in different parameters set by them for the year 2019. During the year 2019, the Bank disbursed Taka 10,185.40 million in CMSME where outstanding was Taka 7,144.00 million as on 31.12.19 that constitute 17.96% of overall loan portfolio of the Bank. These loans have been financed among 1,768 customers as compared to 1,073 customers in 2018. On the other hand, the Management of the Bank has left no stone unturned to reduce the percentage of NPL and to maintain a sound CMSME portfolio. As on 2019, NPL in CMSME was Taka 524.30 million which represents 7.34 % of total CMSME portfolio and 1.32% of overall loan portfolio of the Bank.



We have assigned specified officers at all the respective branches for CMSME and women entrepreneur for customized service and guidelines to grasp the niche market. As a fourth generation Bank, we are strongly focusing on CMSME financing.



Sector-wise CMSME position at the end of 2019

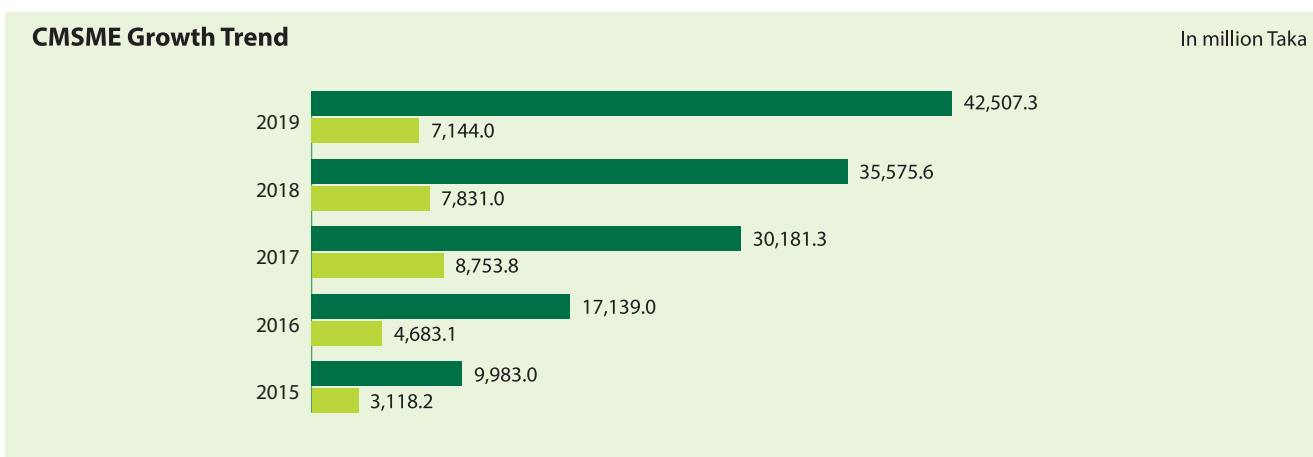
Capacity Building Activities with a view to increasing the focus on the CMSME business, MBBL has put utmost effort for the development of this sector by participating in various workshops, forums and fairs to build awareness among the customers as well as for capacity building of the CMSME officials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

Last 05 Years CMSME Growth Trend

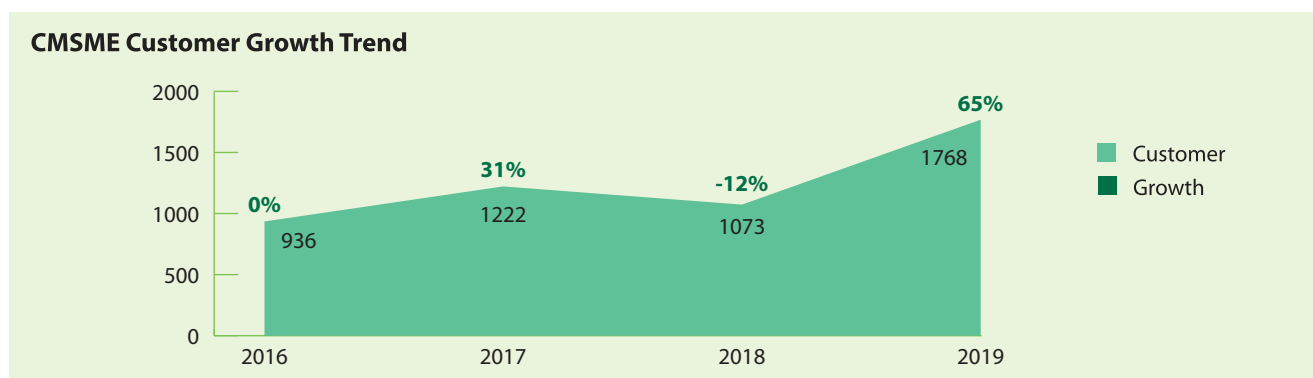
In million Taka

Year	CMSME outstanding at the year end	Total Loans & Advances	% CMSME of Total loan Portfolio
2015	3,118.2	9,983.0	31.24%
2016	4,683.1	17,139.0	27.32%
2017	8,753.8	30,181.3	29.00%
2018	7,831.0	35,575.6	22.01%
2019	7,144.0	42,507.3	17.96%

*As per Bangladesh Bank's recent CMSME definition, Medium Enterprise of Trading Sectors with exposure of Taka 2,100.00 million have been excluded from SME portfolio of the Bank and consequently, a significant number of SE Trading customers has graduated to become ME and exclusion of their name reduced the growth for the year 2019.



However, customer base of CMSME has been growing over the years as follows:



Regulatory Requirement of the optimum point

As per SMESPD Master Circular No: 02 dated: 05.09.2019, Banks are obligated to disburse CMSMEs loan at least 25% of its loans portfolio outstanding within 25% with 1% increase in each year. Bank will plan for increasing CMSMEs loan from existing 17.96% to 30% within 2024 against Bangladesh Bank requirement.

Refinance agreement signed by MMBL with Bangladesh Bank (BB):

Type of Refinance Scheme	Date of Agreement Signed	Total Fund	Source of the Fund	Remarks
Small & Medium Sized Enterprise Development Project-2 (SMEDP-2)	November, 2017	USD 200.00 million	Asian Development Bank (ADB)	√ Maximum Tk. 10.00 million for Cottage, Micro & Small √ Maximum Tk. 30.00 million for Medium Enterprise
Renewable Energy & Environment Friendly Financeable Sector	2 August, 2017	Taka 2,000 million	Bangladesh Bank (BB)	To support Solar Energy, Bio-Gas Plant, ETP, Energy efficient Kiln, Vermicomposting, Hydropower, Pet Bottle Recycling Plant, Solar Battery Recycling Plant, LED Bulb Manufacturing Plant, Setting up Hybrid Hoffman Kiln/Tunnel Kiln/equivalent technology in Brick manufacturing Industry.
Brick Kiln Efficiency Improvement Project	21 May, 2014	USD 30.00 million	Asian Development Bank (ADB)	√ Upgrading FCK facilities to improved Zigzag Kiln facilities √ Construction of new VSBK, HHK, or tunnel Kiln facilities
Small Enterprise Sector (SEF)	22 July, 2014	USD 10.00 million	International Development Association (IDA)	To support the development of Small Enterprise Sector.
Setting up Agro based Product Processing Industries in Rural Areas	22 July, 2014	-	Bangladesh Bank (BB)	100% refinance facilities
New Entrepreneurs in Cottage, Micro & Small Enterprise Sector (New Entrepreneur Fund -NEF)	10 August, 2014	-	Bangladesh Bank (BB)	√ Maximum Taka 1.00 million loans without collateral √ Maximum Taka 2.50 million with collateral
Urban Building Safety Project (UBSP) RMG	13 February, 2017	4240 million Japanese yen	JICA	For strengthening factories of RMG sector & Private commercial building in Dhaka, Narayangonj, Gazipur & Chittagong District.
Small & Medium Sized Enterprise Development Project-2 (SMEDP-2)	November, 2017	USD 200.00 million	Asian Development Bank (ADB)	√ Maximum Taka 10.00 million for Cottage, Micro & Small √ Maximum Taka 30.00 million for Medium Enterprise
SMEDP-2	06 February, 2018	USD 200 million	ADB	To Small & Medium Sized Enterprise Development

NPL position of CMSME loan as on 31 December 2019

In million Taka

Particulars	Outstanding Balance	% NPL against CMSME loan
BL	364.9	5.10%
DF	103.4	1.45%
SS	56.0	0.78%
Grand Total	524.3	7.33%



Financed in PITICON INDUSTRIES, automated plastic products unit, a SME customer of our MMBL Uttara.

Strategic Business Plan for CMSME for the year 2020

- 🌱 CSME exposure in the Bank to be increased from existing 17.96% to 20%.
- 🌱 Micro / cottage and SE portfolio has stood at 41% of total CMSME portfolio at the end of 2019 which was 38% in 2018. This growth will have to be continued to reach 50% in 2020 as per Bangladesh Bank Guideline.
- 🌱 Exposure in manufacturing sector has already reached to 27% which needs to be increased further to reach at 40% level by 2024 as per Bangladesh Bank Guideline.
- 🌱 Focus needs to be given on SE and ME customers in service and Manufacturing Sectors.
- 🌱 The Bank will book some funded & non-funded business through Contractor financing such as BG, EM, SOD (WO/SO) etc. and this business will be added to the Bank's portfolio by the newly launched branches in rural area.
- 🌱 Developed a training calendar for in-house and out-house training and product based workshop for the relationship officers working in CMSME portfolio in order to be equipped with updated policy and strategies of the Bank.
- 🌱 Branch-wise target allocation and from time to time follow up & monitoring.
- 🌱 Proper staffing in both the Branch & Head Office level.
- 🌱 Restructuring of CMSME Division as per Bangladesh Bank Guidelines and circulars from time to time.
- 🌱 Establishment of separate wing of CRM (CMSME segment) in the CRM Division which will be manned with CMSME experienced officials.
- 🌱 Arrangement of alternative loan disbursement through linkage financing like NGOs where MMBL is outreach.
- 🌱 Establishing women entrepreneur dedicated desk.

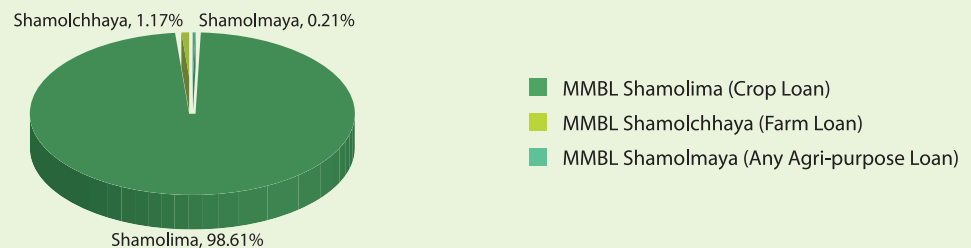
Agricultural Loan

Agricultural sector is one of the driving force of Bangladesh economy contributing 13.65% of GDP almost 40.60 % of total labor force are directly engaged in this sector. For most, agriculture is a means of food security, but it is a livelihood for a vast population in Bangladesh and a means of reducing poverty and fostering sustainable economic development. It is a sector that is strategically favorable to Bangladesh given its location as the largest delta in Asia, and most populated delta in the world.

Modhumoti Bank Limited has already formulated different tailor made products to extend financial support to direct agricultural sector namely Modhumoti Shamolima, Modhumoti Shamolchhaya and Modhumoti Shamolmaya. Total Agricultural Portfolio stood at Taka 257.70 million as on 31 December 2019 which is almost 0.66% of the total portfolio of the Bank increased from 0.21% from previous year.

Name of the Product	Loan Size	Purpose
MODHUMOTI SHAMOLIMA (CROP LOAN)	Up to Taka 0.30 million or as determined by Bangladesh Bank's updated guidelines	√ To help farmers, share cropper and landless farmers to bear the cost of tilling of land, fertilizers, pesticides, irrigation, seed etc. for producing different crops and vegetables.
MODHUMOTI SHAMOLCHHAYA (FARM LOAN)	Up to Taka 10.00 million	√ any justifiable capital expenses and/or working capital √ Project finance
MODHUMOTI SHAMOLMAYA (Any Agri-Purpose Loan)	Up to Taka 10.00 million	√ Any justifiable capital expenses and /or working capital √ Project Finance

Product-wise Agricultural Portfolio as on 31 December 2019



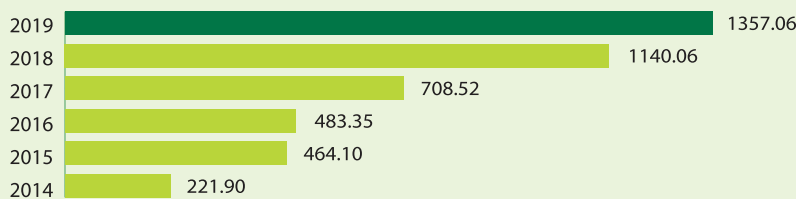
Retail Banking

Retail banking provides financial services for individuals and families. With the emergence of middle class and higher-middle class segment in the society, Retail / Consumer functions (like individual Loan/Credit, Deposit, money management) encountered significant demand in the market for last decades. To cater increasing demand, the Bank designed attractive and competitive retail products for customers.

Modhumoti Bank Limited has rich deposit product line for the prospective retail depositors. In 2019, a unique deposit product – first ever in the country- named Modhumoti Peshajibi Savings Accounts has been launched targeting the professionals in the society. The Bank introduced Loan/Credit products like Personal Loan for credit-worthy individuals, Auto Loans for general individuals and for Honorable Members of Parliament (MPs). The Bank has already executed agreements with different reputed auto dealers for customer's convenience and to make the products available in the market. The Bank is also continuously working to introduce new products to keep pace with the highly competitive market. Two distinctive Home Loan products named Modhumoti Ashroy for semi-structured building and Modhumoti Thikana for construction of RCC structure building and purchasing of apartments are also there to enrich the secured retail loan portfolio. The Retail Loan portfolio outstanding reached to Taka 1,357.06 million at the end of the year 2019, which was Taka 1,140.06 million in preceding year.

Retail Growth Trend from 2014 to 2019

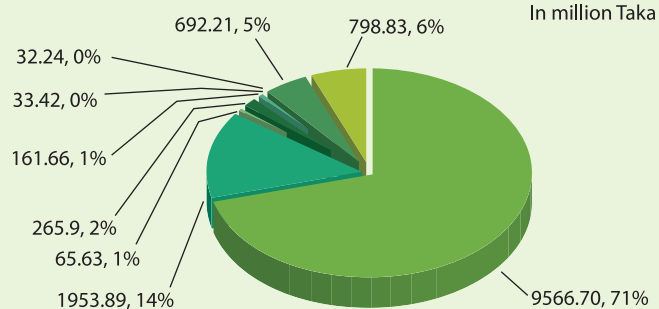
In million Taka



Sector-wise Retail Loan Portfolio as of 31.12.2019

In million Taka

- SOD (FO)
- VEHICLES LOAN
- PERSONAL LOAN (STAFF)
- H.B.L (THIKANA)
- VEHICLES (SPECIAL)
- CAR LOAN (STAFF)
- H.B.L (ASHROY)
- PERSONAL LOAN
- H.B.L (STAFF)

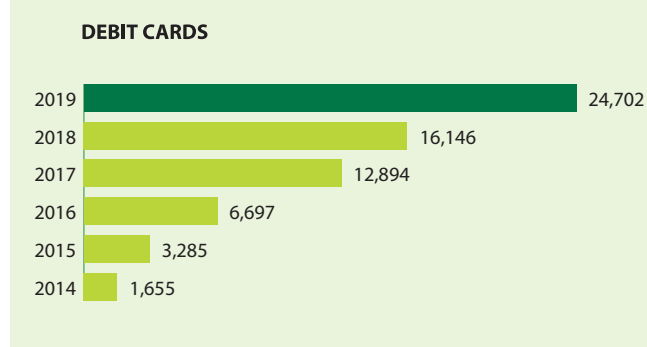
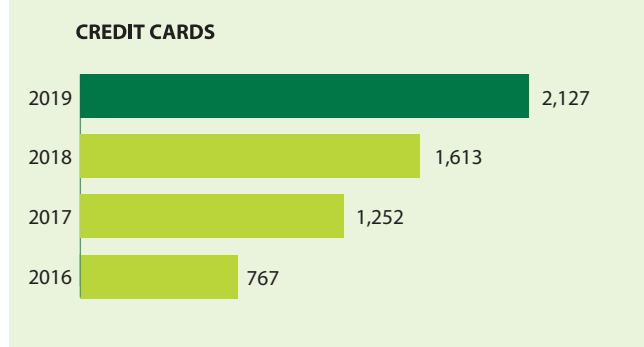


Card Business - Debit & Credit Cards

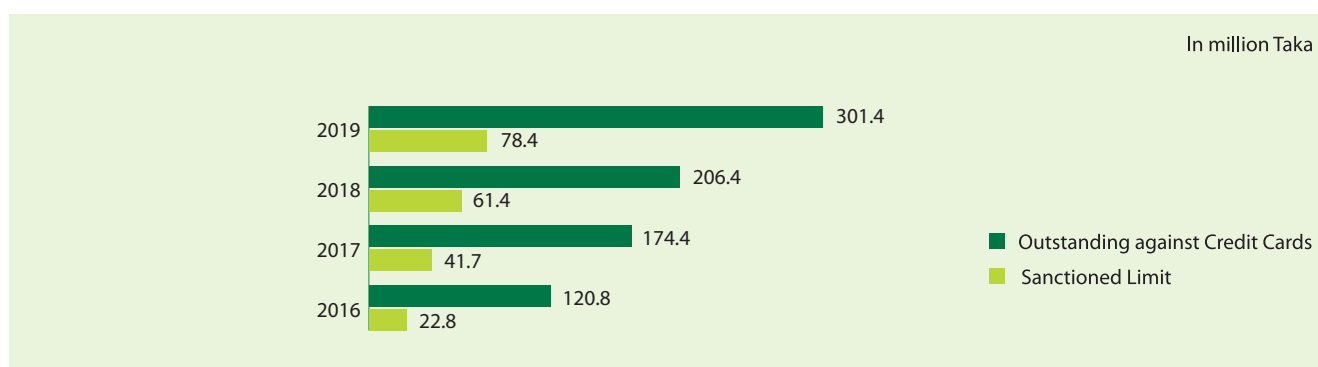
Your access to Global Lifestyle - upholding the slogan - Modhumoti Bank Limited enters into electronic payment services since 2014. Subsequently, the Bank launches VISA Dual Currency EMV Credit and Debit Cards which were configured with ample security, transaction flexibility and maximum accessibility both at home and abroad. Different products have been designed to accommodate the needs of various customer segments and to address the market demands at the moment. The Bank is very keen to introduce the diversified services for the cardholders to remain in the race with the market leaders.

The Bank emphasizes customer satisfaction by rendering superior service with utmost care through dedicated helpline round the clock. The Bank also introduced amiable discount facilities for its cardholders at different Fashion Houses, Restaurants, Hotel and Resorts, Air Lines, Jewelry Shops, Diagnostics Centers, Hospitals etc. in major cities of the country which is expanding day by day. Besides existing complimentary access to Balaka Lounge at Hazrat Shahjalal International Airport, Dhaka and Shah Amanat International Airport, Chittagong on 28 November 2019, Modhumoti Bank Limited has launched a luxurious lounge for the convenience of valued Cardholders.

Year-wise growth of Cards



Credit Card Portfolio



Banking Operations:

Modhumoti Bank Limited is a scheduled commercial bank in Bangladesh and commenced its banking operation on September 19, 2013. The Bank has 44 branches (till to date) covering all the administrative divisions of the country. Year-wise number of branches (cumulative) is presented below:

Particulars	Year-2013	Year-2014	Year-2015	Year-2016	Year-2017	Year-2018	Year-2019
Branches	2	10	15	23	29	35	41

Cards Operation & Alternative Delivery Channel

Electronic payment system is a way of making transactions or paying for goods and services through an electronic medium without using cheques and cash. It has grown increasingly over the last decades, and providing uninterrupted service round the clock and ample security. To facilitate customers with the modern banking facilities, Modhumoti Bank Limited has introduced electronic payment services through VISA EVM Debit & Credit Cards, ATMs, Modhumoti Lounge, Digital Banking (GO SMART) and Modhumoti Help Line (16347 or +880-9610016347). By now, the Bank has designed different related products having transaction flexibility as desired by the customers in home and abroad along with latest security measures and keen to host more product diversification in future. Year-wise number of cards in circulation (cumulative) is presented below:

1. Debit & Credit Cards:

Particulars	Year-2014	Year-2015	Year-2016	Year-2017	Year-2018	Year-2019
Debit Card	1,655	3,285	6,697	12,894	16,146	24,702
Credit Card	-	-	767	1,252	1,613	2,127
Total	1,655	3,285	7,464	14,146	17,759	26,829

2. ATMs:

Modhumoti Bank Limited has already become a member of National Payment Switch Bangladesh (NPSB), VISA and Q-cash consortium facilitating its customers to avail ATM services from NPSB and Q-cash ATMs all over the country. The Bank is also expanding its own ATM network as a part of installed and raising a number of ATMs which is presented below:

Particulars	Year-2014	Year-2015	Year-2016	Year-2017	Year-2018	Year-2019
ATM	06	16	22	29	32	42

3. Modhumoti Digital Banking (GO SMART):

Modhumoti Bank Internet Banking (Go Smart) is a state-of-the-art Mobile Banking application by which registered customers of Modhumoti Bank can avail banking services from their Smart Phone at anytime and anywhere. The aim of this digital financial inclusion initiative is to bring more people into the financial system using the latest technology. This application is enabled with strong security feature such as two factor authentication using One Time Password (OTP). The application is compatible with both Android Operating System and iOS and can be downloaded from Google Play Store as well as AppStore!

For the convenience of the Bank's customers following services are offered:

- Self-registration, Modhumoti Bank GO SMART Digital Banking
- Fund Transfer (Own/other MMBL account)
- BEFTN (to other bank accounts)
- Fund Transfer from CASA Account to bKash account.
- Utility bill payment (DESCO, DPDC, WASA)
- Mobile Top-up (any mobile operator)
- Account statement information & download
- Credit card bill payment & information
- Fingerprint Log-in
- Password change option
- Debit/Credit card stop at once
- Branch & ATM locator
- Cheque Book application

4. Modhumoti Helpline (16347 or +880-9610016347):

Call center is an important component to delivering speedy and reliable customer service. Call center agents must attempt to quickly resolve customer issues and complaints that involve money and confidential information. Because a company's image and brand are heavily influenced by its level of customer service, banking call centers are crucial to building customer relationships and retaining customers against competition. For the convenience of the Bank's customers, Modhumoti Bank Limited has introduced its own Helpline Banking Services on September 2019. Services provided through Modhumoti Helpline (16347) are as follows:

- Informing customers regarding all Modhumoti Products.
- Helping customers by Account related information.
- Providing Cards & ATMs related information.
- Information on Branch & Agent Banking.
- Providing Fees & Charges related information.
- Informing customers regarding latest banking offers & promotions
- Debit & Credit Card Lost/Stolen/Block
- Debit & Credit Card Transaction Details
- Collecting customer query and send to concerned department.

5. Modhumoti Lounge:

On 6th August 2019, Modhumoti Bank Limited inaugurated its own luxurious lounge at the international terminal of Shah Amanat Int'l Airport, Chattogram for the Priority Customers and valued Cardholders of the Bank. The Lounge is equipped with efficient personnel, elegant decoration, and comfortable seats, hi-speed Internet facilities, spacious rest rooms, standard food and beverage and other amenity facilities as required by the customers/visitors. For the convenience of the Bank's cardholders, the Bank also offers complimentary access to Balaka Lounge at Hazrat Shahjalal International Airport, Dhaka.

Service Quality:

Modhumoti Bank Limited now-a-days is not only a profit-making bank but also an organization for providing state of art financial services to the people. Modhumoti Bank Limited has structured the customer-focused Services and Complaint Management Policy, Customer Charter, Code of Conduct for customers Services, Customer Awareness Program Policy, Service Standard Guideline, Assessing Customer Services and Evaluation Policy, and Service Excellence Policy in line with the guidelines from FICSD, Bangladesh Bank. Modhumoti Bank Limited has structured Service Quality Department under supervision of Operations Division among the 4th Generation Banks in which we deal with the following activities in 2019.

Complaint Management: Modhumoti Bank Limited has structured complaint management channels as below:

- 🌱 Receiving all sorts of feedback/suggestions/complaints from MMBL customers and stakeholders;
- 🌱 Central Complaint Management through Modhumoti Helpline **16347** (24/7);
- 🌱 Dedicated Email Group: ccs.cmc@modhumotibankltd.com (includes MAN-COM);
- 🌱 Dedicated full-time Social Media Page (<https://www.facebook.com/modhumotibankltd>);

Foreign exchange business

Facilitating Global Trade is one of the core activities of the Bank. Over the last few years, the global trade financing of Modhumoti Bank Limited (MMBL) has gained a stable expansion. Widely cherished as one of the leading banks among the fourth generation banks in supporting Trade Finance and Foreign Exchange transactions of the country, MMBL is relentlessly improving the service quality to satisfy the valued clients. Establishment of a large and effective network of correspondences worldwide to cater to the growing demand of quality trade services of the clients is the core strategy of international business operations of the Bank. The Bank is constantly expanding its relationship with high street banks of different countries. The resilience and dedication of MMBL team has been ensuring continued growth of the Bank in line with the rising economy of the country.

MMBL serves its Global Trade and Foreign Exchange clients through countrywide 44 branches – 05 (Five) dedicated Authorised Dealer (AD) branches supported by Centralized Trade Processing Unit (CTPU), one Offshore Banking Unit (OBU) and 366 agent centres. With major focus on trade, International Division also coordinates LC Advising, Confirmation, Discounting/Negotiating and Collection of Export Bills, Re-discounting, Refinancing, Sourcing of FC funds, FC Term Loan, Bank Guarantee, Trade Payment Settlement, Foreign Exchange Services (e.g. commercial remittances, private remittances, travel expenses, payment of fees for tuition, exam, immigration etc.) and any other banking needs / services. International Division (Financial Institutions) also looks after the Policy Guideline and overall operation of Global Trade & Foreign Exchange Business of the Bank.

Nostro Accounts

In order to facilitate the foreign exchange transactions, Modhumoti Bank Limited maintains 15 Nostro accounts in the most popular currencies e.g. US Dollar, Pound Sterling, Japanese Yen, Euro & Dollar accounts under Asian Clearing Union and 01 (One) Nostro for Off-shore Banking Unit (OBU) etc. with reputable foreign banks at commercially key locations which ensure effective Foreign Currency Management and timely payment of foreign commitments.

Correspondent Banking

Modhumoti Bank Limited always strives to enhance and expand foreign correspondent relationship (RMA) to facilitate global trade business of the Bank. As such, MMBL's correspondent network is spread at important financial centers and business hubs all over the world, and has contributed towards expansion of the Bank's foreign trade business. Currently, the Bank is maintaining RMA with top rated 154 banks covering 35 countries. Furthermore, as part of continuous endeavor to expand the correspondent network, International Division has been continuously establishing RMA with banks around the globe as and when required.

The Bank maintains substantial credit lines with globally recognized multinational banks and financial institutions for adding confirmation of LCs, re-discounting of bills, refinancing and sourcing of FC fund as and when required. We have also been able to enhance the rebate/fee income from our foreign correspondents.

SWIFT Operations

Modhumoti Bank Limited joined SWIFT ALLIANCE in 2013, which is recognized globally as the most effective network for fastest, reliable and secured financial transactions worldwide. Currently, the Bank uses web based centralized application, SWIFT Alliance Web Platform (AWP) and all AD branches and CTPU have access to a wider range of functionalities with uninterrupted, real time communication.

SWIFT infrastructure connecting more than 11,000 banking and securities organizations, market infrastructures and corporate customers in more than 200 countries and territories. Moreover, Modhumoti Bank Limited has implemented SWIFT 7.4.22 Migration for ensuring uninterrupted & secured SWIFT services. We have been using KYC Registry as developed by SWIFT community to overcome KYC challenges by holding information about institutions. The Registry provides a standardized set of data and supporting documentation relevant to KYC and Customer Due Diligence (CDD) requirements. SWIFT Sanction Screening software (S3) has been installed to reduce risks and comply with various local and international Sanctions.

As a member of the SWIFT ALLIANCE, Modhumoti Bank facilitates cross border trade transactions, inward/outward remittances etc. of the Bank through state of the art secured infrastructure. SWIFT Operation Unit works as an authenticated communication medium of the Bank supervised by the International Division, Head Office. All AD branches are connected to Global SWIFT Network via Data center at Head Office. We are also updating security patch in our swift system on quarterly basis.

Non-Resident (NRB) Business

Remittances are funds transferred by NRBs to their home countries considered one of the most important economic variables and has become an important aspect for the developing countries like Bangladesh for socio- economic advancement. It has great impact on the country's overall socio-economic development like poverty alleviation, employment generation, growth of GDP, reducing balance of payment, enriching the foreign currency Reserve, reducing the dependency on overseas assistance, adoption of new development plans and its implementation etc.

Modhumoti Bank Limited has a dedicated NRB Banking Department to ensure prompt & efficient services to the Customers offering best competitive price for their hard earning Foreign Currencies. We handle both inward & outward Remittance products. The outward Remittance includes FC Cash, FDD, FTT & wire Transfer through SWIFT. The Inward Remittance products are Over the Counter Payment (OTC), Account Credit, FTT, wire Transfer through SWIFT etc. Consequences upon different initiatives taken by NRB Department, total Foreign Remittance have triggered 202.97% growth in 2019 over 2018.

Modhumoti Bank Limited put in top priority on homebound foreign remittance from Bangladeshi expatriates and has entered into arrangement with a number of exchange companies. We have an admirable Remittance Tie-up with a good number of world's renowned Exchange Houses. They are:

Name of Exchange Houses	
Trans-Fast Remittance LLC	Western Union Money Transfer
Xpress Money Services	Ria Financial Services
Placid N.K. Corporation	Cash Express
Aftab Currency Exchange	

The Bank has a nationwide network having 44 well-equipped online branches and presently 366 Union Digital Centers have come under the Agent Banking Umbrella as Agent point. Inward Foreign Remittances has already been disbursed to the beneficiaries from these Agent Points.

Inward remittance business in terms of volume and transactions are as follows:

Figure in million

Amount	2017	2018	2019
USD	1.93	5.18	15.08
BDT	162.70	438.07	1,327.21
Number of Transactions	4,262	9,822	26,147

With a view to increase & facilitate Inward Foreign Remittance businesses, Modhumoti Bank Limited is continuously communicating with different international reputed Money Transfer Companies in the remittance Bound Different Countries over the Globe. In line with process, Modhumoti Bank Limited will be able to establish business relationship with the globally renowned Exchange Houses such as MoneyGram, Instant Cash FZE-UAE, NEC Money Transfer-Italy, BRAC Sajan-UK, Redha Al Ansari Exchange-UAE, Kuwait Asian Exchange-Kuwait, Ebix Cash-Canada, Progoti Exchange Company-UAE, Al Zaman Exchange WLL Qatar, UAE Exchange-Kuwait, Lulu International Exchange-UAE etc.

Off-Shore Banking Business

Modhumoti Bank Limited established its Off-shore Banking Unit (OBU) on September 23, 2015 getting permission from Bangladesh Bank dated April 02, 2015 with a view to catering the banking needs of nonresident customers both in EPZs PEPZs, EZs and Hi-Tech Parks and abroad. Hence, it has become an important strategic business unit due to growing demand of cheaper foreign currency loan and Usance Payable at Sight (UPAS) Letter of Credit from the clients. The overall operation of the Off-shore Banking Units is controlled and supervised by Off-shore Banking, Head Office Cell of International Division. Modhumoti Bank OBU provide continuous financial services such as deposit taking, money transmissions, trade finance, credit facilities, etc. Side by side OBU of the Bank are also supporting on-shore clients within the purview set out by the Bangladesh Bank.

Bangladesh Bank has introduced new policy in 2018 through which OBUs will have to mobilise major funds from external sources and will not be allowed to collect more than 20% of their regulatory capital from domestic banking operation and also announced some new instructions including requirement of taking re-approval from the central bank to open every OBU and to have renewal of their licenses. All these new changes will lead the banks operating OBU to re-design the process of doing business. In the meantime Modhumoti Bank has applied for license newly.

The main objectives of Off-shore Banking are to:

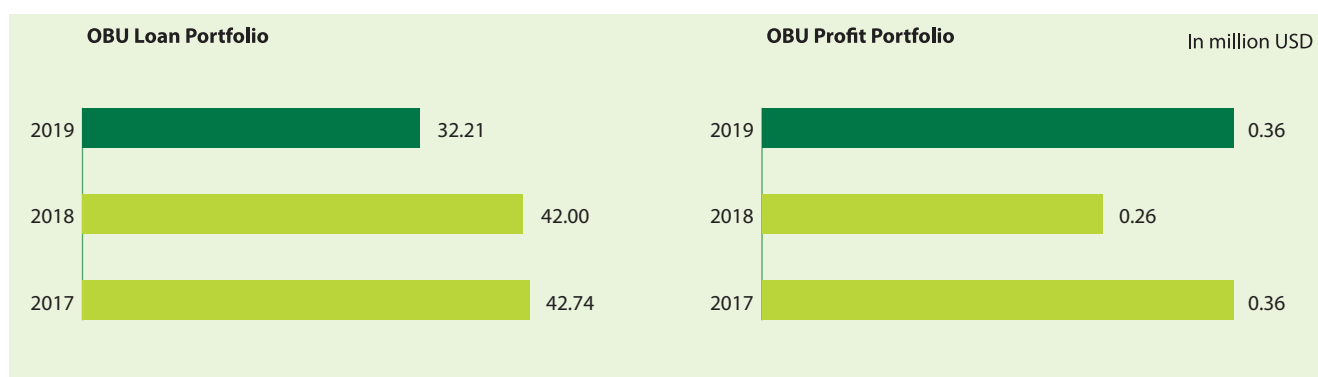
- 🌱 Attract and facilitate potential foreign investors and entrepreneurs in the Export Processing Zones.
- 🌱 Attract investment for non- resident Bangladeshi investors.

During the year of 2019, MMBL OBU discounts total 412 nos LC valuing USD 44.51 million equivalent to Taka 3,778.90 million which triggers 4.58% growth in 2019 over 2018 and during the same period, OBU makes Profit of USD 0.36 million equivalent to Taka 30.58 million which triggers 38.46% growth in 2019 over 2018.

OBU of the Bank offers following products and services to the valued clients –

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

Business Highlights of MMBL OBU



Trade Services

Trade Finance offers a wide range of services that can be tailored to meet the different needs of buyers and sellers (Importers and Exporters). Our range of resources and level of expertise in the various trading sectors and documentary credit specialists enable us to offer unrivalled services to all our customers. One of the core activities of the bank is to facilitate International Trade through export and import financing. Over the last few years, the foreign trade financing of the bank has gained a stable expansion. The Bank has been achieving significant growth in both export and import financing despite/since global financial turmoil and worldwide economic slowdown. During the year, the foreign trade business of the Bank has recorded an exclusive growth. The Bank has 05 (Five) Authorized Dealer Branches and Central Trade Processing (CTPU) manned with highly trained professionals to meet different requirements based upon import and export clients.

Import

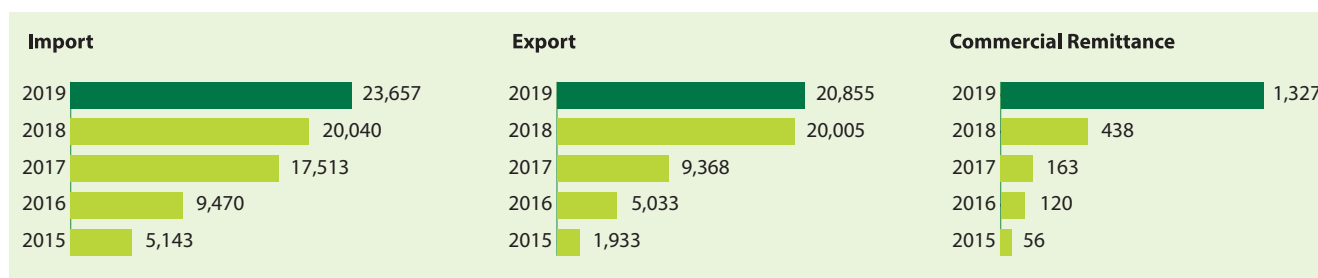
The Bank was involved in financing import business in the field of capital machineries, industrial raw materials, food grains (i.e. dal, garlic, ginger, onion, spices), motor vehicles, spare parts, yarn, fabrics, garment accessories, sports items, chemicals, medical equipment, pharmaceuticals raw materials for drugs & others consumers products etc. Import business Increased by 18.04% of which real value was USD 279.70 million (Taka 23,657.00 million) in 2019 compare to USD 238.44 million (Taka 20,040.00 million) in 2018.

Export

The Bank has had a conspicuous export portfolio in the field of readymade garments. It has been endeavoring to diversify its export financing in other fields like leather, jute & jute goods, agricultural products, fabrics and accessories etc. The export business raised to USD 249.36 million (Taka 20,855.00 million) in 2019 which is increased 4.25% compare to USD 238.86 million (Taka 20,005.00 million) in 2018.

Commercial Remittance

Foreign remittance is a buzz word for all developing countries in recent age as it is just not a part of the income of nations; it is a power on which developments run smoothly. In Bangladesh, remittance is one of the most essential economic variables as it helps in balance of payments, increasing foreign exchange reserves, enhancing national savings and increasing velocity of money. It affects almost all the macro-economic indicators of a country positively. Remittance has created a new dimension in the economic development of Bangladesh and helps the government of Bangladesh to reduce dependency on Foreign Aid. In 2019, Modhumoti Bank has performed Commercial Remittance business (received through SWIFT) for USD 7.73 million (Taka 645.91 million).



Central Trade Processing Unit (CTPU)

Central Trade Processing Unit (CTPU) is an innovative milestone in the contemporary banking arenas for facilitating Non-AD branches foreign trade operations with a separate AD License issued from Bangladesh Bank for this purpose. Trade is one of the challenging arenas of banking operations which yields higher income for a bank. Globalization has made it very dynamic to operate. With the growing number of customers and changes in the pattern of International Trade, the Bank provides best quality services among the private commercial banks. Central Trade Processing unit (CTPU) processes and manages the foreign trade business of non-AD branches of MMBL. For this reason, Management has decided to open Central Trade Processing Unit (CTPU) under Trade Services Division, Head Office. The mission of Central Trade Processing Unit (CTPU) is to bring all the Non-AD branches under one umbrella. CTPU works as service center and helps Non-AD branches to generate profit for smooth operation of Non Funded facilities. The Volume of Import business increased by 17.79% of which real value was USD 29.17 million (Taka 2,463.40 million) in 2019 from USD 24.96 million (Taka 2,091.40 million) in 2018.

Treasury Management

Treasury management or treasury operation includes management of an enterprise's holdings, with the ultimate goal of managing the firm's liquidity and mitigating its operational, financial and reputational risk. The Treasury Division is responsible for a number of activities such as buying and selling of foreign exchange currencies in a centralized fashion; borrowing to meet liquidity requirements as well as lending and placing excess cash to ensure all resources are usefully deployed. The Division is also responsible for managing and growing the investment portfolio including bonds, shares, other financial securities and financial derivatives and the associated financial risk management.

Banking industry always goes through the changes in rules, regulations, economic ups and downs as well as innovation in offering technology based products & services. Hence, Treasury Division has become a strategically important business partner for all business divisions & branches across the Bank. Treasury is primarily supposed to manage bank's liquidity in all currencies properly. Besides, Treasury is also responsible to make sound financial investments in all currencies with the available liquidity with the concentration of reducing financial risk. A sound treasury operation should always be focused on uncompromising stance on prudent management of the risks involved in the business while generating profit opportunistically.

Treasury Division of Modhumoti Bank Limited is consistently doing excellent and also produced a good result in 2019 in spite of the market volatility, uncertainty, complexity & some other interest rate risk and market risk related issues which have been observed globally as well as within the country. Throughout the year, the Bank's Treasury has provided strong support & treasury solutions to both internal and external clients. Despite facing severe instability in the market, we were able to make significant contribution to the Bank's profitability, liquidity management and risk mitigation in the year 2019 and were able to generate significant trading volume and earn positive returns for the stakeholders of the Bank. Modhumoti Bank's Treasury mainly focuses on the following:

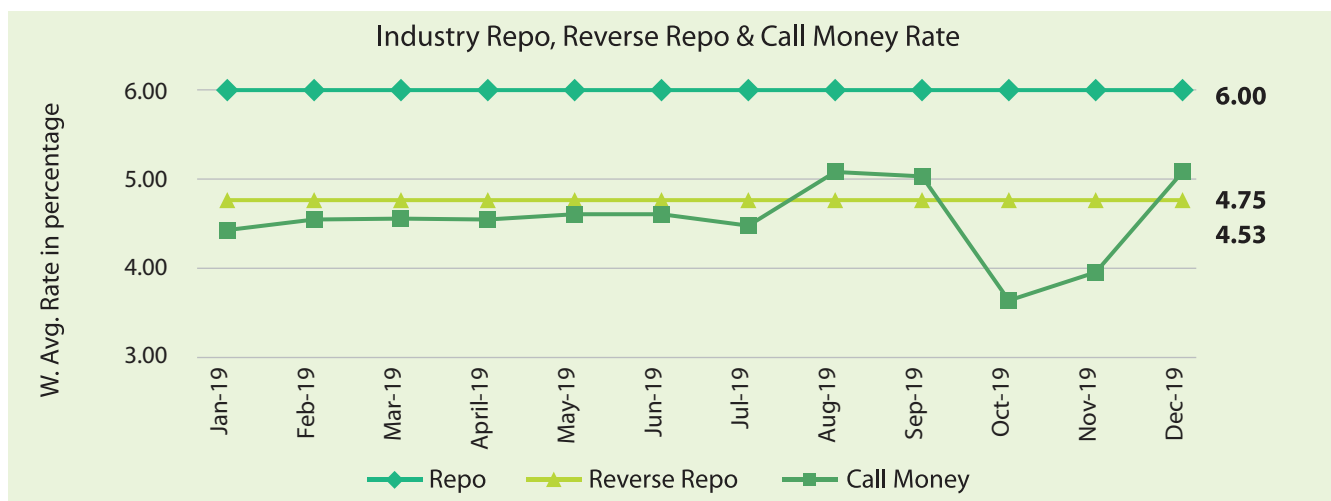
- 🌱 Manage market, liquidity and interest rate risks within limit
- 🌱 Graph all market opportunities which is rational for Bank
- 🌱 Diversified fund management network creation
- 🌱 Escalating business size
- 🌱 Improving profitability
- 🌱 Strengthening Asset Liability Management (ALM) procedures with market changes.

We cater to diversified customer groups with the following dedicated desks:



Money Market

The overall money market experienced tight liquidity scenario throughout the year 2019. This happened due to significant growth in public sector to finance different mega projects and Bangladesh Bank inject foreign currency to support commercial banks to meet up their obligations. Sluggish movement of deposits was also a cause. The call money rate hovered around 3.00% - 5.50% throughout the year 2019. Throughout the year, Treasury Division has managed money market liquidity efficiently and played a good roll to enhance the overall profitability of the Bank.



In 2019, overnight money market rate was 1.75% – 5.50% throughout the year. The biggest challenge in 2019 was to ensure proper fund management and fund utilization. Our Money Market Desk was very effective in the interbank money market. They have applied their expert forecasting skills to manage liquidity and earned considerable profit for the Bank. This desk facilitates all kinds of available solutions. These include call money, repo, reverse repo, term money (across different tenors) and FX SWAP. The vigorous activities in money market have made us to become one of the most efficient money market desks among the Banks.

Fixed Income Securities Market

In 2019, Government met up their fund requirement from non-marketable instrument (i.e. National Savings Certificate) instead of borrowing from banking system rather than issuing fresh treasury-bills and treasury-bonds. In such situation, market players lost interest to trade the existing securities they are holding because of lower interest rate. Also the lower yield curve of long term fixed income securities forced the rational investors to invest in non-tradable securities like national saving certificates. Rather than such situation, the Bank made a remarkable foot print in both primary and secondary market of government securities trading which made us one of the best primary dealers in the entire market.




Foreign Exchange

Due to our country's trade deficit in 2019, USD/BDT exchange rate faced an upward pressure compared to last year. USD/BDT rate was 83.95 at the very beginning of the year 2019 and closed to 84.90 in December-2019. Main reason behind this increase was the import settlement obligations for capital machinery of different government mega projects and fuel payments. Out FX Desk was able to forecast such situation and took necessary steps accordingly so that we were able to make our net open position within limit and the overall LC payment were settled smoothly in the entire year 2019.

Asset Liability Management (ALM) Desk

Asset – liability management is managing the risk that can arise from the changes of assets and liabilities. ALM is a strategic management tool to especially manage liquidity risk and interest rate risk faced by banks. It is an ongoing process to formulate, implement, monitor and revise strategies related to assets and liabilities management. The Bank has a dedicated ALM desk under the Treasury Division. This desk provides economic, market and bank information and analysis to the Asset Liability Management Committee (ALCO) to assist in making their strategic decisions. ALCO, which meets at least once in a month, is responsible for:

Balance sheet Management

-  Interest rate determination in view of the bank and the future business strategy
-  Liquidity risk, Interest rate risk and Foreign exchange risk management
-  Maximizing returns of investment

Throughout the year 2019, the ALM Desk presented the market outlook, Bank's financial position and various analyses to the ALCO which give clear ideas about the market liquidity for availing market opportunities for investment, fund deployment in the market and fund management strategy for the Bank.

Overall Treasury Focus for 2020

-  Ensuring availability of local currency
-  Ensuring availability of foreign currency
-  Strengthening foreign exchange corporate sales operation
-  Ensuring strict regulatory compliance (specially LCR/ADR/Commitment)
-  Discovering existing and new areas of business
-  Increasing volume of deposit and ensuring Competitive lending rate
-  Establishing on speculative trading under FX Dealing
-  Developing market research under ALM operation
-  Observing overall business growth

Risk & Compliances Review:

Internal Control System

A strong internal control system including an independent and effective internal audit function is an integral part of sound corporate governance. Banking supervisors must be satisfied as to the effectiveness of a bank's internal audit function that policies and practices are followed and that management takes appropriate and timely corrective action in response to internal control weaknesses identified by internal auditors.

Key features of Internal Control System are as follows:

- i) Management Oversight & Control Environment;
- ii) Risk Recognition & Assessment;
- iii) Control Activities & Segregation of Duties;
- iv) Information & Communication; and
- v) Monitoring Activities & Regularization of Deficiencies.

Internal Control & Compliance Division

In order to establish the efficient, effective and compliant internal control system in the Bank, Internal Control & Compliance Division segregated its functions into 03 (Three) separate units:

- Audit & Inspection Unit (including IS/IT Audit Unit);
- Compliance Unit; and
- Monitoring Unit.

Audit & Inspection Unit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes based on different manuals, instructions, rules & regulations and procedures laid down by Bangladesh Bank & other regulatory authorities from time to time and the bank's own policies & procedures.

Major functions of this department are as follows:

- Risk based inspections (Conduct risk based inspection in different branches & divisions/departments/units of Head Office according to the approved risk based audit plan for each year by the Audit Committee of Board, ACB);
- Information System & Technology Audit (Conduct IS/IT Audit as per Bangladesh Bank guideline);
- Special Audit/Inspection/Investigation (in case of gross employee misconduct or major violation as well as identify deviation in the operational processes from set policies & procedures);
- Spot Inspection/ Validation Audit;
- Surprise Physical Cash Check and AML/CFT Audit.

Compliance Unit

This unit is entrusted to ensure that the Bank complies with all regulatory requirements while conducting its business. They maintain liaison with the regulators at all levels and notify the other Units/Departments and Branches regarding any regulatory changes.

Major functions of this department are as follows:

- To ensure timely dissemination of all regulatory updates;
- To maintain strong liaison with the regulatory authorities;
- To maintain all relevant circulars and regulatory guidelines;
- To ensure regulatory requirements are properly incorporated in the operational tasks; and
- To ensure timely reply of Bangladesh Bank Inspection Report

Monitoring Unit

The Monitoring Unit of the Division monitors effectiveness of the Bank's internal Control System on an ongoing basis through follow-up of compliances and regularization of deficiencies that are identified by Audit & Inspection teams throughout the year.

Major functions of this department are as follows:

- Establish monitoring mechanism/procedures to ensure high risks areas are regularly reviewed;
- Assimilate Risk Matrix to monitor compliance with the AML/KYC issues, Compliance Risk, Operational Risk, Market Risk and Credit Risk;
- Regularization of deficiencies that are obtained through different reports like QOR, LDCL, DCFCL, of Self-Assessment of Anti-Fraud Internal Controls etc.
- Review operational performances against key control issues of individual offices;
- Evaluate the effectiveness of controls on Risk Appetite through analysis on the Self Assessment Report, Internal Audit Reports, Compliance Reports and Monitoring Process to satisfy Risk Based Internal Audit function; and
- Recommend to the Head of Internal Control & Compliance to send audit/inspection team in the areas where regular deficiencies are identified.

ICC Performances during 2019 at a glance

- Overall audit coverage has been enhanced, since 74 Risk-based Inspections on 14 Divisions/Departments/Units of Head Office and 35 Branches, 30 Agent points along with 38 IS/IT Audits during the year 2019 have been conducted. A total of 4 Special Inspections/Investigations have been conducted on different issues.
- Continuous monitoring has been established in major risk aspects;
- Regulatory compliance has been improved, since Compliance Unit has received 40 reports/letters from Bangladesh Bank during the year 2019, against which successfully submitted compliance of all reports/letters within the prescribed deadlines (Bangladesh Bank inspection teams conducted a total number of 16 inspections on 6 Divisions/Units of Head Office and 6 Branches during the year 2019 which included Comprehensive Inspection, Special cash inspection, Inspection on Foreign Exchange Transactions, Foreign Exchange Risk Management, Internal Control & Compliance, Information System Security, Asset Liability Management and Credit Risk Management);
- Pursued respective Divisions/Units to update and develop Guidelines/ Manuals/Policies to run the operations smoothly.

Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT)

To expedite the AML compliance effort and increases the effectivity of the activities in line with global best practices, MMBL Management, in consistent with the echos of the Board of Directors, has emphasized to established strong AML Governance in Bank. Considering Risk based Approach, AML & CFT Risk assesment & mitigation mechanim policy and procedures have been formulated as directed by BFIU's related guidelines and is under process for total compliance.

In this context, to bolster and reinforce the stability and integrity of the country's financial system, Modhumoti Bank's AML & CFT Division has been engaged in relentless efforts to combat money laundering and terrorist financing to strict adherence to all the statutory legilations, regulatory directives and bank's policies and procedures to ensure good corporate governance. A high powered Central Compliance Committee (CCC) has been formed comprising with the CAMLCO, D-CAMLCO and some related & core Divisional Heads. The committee formulates and reviews bank's policies, strategies and programs aligned with the internation and national standards and evaluate the same time to time. The Bank has properly assigned responsibilities and developed CAMLCO & Deputy of CAMCLO at Head Office and BAMLCO at Branches.

The Bank's compliance structure is further strengthened and supported by:

- Policy:** Well-defined AML & CFT Policies and Guidelines (lastly updated in May 2019);
- KYC Procedure:** Proper customer identification processes (through KYC/CDD/EDD measures, NID Verification, Account Information review after a certain period of Account opening, taking information of ultimate beneficial owner's, Source of fund verification docs collection etc);
- Record retention:** all records are retained as per regulatory instruction;
- Risk Assessment:** Customer classification process considering Risk (Low/High risk customer);
- Sanctions Screening:** Take measures for proper Sanction Screening through integrated Software S3. Appropriate OFAC, UN, UK, EU and local sanction list screening systems for onboarding customers and for cross-border transactions (automated & manual);
- Transaction monitoring systems** (including PEPs/IPs, high risk customers A/c, transactions also monitored against various rules/ triggers, CTR, Structuring, House wife & student in profession etc);
- Adverse Media News** screening is in process and if suspicion cretes, STR/SAR initiates;
- Proper reporting systems:** Cash Transactions (CTR) and suspicious transaction/activity reports STR/SAR, returns against queries and MIS maintenance;
- Training & Education:** Effective formal & informal training for employees, special awareness programs for the senior management and customer awareness programs is in progress and continuing. Total 169 officials were AML trained in 2019 (New & Refreshers). Now 95% officials of the Bank are AML trained.
- BAMLCO Conference-2019 was arranged for all BAMLCOs of the branches and Managers of large branches;
- Quality Assurance & Testing for effectivity of the Program:** Self Assessment & Independent Testing Procedures is the regular and regulatory requirement to test the program. Review measures have been taken if it seems the branch / business unit has space to improve its compliance status. Officials of AML & CFT division has also program to visit branches to oversee the AML compliance activities on regular interval. Audit & Inpection team of ICCD also scheduled tests the functions/ activities of the branches and a copy of the repot used to send to AML & CFTD for further review.

To further mitigate business risks, the Bank:

- Embraces proper customer identification and verification processes;
- Ensures screening of origination of fund sources of customers;
- Identifies the Ultimate beneficial owner of the customer or Account Holder;
- Provides accurate and timely customer information against queries;
- Organizes customer awareness programs to mitigate regulatory risks associated with money laundering and terrorist financing;
- Besides, Prevention of Trade based Money Laundering Policy is under progress to formulate and enact in bank as per directives of the regulator,
- e-KYC project is under process of implementation for serving the customers digitally with a minimum cost and spending lowest time.
- e-Learning framework has established to communicate instructions / directives / trained official in a distance learning module program.
- Some other infrastructure level improvement program is in progress to enhance effectivity of AML program of the Bank.

Successful implementation of instructions from the regulator, continuation of awareness programs and improvement of regulatory audit rating, while securing the position in the top-five listed banks in terms of regulatory audit rating will be the top priority for the AML & CFT Division over the coming years.

Information Technology

The adoption of information technology in the banking industry has enabled banks to improve operational efficiency, reduce transaction time and operating cost for collecting, storing and processing information. The Bank is dedicated towards its customer satisfaction with the help of the technological advantages. Technological development of the bank tremendously increased its customer service as well as trust worthiness of the stakeholders towards the bank. Now, ICT is also playing vital role in fostering customer-bank relationship, increasing level of customer satisfaction, developing and maintaining competitive advantage and promoting attractive banking products through its various established payment channel. The customers are benefited by getting a number of options for doing banking through different delivery channels according to their convenience. The business people are also getting benefit of faster realization of receivables from their clients and making payments to their suppliers instantly and securely. The Bank is always dedicated towards its customer satisfaction with help of the technological advantages. ICT Division is not only well equipped with technology, but also with a dedicated professional ICT workforce.

ICT Infrastructure

Modhumoti Bank has reviewed present ICT infrastructure and taken steps to procure state of the art IT Security solutions (hardware, software and network infrastructure) for their implementation of Tier-3 Data Center at Gulshan with auto replication with Disaster Recovery Site. ICT Security Team has been formulated to minimize technological and operational risks and comply with the latest ICT Security Guideline of Bangladesh Bank. We are also in the process of procurement of network infrastructure for secure and reliable communication. Connectivity to and from bank networks and external networks are carefully planned for secure operations. The Bank's ICT staffs are ensuing security policies when designing new infrastructure or upgrading existing networks taking into consideration for managing users, dividing networks into segments and restricting access to information based on different business and security policies. Several training on ICT Security awareness has been arranged throughout the year at the Training Institute of the Bank as part of awareness build up among the employees of the Bank.

Bank Ultimus Core Banking Solution

From the date of inception, the Bank has always been moving with the latest technology and has adopted different advantages of the technology which has enriched its ICT infrastructure to mitigate risk that may arise from malfunction of system, failure of network, lack of knowledge of the users, virus attack, hacking etc. Bank is using state-of-art Core Banking Solution (CBS) "BankUltimus V-2" to support its customers' regular banking and Foreign Trade transactions. Core Banking Software (CBS) has further been upgraded to its latest release to enhance existing features and functionalities and secure online banking transaction.

Launching of new website

The inevitability of a website to expand business all over the world is crucial. Having a website is not just simply a showcase, it is part of the Marketing Strategy to get online exposure and it markets brand, products and services. The Bank's website contains all products and information being available for its prospective clients, the receivers of service or purchasers of the product can find the features and specifications of products and necessary information. The Bank recently re-designed its website for getting such necessary information in more customer-friendly way.

ATM Network

The Bank has so far established 42 own ATM Booths across the country and issued a substantial number of debit cards to its customers. However, the Bank has taken major steps for rapid expansion of ATM channel at suitable locations to serve potential clients across the country. The Bank has also integrated its ATM Network with National Payment Switch of Bangladesh (NPSB) which is an initiative of Bangladesh Bank to bring all commercial banks under the same platform for interoperability of ATMs/Debit Cards in case of issuing and acquiring and thus giving access of ATM network of more than 6500.

Credit Card Payment Collection Module

Modhumoti Bank is issuing VISA Classic, Gold, Platinum and Dual Currency Credit Cards - maintaining all features and facilities of international standards to compete with other peer banks. As number of credit cards and related transactions are increasing day by day, it has a requirement to make the payment collection process fully automated to reduce errors in settlement and reconciliation on daily basis. We procured and implemented Payment Collection Module which could be accessed from all of our branches for receipt of payment. In addition, reporting of credit card information and transactions as per Bangladesh Bank guideline is also made available from the same module.

ACH, EFT and RTGS

ACH (Automated Clearing House) is dealing with clearing cheques receipt and multifarious payment settlement services for all branches and its reconciliation. The Bank completed preparedness for BACH-II implementation project as per guideline of Bangladesh Bank. FC Cheques and Demand Draft will be processed through BACH-II in High Value Cut-Off.

EFT (Electronic Fund Transfer) is the fastest growing service enables to transfer the funds for clients electronically without payment instrument. However, EFT is a good prospect for Bank facilitating online fund transfer and bulk payments such as dividend warrant, salary payments. The Bank completed preparedness for Multiple EFT implementation project as per guideline of Bangladesh Bank.

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

Formation of Computer Incident Response Team (CIRT)

Modhumoti Bank has already formed 'Computer Incident Response Team (CIRT)' to ensure proactive prevention and protection of Cyber Attack and Vulnerability of Digital Security in ICT infrastructure. The team involves proactively before implementation of new ICT Infrastructure and modules in Core Banking & other software applications. The team is regularly conducting vulnerability assessment and penetration testing (VAPT) on CBS, SWIFT, Digital Banking and suggested remedy to prevent online attacks. They are continuously communicating with BB CIRT Team, other CIRT teams of Banks/ Govt./Department/Agencies and law enforcement authority to identify and resolve ICT Security related problems.

Modhumoti Digital Banking

Bangladesh Bank is putting more emphasis on financial inclusion through bringing more and more unbanked population in the financial system of the country. As a new generation bank, Modhumoti Bank is pioneer in introducing Agent Banking Services 'Modhumoti Digital Banking' with the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population. It has already been observed that Modhumoti Digital Banking is becoming popular financial tool for the people of rural areas which are greatly contributing to the development of rural economy. Modhumoti Bank has completed distribution of Govt. Safetynet Allowances (Elderly Allowances, Freedom Fighter Allowances and Widow Allowances) to more than 30,000 beneficiaries amounting around BDT 45.00 million through 'Digital Banking' outlets and enhance banking facilitating banking for unbanked population and bringing them away countries financial inclusion.

Electronic Bill Payment System

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

e-GP Procurement System

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






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

Modhumoti Bank will be implementing Tier-3 state of the art new Data Centre at Gulshan Head Office, shifting of which is under process - keeping in mind of future scalability, efficiency, fault tolerance and high availability. Disaster Recovery Site of Motijheel will be shifted to the 2nd Floor of present Head office DCCI Building with auto replication facility. However, as per ICT Security guideline of Bangladesh Bank, geo-geographically separated Disaster Recovery site has been planned for implementation in different Seismic Zone-III.

As per the business continuity plan (BCP) of the Bank, redundancy has been kept at Disaster Recovery Site for all the devices installed at the Data center. Link level redundancy as well as device level redundancy has been maintained to ensure up time and better services to the customers. As the business processes and initiatives are now driven by ICT, therefore, the Bank will continue investing in ICT to ensure sound and secure ICT operation.










Biometric Attendance System

Employee attendance system has been automated and centralized for transparency, accountability and performance evaluation. Attendance management software helps the Bank quick retrieval of attendance status from central location. After installation of centralized attendance management software with integration of finger attendance devices, we have been availing following facility-

-  Centralized staff attendance & leave monitoring and reporting;
-  Easy to get information of all branch offices from a central server;
-  Customized reporting- daily and periodical;
-  Efficient track of all employees' movements;
-  Control of access to secured, highly restricted areas and checkpoints;

e-DOC- Security Document Management Software

Credit proposal having approved by competent authority of the Bank have to undergo cumbersome and time consuming documentation process before disbursement. This is due to dependency on legacy system practiced by branches, non-availability of facility for remote supervision & verification and absence tools for their management, regular updates & retrieval for internal use. After implementation of e-Doc solution which are now piloting, the following facilities could be yielding:






-  Tagging of security documents as per individual credit proposal;
-  Review of documents before disbursement of credit/loan;
-  Prevention of alteration, deletion or manipulation of security documents;
-  Storage of all versions of documents captured in different times;
-  Retention of electronic version helps in case of physical loss or missing;
-  Proactive email/report generation for routine updating of documents;
-  Increase of transparency and accountability of user activity;
-  Saving administrative hours, paper & printing cost;
-  Increase customer service & satisfaction through quick disbursement;

ICT Risk Management

The adoption of technology in the Banking industry demands Bank to ensure that the ICT related risks are properly identified and mitigated through a prudent ICT risk management strategy.


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

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

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

Future Plan

The Bank has following ICT projects for immediate implementation:

-  **Re-Launching of internet banking software:** Modhumoti Bank is now in the process of re-launching internet banking module with the following features-
 - √ Enquiry – all possible way;
 - √ Account Management;
 - √ Fund Transfer;
 - √ FA solution (Two Factor Authentication);
 - √ Bill & Utility payment (mobile/ DESCO/DPDC/WASA);
 - √ Service Request;
 - √ ATM and Branch search;
 - √ QR code (For mobile)

Implementation of 2-FA solution will secure online transactions in addition with typical verification of identity and authenticity of customers which is also compliance of Bangladesh Bank's ICT Security Guideline for ensuring secure online transactions through internet banking and e-Commerce.

Human Resources

Modhumoti Bank Limited (MMBL) is becoming a stronger contender in the industry by maintaining sustainable growth and following strong business ethics. The relentless effort of the employees of the Bank has made it possible to come so far within this short span of time. MMBL views the employees as the most valuable resource of the organization. Accordingly, the Bank has been working persistently to transform its employee into human capital through enhancement of knowledge level, development of skills, abilities and personal attribution with appropriate training courses and development programs, both at home and abroad. At the same time, the Bank is also maintaining a good working environment and motivating the workforce with contemporary benefits.

Human Resources Division and its Functions

Human Resources Division of the Bank consists of a dedicated team that is specialized in developing superior frameworks for nurturing and developing the employees of the Bank. The major HR functions includes -



HR Policies

The Human Resource policy of Modhumoti Bank Limited creates a culture of equity among every employee of the Bank. As per HR policy, the service of employees are regulated without being prejudiced to anyone. The HR policies of MMBL incorporate key principles and philosophies that support MMBL’s Mission and Vision. It consists of a set of rules and guidelines that governs all aspects of human resource management from organization and hierarchy structure, talent acquisition and development, performance management to cessation of employment. As part of HR policy development, code of conduct and disciplinary policy is also drafted by HR division in align with prevailing labor law and regulatory guidelines of the country.

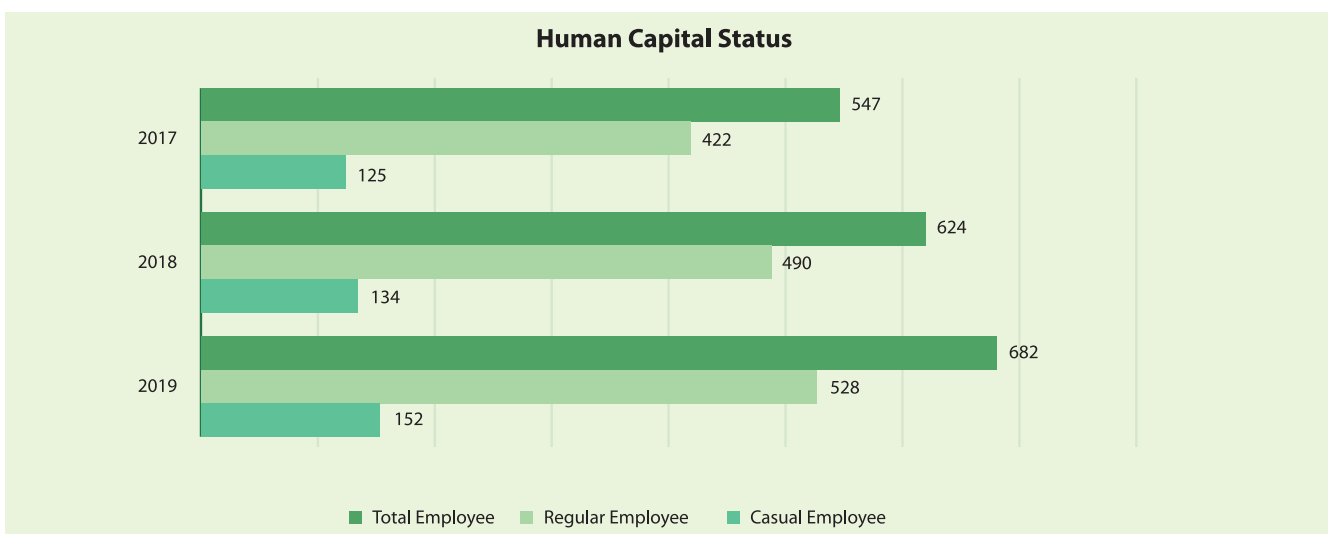
HR Culture

Culture is one of the key drivers of conduct in banking industry. In Modhumoti Bank Limited the behavior of the Management and employees is influenced by its culture on daily basis. Our HR culture defines how we go about our business and take decisions, and the way we interact with customers, shareholders and the community. In align with MMBL culture; our banking activities are done by ensuring ethical, social and environmental standards of the industry.

MMBL culture includes customer centric decision making as well as delivery of transparent and high quality services to the customers to ensure customer satisfaction. Thus, our products and services are designed to meet and exceed the expectation of our customers. MMBL, as a 4th generation Bank, is striving towards building a winning culture to deliver consistent and sustained value to all stakeholders.

Human Capital Status

As an employer of choice, Modhumoti Bank continues to hire and maintain a talented workforce. Last year we have recruited many fresh and experienced employees like every year. As a progressive bank, we have always promoted women empowerment and give equal opportunity to everyone regardless of their gender. The male-female ratio for the year 2019 was 82% male to 18% female. A comparative position of last three years’ employee number is as follows:



In Modhumoti Bank, we hire the best suitable employees for the Bank who have the functional knowledge as well as the ability to adjust with our organizational culture. We believe in developing the potentials of our employees in order to let them grow to their fullest. We attract fresh talents through advertisements, Job fares, sponsorship and internship. We have successfully established an image of employer of choice through positive branding.

Not only the fresh talents are attracted for getting employment opportunities in the Bank but also experienced employees are eager to join our winning team. We have a good mix of fresh and experienced employees.

In 2019, we recruited a total number of 103 regular employees out of which 52 were fresh officers, 43 were experienced officers and the rest 8 were executives. Recruitment history of last three years is stated below:

Particulars	2019		2018		2017	
	Executives	Officers	Executives	Officers	Executives	Officers
Experienced	8	43	9	43	13	30
Fresh	0	52	0	61	0	35
Total	103		113		78	

Developing Human Capital

Modhumoti Bank HR function remain focused on creating and developing human capital through improving organizational effectiveness, providing safe and ethical work environment, maintaining stability and sustainability amidst the rapidly changing business environment. Consequently, the Bank has given special focus on Learning and Development from its inception and in recent years has established 'Modhumoti Learning & Development Center – Explore'. Explore has been running yearlong training and workshops internally as per the Training Calendar that is prepared based on the Training Need Assessment (TNA). Apart from the internal training and workshops, the Bank also sends its employees for local or international training or workshops externally.



The overall training & workshops scenario for the last three years is as follows:



MMBL e-learning

Being a technology driven organization we are enforcing learning process in digital platform. Consequently, MMBL Learning and Development Center has gone digital and thereby a new by-product named 'MMBL E-Learning - Explore' has been added to the crates of Modhumoti Bank Limited. The idea is to ensure distant and continuous learning through online classes, lectures and exams. The contents are shared online either live or recorded. HRD has already conducted several online live classes (Such as 'Titas Gas Bill Collection' and 'NESCO Bill Collection') and has also created and published several video contents (Such as NI Act, ICT Security Awareness, Agent Banking etc).

The Management of the Bank believes this initiative will open many doors for the learning and development of our employees and will make learning easy, convenient and enjoyable.

Performance Driven Culture

Modhumoti Bank Limited has introduced a performance driven culture in the minds of its people over the years. Employees are rewarded and recognized based on their performance and contribution towards the growth of the Bank. MMBL has an excellent performance appraisal system which enables us to ascertain the actual performance of our employee. Accordingly, a good number of employees were promoted to higher designations while others were awarded increments according to their performances during the year 2019. All the eligible employees were awarded incentive and performance bonuses during the year 2019 based on their performances of the preceding year. Currently, we are working relentlessly with a focus on development of Performance Management System (PMS) for employees.

Employee Benefits

In this competitive market an organization must offer better pay package and benefits in order to keep the best human resources. Recently, the pay scale of the Bank has been revised based on market survey to remain competitive in the banking industry that yet to be implemented till to the approval date of financial statements for the year 2019. The Bank is offering competitive compensation and benefit packages comprising of salary, bonus, increments and other employee benefits. At the same time, MMBL has already established contributory provident fund and gratuity fund for long term benefit of the employee. Some other policies in relation to employee benefits are under process which are expected to be adopted shortly.

Employee Rewards

MMBL always appreciates and recognizes performers. From that perspective, the Bank has introduced 'MMBL Excellence Award' for both branch and individual level. In 2019, the Bank has awarded best branches in 04 categories (Urban A & B, Rural C & D) based on their business performance, campaign achievement, NPL scenario, compliance and customer service of preceding year. Other hand, individuals are awarded based on their campaign performance in 2019. The awards are presented to concern Branch Managers and individuals on Annual Business Conference – 2019. Moreover, there are number of monetary and non-monetary awards and recognition programs, which are awarded throughout the year to keep employees motivated.

Employee Engagement

One of the key drivers of MMBL culture is our engaged workforce. Creating an engaging atmosphere is always a focus of the Management and ensuring it through open door policy, participation of employees in cross functional initiatives, engagement initiatives throughout the year. The Management believes that an engaged employee is aware of business context, and works persistently to improve performance within the job for the benefit of the organization. In 2019, we have arranged several business events, outdoor events and celebrate occasions to keep our employees motivated and truly being a part of the Bank.



Process Improvement & Automation

Process improvement & automation has been one of the business goal of the Bank. Modhumoti Bank HR is continuously reviewing its policies and processes for improvement along with coping up with the modern business challenges and industry best practices. During the year 2019, the Bank has introduced several HR policies and reviewed the existing ones for continuous development.

In align with MMBL vision i.e. smart use of technology, the Bank has already acquired a fully automated HR software named Human Resource Information System (HRIS) – Empress, which will be launched in a short span of time. After its inauguration, the employees will be able to use automated leave page, attendance and HR related services through this HR software. The Management believes that HR automation will increase efficiency and effectiveness of the process related to human resources management.

Employee Health and Safety

The health and safety of the employees of the Bank are given utmost importance at Modhumoti Bank. Accordingly, the Bank has signed corporate agreement with different health service providers such as – Popular Diagnostic Centre Ltd & Ibn Sina Trust, where the employees and sub-staffs of the Bank are enjoying privileged and discounted services. Moreover, the Bank has plans to initiate health insurance coverage for the employees to protect them from any unwanted health related liabilities while they are in service. In addition, the Bank provides a friendly working environment which is occupied by friendly employees who promote a homely yet professional culture in the bank to

maintain a work-life balance. Employees can avail leave from their reserved leaves if required. We also provide the mandatory/ block leave to the employees which helps them to get refresh and get back to work with a better mindset.

Moreover, neat and clean workplace is encouraged and practiced throughout the Bank (Head Office & Branches) for health and hygiene issues. At the same time, employees are well trained for tackling any hazardous situations such as fire and earthquake. The Bank has continue its endeavor to facilitate employees with more benefits regarding health and safety in future.

Human Capital Accounting

Human Capital is a measure of the skills, education, capacity and attributes of human resources of an organization influence productive capacity and earning potential. Since the 1960s/70s, the term human capital has become a more popular economic concept as the emerging 'knowledge economy' makes greater use of a wider range of human capital. Human resources are now considered as one of the main sources of competitive advantage of any organization, which is a key to earn revenue & enhance profitability in service industry in similar way as physical assets such as machines and money. Modhumoti Bank continues to encourage diversity, believing that everybody should have the opportunity to reach their full potential. We believe, engaged employees are likely to take more responsibility and embrace accountability which helps Bank for attaining targeted goals.

The importance of HR function is increasing continuously as well as requirements to this function are also growing quickly. In order to meet high quality of human resources management (HRM) in an organization it is necessary to assess HR effectiveness. Regular analysis of HR effectiveness provides organizations with valuable information on strengths and weaknesses of HR system. Modhumoti Bank always measures that there is a statistically significant correlation between human capital return on investment (HCROI) and Bank's key performance indicators including net profit, return on assets (ROA) and return on equity (ROE).

Human Resource Accounting (HRA) is a new branch, is primarily involved in measuring the various aspects related to human assets. Its basic purpose is to facilitate the effective management of human resources by providing information to acquiring, develop, retain, utilize, and evaluate human resources. Per employee cost and revenue matrix at Modhumoti Bank is stated hereunder:

In million Taka

Particulars	2019	2018	2017
Operating cost per employee	1.93	1.76	1.85
Training cost per employee	0.003	0.004	0.007
Operating profit per employee	3.92	3.96	3.47
Gross turnover per employee	5.86	5.73	5.32

Retaining Human Capital

Modhumoti Bank pays highest attention to retain and develop its employees. MMBL has created an excellent work environment for its employee and this is evident in the employee turnover trend. Employees' length of service is one of the key indicators that they work for the organization with loyalty and willingness to work together to make the bank reach its long term strategic goals. However, it is not possible to retain all but we try to ensure that we do not incur any regrettable loss. The attrition rate in 2019 is 10% compared to 13% of 2018.



Training on "Credit Advance" at Modhumoti Learning and Development Center – Explore

Government to Person (G2P) Digital Payment through Modhumoti Agent Banking

The Bank is working with different ministries of the Government of Bangladesh (GoB) for disbursement of Social Safety Net Program Allowances. Social safety-net users mainly resides in the rural areas where no or limited banking facilities are available to receive their allowances. Conventional disbursement procedures yield some challenges like expensive access to bank branches due to distance, unavailability of regular transaction facility, existence of ghost beneficiary, misuse of government fund etc. To eradicate this problem, GoB is using our Agent Banking Channel for distributing social safety-net allowances to the old age, disable, widow, farmer, daily labour, pregnant women, lactating mother, environment vulnerable persons, unemployed rural women and hard-core poor of the rural areas and so on. This G2P payment benefits for the GoB, Beneficiaries and Modhumoti Bank in the following ways:

Benefit for Government of Bangladesh	Benefit for Safety net Beneficiaries	Benefit for Modhumoti Bank Limited
<ul style="list-style-type: none"> 🌱 Disbursement of fund as and when required 🌱 Elimination of misusing public fund 🌱 Identification and eradication of ghost beneficiaries 🌱 Identification of multiple allowance receiving beneficiary 🌱 Collecting and reporting national data regarding social safety-net disbursement 🌱 Effective utilization of government fund to reduce hard-core poverty from the country 	<ul style="list-style-type: none"> 🌱 Decrease cash-out hassle from far-reach bank branch 🌱 Regular cash-out facility as and when required 🌱 Decrease cost of cash collection 🌱 Assurance of fund safety 🌱 Emergence of deposit behaviour 🌱 Control over own allowance rather than local government representative 	<ul style="list-style-type: none"> 🌱 Increase financial inclusion and ensure capacity development of the agents 🌱 Make regular source of no cost deposit 🌱 Create social capital and loyalty for bank 🌱 Achieve government dependency for smoothening disbursement mechanism 🌱 Promoting regular banking products to the beneficiaries 🌱 Creating cross sales opportunities of the beneficiaries' family

Because of smooth cash-out service and effective disbursement scope the mentioned ministries are increasing disbursement through our Agent Banking channel which proves the confidence and loyalty of the ultimate beneficiaries and the government over Modhumoti Bank Agent Banking channel. We are sharing the growth of beneficiary in the below table:

Quarter	No. of Beneficiary	Growth	Male	Percentage	Female	Percentage
Q4-18	23464	--	10918	46.53%	12,546	53.47%
Q1-19	23,545	0.35%	10,988	46.67%	12,557	53.33%
Q2-19	28,118	19.42%	12,514	44.51%	15,604	55.49%
Q3-19	28,554	1.55%	12,552	43.96%	16,002	56.04%
Q4-19	57,729	102.17%	15,371	26.63%	42,358	73.37%

Year-wise Agent Operations of Modhumoti Bank:

Year	Geographical Coverage			Number of Account Opened
	District	Upazila	Union	
2016	11	19	70	2,320
2017	13	35	200	9,968
2018	14	39	281	38,738
2019	16	45	366	79,960

Products and Services Offered through Modhumoti Digital Banking:

MMBL Agent Banking Products	MMBL Agent Banking Services
<ul style="list-style-type: none"> 🌱 Current Bank Deposit Account – Agent 🌱 Current Bank Deposit Account – Customer 🌱 Patshala Savings Account-Student 🌱 Savings Bank Deposit Account – Agent 🌱 Savings Bank Deposit Account – Freedom Fighter 🌱 No Frill Savings Account—Farmer 🌱 Safety Net Savings Account 🌱 Short Notice Deposit Account 🌱 Fixed Deposit Account (1/3/6/12 Months)--- For All 🌱 Monthly Income Scheme (3/5 Years)) --- For All 🌱 Double Deposit Scheme--- For All 🌱 Triple Benefit Scheme--- For All 🌱 Monthly Savings Scheme (3/5 Years) --- For All 🌱 Monthly Prottasha Deposit Scheme (1/2/3 /4/5 Years) --- For All 🌱 Special Account for Prime Ministers Gift Amounting Tk. 2, 500 	<ul style="list-style-type: none"> 🌱 Different Types of Account Opening --- Current, Savings and Scheme Nature 🌱 Cash Deposit --- Same/Other Territory 🌱 Cash Withdrawal--- Same/Other Territory 🌱 Fund Transfer between Accounts (within Bank) 🌱 EFT between any Bank Branches in Bangladesh 🌱 Inward Foreign Remittance Payment --- Both Agent Point and Branch 🌱 Mini Statement 🌱 Balance Enquiry 🌱 Statement on Date Range 🌱 Debit/Credit Card Paper Processing 🌱 Cheque Book Delivery 🌱 Small Loan (Agri/SE/Retail) Paper Processing 🌱 Loan Amount Withdrawal 🌱 Collection of Loan Instalment 🌱 Collection of Clearing Cheques 🌱 Cash-out of Social Safety Net Program 🌱 Cash-out of Different Ministries and Others to underserved population

Upcoming Services of Modhumoti Digital Banking:

- 🌱 Micro-Savings with insurance
- 🌱 Utility Bill Payment and Govt. Fees Payment
- 🌱 Digital Insurance and Insurance Premium Collection
- 🌱 Telemedicine and Health Insurance
- 🌱 Assisted e-Commerce (Online to Offline Services)
- 🌱 Life Style Services
- 🌱 Cluster Based Small Enterprise and Agri-loan Disbursement



Agent centre opening program in Sitakunda, Chattogram on 17.07.2019



Safety net cash-out service to an old aged beneficiary in Gopalganj

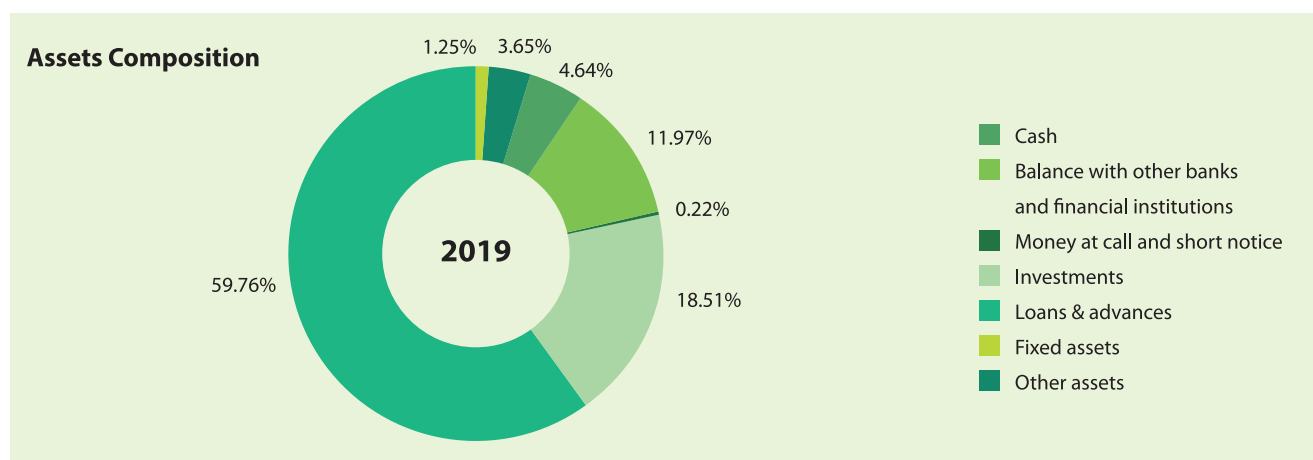
FINANCIAL ANALYSIS

Total Assets

Total Assets of MMBL has stood at Taka 71,126.94 million as on 31 December 2019 which was Taka 51,692.74 million in 2018. Year-on-year comparison reveals that Balance Sheet has a growth of 37.60% at the end of 2019 compared to the year 2018. Detail of total assets of MMBL is shown in following table:

In million Taka

Assets	2019	2018	Increase/ (Decrease)	Growth (%)	Mix (%)
Cash	3,297.94	2,675.70	622.24	23.26%	4.64%
Balance with other banks and financial institutions	8,512.81	6,112.46	2,400.36	39.27%	11.97%
Money at call and short notice	154.40	180.60	(26.20)	(14.51%)	0.22%
Investments	13,163.01	5,085.88	8,077.12	158.81%	18.51%
Loans & advances	42,507.26	35,575.65	6,931.61	19.48%	59.76%
Fixed assets	891.92	215.78	676.13	313.34%	1.25%
Other assets	2,599.60	1,846.67	752.93	40.77%	3.65%
Non - banking assets	-	-	-	-	-
Total assets	71,126.94	51,692.74	19,434.20	37.60%	100.00%



Cash and bank balance

Cash and bank balance includes notes and coins in hand, balance with Bangladesh Bank & its agent bank and balance with other banks & financial institutions. In 2019, total Cash and bank balance was Taka 11,810.76 million compared to Taka 8,788.16 million in December 2018. Details are as follows:

In million Taka

Cash and Balance with other banks	2019	2018	Increase/ (Decrease)	Growth (%)
In hand (including foreign currencies)	409.67	347.00	62.67	18.06%
Balance with Bangladesh Bank and its agent bank (s)	2,888.27	2,328.70	559.57	24.03%
Cash in hand including foreign currencies	3,297.94	2,675.70	622.24	23.26%
Balance with other banks and financial institutions	8,512.81	6,112.46	2,400.36	39.27%
In Bangladesh	8,315.57	5,906.34	2,409.22	40.79%
Outside Bangladesh	197.24	206.11	(8.87)	(4.30%)

Money at Call and Short Notice

Call lending is a part of the treasury function. Bank's lending under this head was Taka 154.40 million as on December 31, 2019 and it was Taka 180.60 million in the same date of last year. This increase or decrease in call lending depends on many factors such as liquidity of the Bank, surplus fund, demand of call money in the inter-bank market, projected cash outflow of the Bank in the form of payments as well as lending & investments etc.

Investment

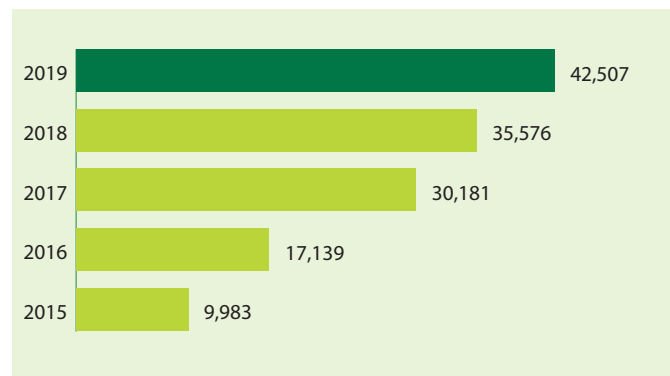
Investment in Treasury bill/bond occupies a significant portion of the total investment of the Bank which is Taka 13,163.01 million as on December 31, 2019 and it was Taka 5,085.88 million in 2018. The Bank has increased the investment portfolio during 2019 with the expectation of having a good return. Details are as follows:

In million Taka

Particulars	2019	2018	Increase/ (Decrease)	Growth (%)
Government Securities:				
Held for trading (HFT)	5,225.57	504.42	4,721.15	935.95%
Held to maturity (HTM)	7,388.82	4,477.83	2,910.99	65.01%
Reverse Repo	-	-	-	-
Prize Bond	0.64	0.37	0.28	74.93%
Other Investments:				
Share	547.98	103.27	444.71	430.64%
Bangladesh Bank Bills	-	-	-	-
Bonds	-	-	-	-
Total	13,163.01	5,085.88	8,077.13	158.81%

Loans and advances

MMBL's loans and advances increased by Taka 6,931.61 million during the year 2019 and stood at Taka 42,507.26 million which was Taka 35,575.65 million in 2018 showing a substantial growth of 19.48% over the previous year. Concentration of loans and advances was well managed and details of concentration are given at notes to the financial statements. The ratio of non-performing loan was 2.53% which is much lower than the industry average. The Bank continued its participation in different credit program for financing in industrial projects, import, export, house building, retail, agriculture etc. Year-wise loan figures are presented here:



Fixed Assets

Fixed assets include land, building, furniture & fixture, office equipment, vehicles etc. MMBL's fixed assets has increased by Taka 676.13 million during the year 2019 and stood at Taka 891.91 million which was Taka 215.78 million in 2018. IFRS 16, issued in January 2016 replaces existing guidance related to lease transactions and effective for reporting period beginning on or after 1 January 2019. IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations. The Bank assesses whether a contract is a lease, in accordance with the guidance stated in the IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, unless the underlying asset is of low value. Office premises for which monthly lease rental is the amount not exceeding Taka 25,000, ATM Booths and other installations are considered as low value asset. Accordingly, right-of-use (ROU) Asset (Taka 669.26 million) has been recognized in the Balance Sheet under fixed assets.

Other Assets

Other assets of the Bank increased by Taka 752.93 million in the year 2019 and stood at Taka 2,599.60 million at the end of 2019. It was Taka 1,846.67 million in 2018. The main components of other assets are advance income tax, advance rent, interest receivable, branch adjustment account and suspense account etc.

Borrowings from other Banks, Financial Institutions and Agents

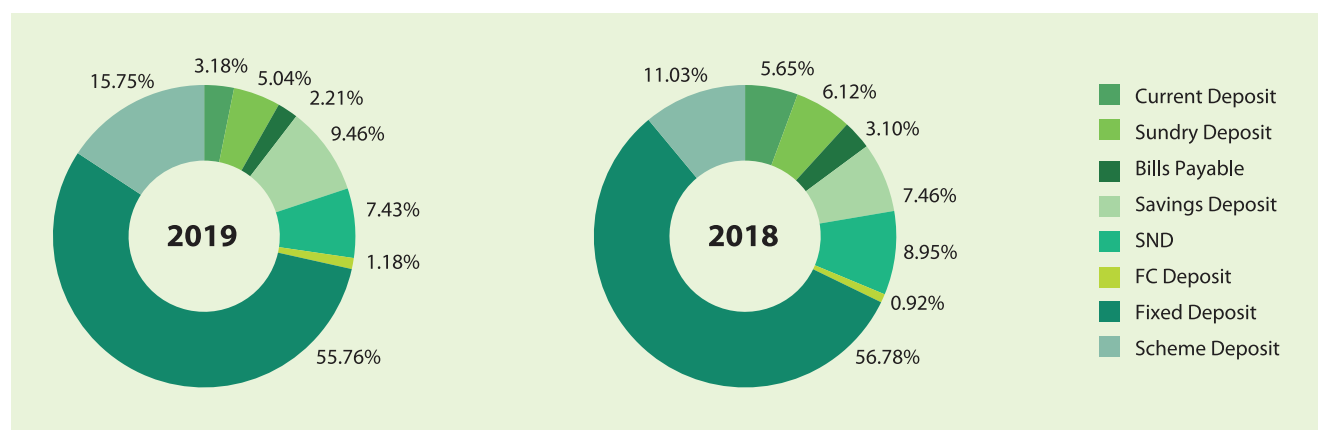
MMBL has borrowed fund from other banks and financial institutions as well as Bangladesh Bank for Refinance against SME loan. MMBL has also borrowed foreign currency for its OBU operation. In 2019, borrowings of the Bank have stood at Taka 9,851.15 million which was Taka 4,863.55 million in 2018.

Deposits

During the year 2019 total deposits of the Bank increased by Taka 12,377.03 million and stood at Taka 50,120.94 million (it was Taka 37,743.91 million in 2018) to present growth of 32.79%. Following table reveals that no-cost & low-cost deposit has increased by 17.50% & high cost deposit has increased by 40.05% in 2019.

In million Taka

Particulars	2019	2018	Change in	Change in	Mix
	Taka	Taka	Taka	Percentage	2019
No & Low Cost Deposit	14,278.84	12,151.95	2,126.89	17.50%	28.49%
No Cost Deposit	5,225.51	5,611.56	-386.05	-6.88%	10.43%
Current Deposit	1,592.17	2,131.44	-539.27	-25.30%	3.18%
Sundry Deposit	2,523.94	2,308.63	215.31	9.33%	5.04%
Bills Payable	1,109.39	1,171.49	-62.10	-5.30%	2.21%
Low Cost Deposit	9,053.33	6,540.39	2,512.94	38.42%	18.06%
Savings Deposit	4,739.99	2,814.37	1,925.62	68.42%	9.46%
SND	3,722.88	3,378.60	344.28	10.19%	7.43%
FC Deposit	590.46	347.42	243.04	69.96%	1.18%
High Cost Deposit	35,842.11	25,591.96	10,250.15	40.05%	71.51%
Fixed Deposit	27,949.80	21,430.51	6,519.29	30.42%	55.76%
Scheme Deposit	7,892.31	4,161.45	3,730.86	89.65%	15.75%
Total Deposit	50,120.94	37,743.91	12,377.03	32.79%	100.00%

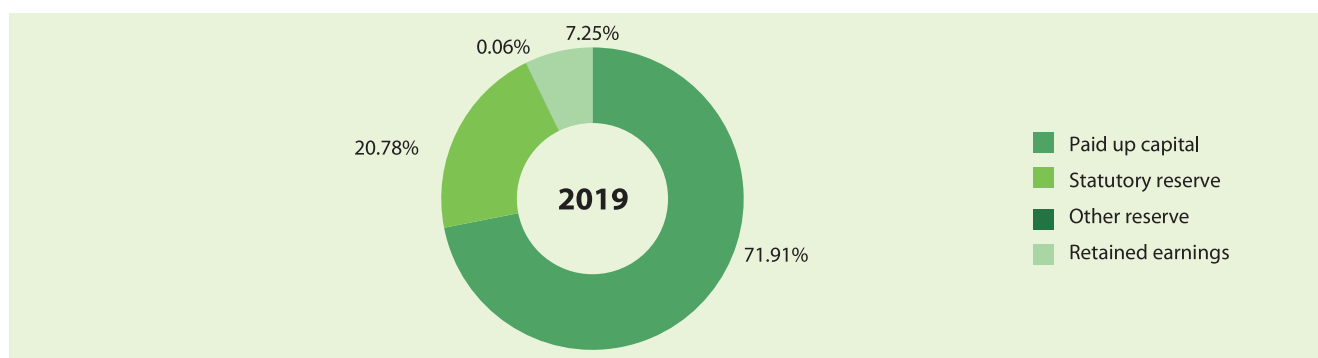


Shareholders' Equity

Total shareholders' equity includes paid up capital, statutory reserve and retained earnings and other reserves. In 2019, total shareholders' equity has increased to Taka 6,599.55 million from Taka 6,256.91 million in 2018. Details are presented as under:

In million Taka

Shareholders' Equity	2019	2018	Increase/ (Decrease)	Growth (%)	Mix (%)
Paid up capital	4,746.00	4,520.00	226.00	5.00%	71.91%
Statutory reserve	1,371.22	1,053.29	317.93	30.18%	20.78%
Other reserve	3.80	0.45	3.35	744.44%	0.06%
Retained earnings	478.54	683.17	(204.63)	(29.95%)	7.25%
Total Shareholders' Equity	6,599.55	6,256.91	342.65	5.48%	100.00%



Analysis of Operating results of MMBL

In 2019, MMBL made operating income of Taka 3,105.21 million (it was Taka 2,806.75 million in 2018) whereas operating expense was Taka 1,027.61 million compared to Taka 864.82 million in 2018. Profit before provision and tax was Taka 2,077.60 million compared to Taka 1,941.93 million in 2018. Net profit after tax was Taka 791.30 million against Taka 981.99 million in 2018. Earnings per Share (EPS) has stood at Taka 1.67 in 2019 which was Taka 2.07 in 2018. Details are as follows:

In million Taka

Particulars	2019	2018	Increase/ (Decrease)	Growth (%)
Interest Income	5,406.71	4,386.05	1,020.66	23.27%
Interest Expense	3,560.47	2,501.71	1,058.75	42.32%
Net Interest Income (NII)	1,846.25	1,884.33	(38.09)	(2.02%)
Non-Interest Income	1,258.96	922.42	336.55	36.49%
Total Operating Income	3,105.21	2,806.75	298.45	10.63%
Operating Expenses	1,027.61	864.82	162.79	18.82%
Profit before Provision & Taxes	2,077.60	1,941.93	135.66	6.99%
Profit before Taxes (PBT)	1,589.65	1,682.43	(92.79)	(5.51%)
Net Profit after Taxes (NPAT)	791.30	981.99	(190.69)	(19.42%)

Interest Income

During the year 2019, interest income has increased by Taka 1,020.66 million and stood at Taka 5,406.71 million against Taka 4,386.05 million in 2018. The major interest earnings came from follows:

In million Taka

Particulars	2019	2018	Increase/ (Decrease)	Growth (%)
Interest on loans and advances	4,625.02	3,796.76	828.26	21.81%
Interest on balances with other Banks & FI's	767.21	580.33	186.89	32.20%
Interest on balance with foreign Bank	14.48	8.96	5.52	61.61%
Total	5,406.71	4,386.05	1,020.66	23.27%

Interest Expense

In 2019, MMBL incurred interest expense of Taka 3,560.47 million which was Taka 2,501.71 million in 2018. It reveals a growth of 42.32% during 2019. The Bank was able to maintain a strong liquidity position during the period and simultaneously managed to increase its deposit portfolio. Our average cost of deposits in 2019 has increased to 6.88% which was 6.68% in 2018. Interest paid on borrowings and others was Taka 455.67 million in 2019 which was Taka 361.83 million in 2018.

Product wise Interest Expense Analysis

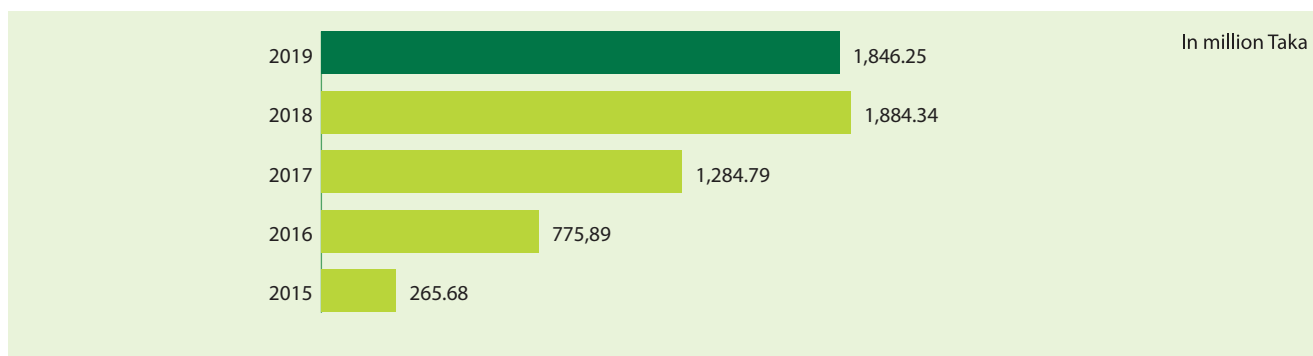
In 2019, interest expenses on deposits has increased by Taka 964.92 million and stood at Taka 3,104.80 million which was Taka 2,139.88 million in 2018. The following table reveals that total increase of interest expense of Taka 964.92 million includes an amount of Taka 860.10 million (89%) which was incurred for procuring high cost deposits. Therefore, cost of deposit has increased in 2019 as stated in above paragraph. Details are as follows.

In million Taka

Particulars	2019	2018	Increase/ (Decrease)	Change (%)
Savings Deposits	247.10	126.69	120.41	95.04%
Short Notice Deposit	55.97	71.56	(15.59)	(21.79%)
Term Deposits	2,130.39	1,575.44	554.95	35.23%
Scheme Deposits	671.34	366.19	305.15	83.33%
Others	-	-	-	
Total	3,104.80	2,139.88	964.92	45.09%

Net Interest Income

MMBL has earned total Taka 1,846.25 million as net interest income during the year 2019 which decreased by Taka 38.09 million compared to that of previous year.



Performance of Treasury Division

Total income from Treasury Division has increased by 23.74% during the year 2019 although operating income has slightly decreased by 0.61% due to the interest expense incurred for borrowings and inter bank transaction accounts (General Ledger interest).

In million Taka

Particulars	2019	2018	Variance	Growth
	Taka	Taka	Taka	%
A) Treasury Income:				
Interest income from govt. securities	634.64	387.96	246.68	63.58%
Interest income from inter-bank markets	808.41	607.40	201.01	33.09%
Capital gain from government securities	24.14	- 8.83	32.97	373.39%
General ledger interest income	422.49	503.00	(80.51)	-16.01%
Commission, Exchange gain & others	209.20	206.70	2.50	1.21%
Total income (A)	2,098.88	1,696.23	402.65	23.74%
B) Fund costs:				
Interest paid on borrowings	357.90	290.37	67.53	23.26%
General ledger interest expense	1,215.52	891.62	323.90	36.33%
Revaluation (loss)/gain from govt. sec.	33.34	19.10	14.24	74.55%
Total fund costs (B)	1,606.76	1,201.09	405.67	33.78%
C=(A-B) Operating income	492.12	495.14	(3.02)	-0.61%

Income from Investment

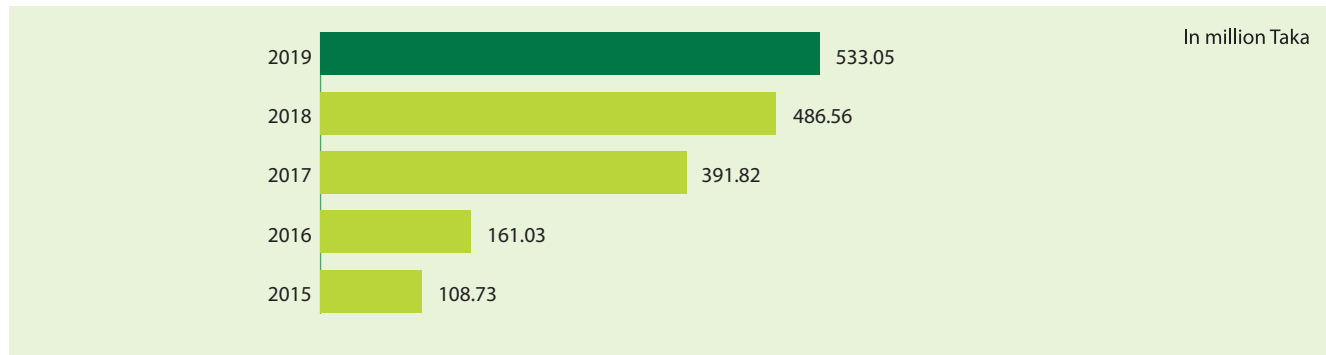
MMBL has earned investment income of Taka 636.38 million during the year 2019 which was Taka 373.63 million in 2018. In investment income, interest income was Taka 601.30 million and non-interest income was Taka 35.08 million. Detail is given below:

In million Taka

Investment Income	2019	2018	Increase/ (Decrease)	Change (%)
Interest on treasury bills / Reverse repo/bonds	601.30	368.86	232.44	63.01%
Interest on debentures / bonds	-	-	-	-
Gain on discounted bond / bills	-	-	-	-
Interest Income from investment	-	-	-	-
Gain on Govt. security trading	24.14	(8.83)	32.97	373.41%
Dividend on shares	8.78	8.22	0.56	6.82%
Gain on sale of shares	2.16	5.38	(3.22)	(59.83%)
Non-Interest Income from Investment	-	-	-	-
Total	636.38	373.63	262.75	70.32%

Commission, Exchange and Brokerage

During the year 2019, MMBL earned total Taka 533.05 million as commission, exchange and brokerage which was Taka 486.56 million in 2018. Commission, exchange and brokerage income increased by Taka 46.49 million from previous year.



Other Operating Income

Other operating income has increased by Taka 27.30 million and stood at Taka 89.53 million in 2019. It was Taka 62.23 million in 2018.

Operating Expenses

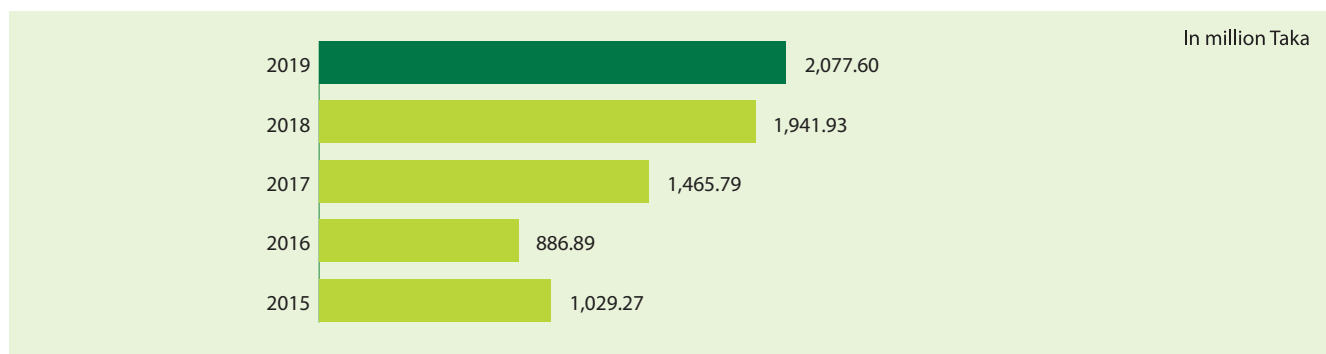
Total operating expenses during 2019 has increased by Taka 1,027.61 million compared to Taka 864.82 million in the last year. It reveals a positive growth of 18.82% which has had a negative impact on the bank's profitability. The main components of the operating expenses are as follows:

In million Taka

Particulars	2019	2018	Increase/ (Decrease)	Change (%)
Salaries and allowances	522.40	446.42	75.98	17.02%
Rent, taxes, insurance, electricity, etc.	83.21	152.73	(69.52)	(45.52%)
Legal expenses	0.49	0.39	0.10	25.97%
Postage, stamp, telecommunication, etc.	27.06	25.43	1.63	6.42%
Stationery, printing, advertisements, etc.	56.97	48.91	8.06	16.47%
Managing Director's salary and fees	10.55	9.52	1.03	10.85%
Directors' fees	1.81	1.46	0.34	23.50%
Auditors' fees	0.25	0.25	-	0.00%
Depreciation and repair of Bank's assets	175.33	63.86	111.47	174.55%
Other expenses	149.55	115.85	33.70	29.09%
Total	1,027.61	864.82	162.79	18.82%

Operating Profit

The total operating profit of the Bank for the year 2019 has stood at Taka 2,077.60 million in comparison with Taka 1,941.93 million in 2018. Operating profit increased in 2019 mainly due to increase in interest income, investment income, commission & exchange gain.



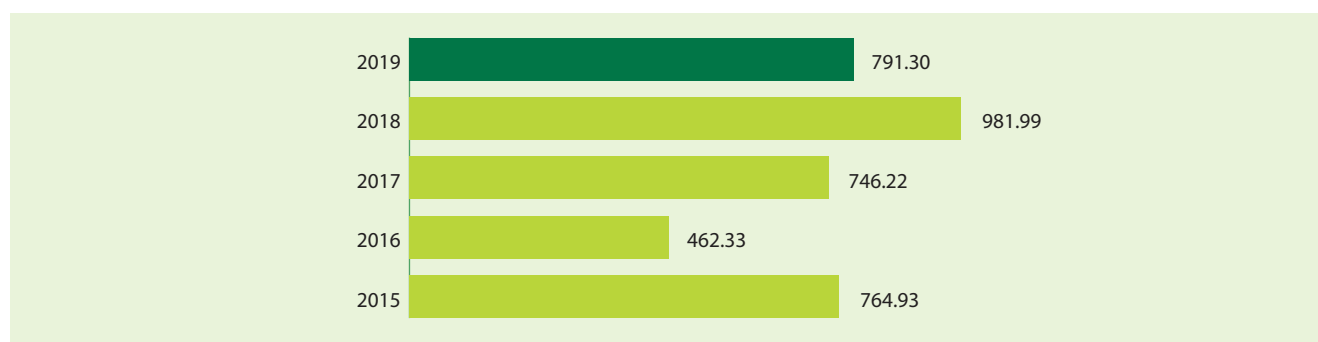
Profit before Tax (PBT)

Profit before tax of the Bank has stood at Taka 1,589.65 million in 2019 compared to Taka 1,682.43 million in 2018. The Bank maintained adequate amount of provision against impaired loans and advances, off-balance sheet items, and other assets during 2019 which makes the Balance Sheet stronger.

Net Profit after Tax (NPAT)

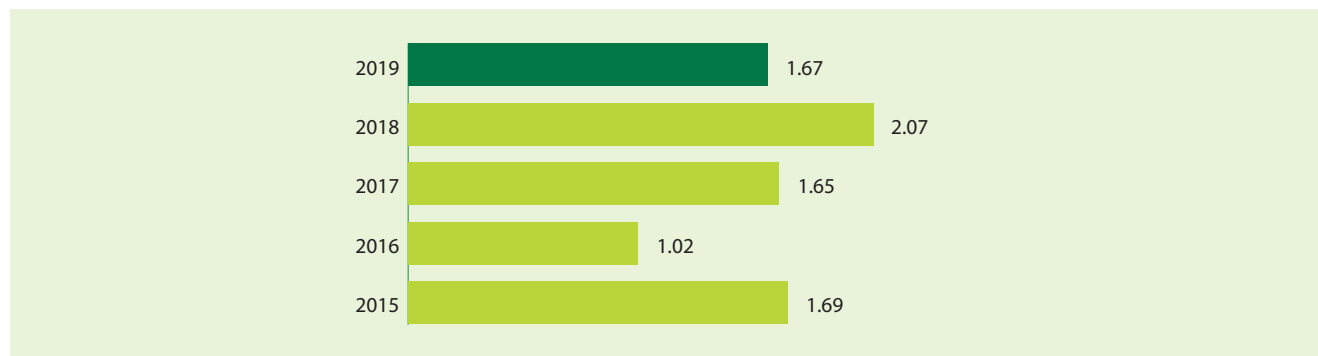
During the year 2019, net profit after tax (NPAT) has decreased by Taka 190.69 million and stood at Taka 791.30 million. It was Taka 981.99 million in 2018. Net profit decreased in 2019 due to increase of Interest expense and provision made against impaired loans.

Year	Operating Profit	Profit after Tax
2015	1,029.27	764.93
2016	886.76	462.33
2017	1,465.71	746.22
2018	1,941.93	981.99
2019	2,077.60	791.30



Earnings per Share (EPS)

In 2019, MMBL's earnings per share (EPS) Taka 1.67 compared to Taka 2.07 in previous year.



FIVE YEAR'S FINANCIAL SUMMARY

In million Taka

Result of Operation	2019	2018	2017	2016	2015
Interest income	5,407	4,386	3,101	2,365	1,417
Interest expenses	3,560	2,502	1,816	1,589	1,151
Net interest income	1,846	1,884	1,285	776	266
Investment income	636	374	518	555	1,163
Commission, exchange and brokerage	533	487	392	161	109
Other operating income	90	62	51	38	19
Operating income	3,105	2,807	2,246	1,530	1,557
Operating expenses	1,028	865	780	643	528
Operating profit	2,078	1,942	1,466	887	1,029
Provision for loans and assets	488	260	176	117	58
Net profit before tax	1,590	1,682	1,290	770	971
Tax including deferred tax	798	700	544	308	206
Net profit after tax	791	982	746	462	765

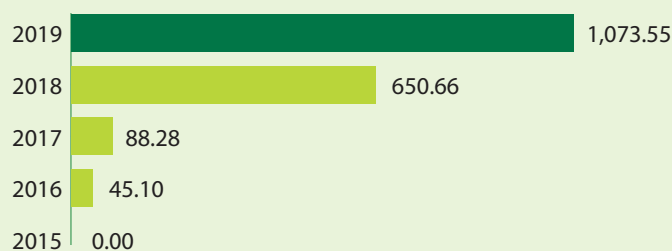
Balance Sheet	2019	2018	2017	2016	2015
Authorized capital	20,000	20,000	20,000	20,000	20,000
Paid-up capital	4,746	4,520	4,520	4,520	4,520
Shareholders' equity	6,600	6,257	5,731	5,440	5,525
Deposits	50,121	37,744	33,036	23,304	16,903
Loans and advances	42,507	35,576	30,181	17,139	9,983
Investments	13,163	5,086	4,407	4,047	2,640
Fixed assets	892	216	220	217	202
Total assets	71,127	51,693	45,775	32,425	23,766
Total liabilities	64,527	45,436	40,044	26,984	18,240
Other Business					
Import	23,657	20,040	17,513	9,470	5,143
Export	20,855	20,005	9,368	5,033	1,933
Remittance	1,327	438	163	120	56
Guarantee Business	17,990	11,034	5,316	4,402	856
No. of foreign correspondents	154	152	151	132	114
Liquidity Measures					
Long-term liabilities	20,317	14,962	10,677	7,047	2,280
Current liabilities	44,210	30,474	29,367	19,937	15,961
Earning assets	64,131	46,743	41,713	29,373	21,708
Current assets	41,496	28,399	25,764	21,004	14,868
Credit-deposit ratio	74.34%	88.59%	90.87%	73.54%	59.06%
Current Ratio (percent)	0.94	0.93	0.88	1.05	0.93
CRR Held (percent)	5.78%	6.06%	5.84%	6.73%	7.14%
SLR Held (percent)	26.83%	15.61%	14.47%	16.33%	18.02%
Capital Measures					
Total risk weighted asset	52,012	45,008	36,546	29,171	15,727
Tier-1 Capital	6,596	6,256	5,726	5,432	5,422
Tier-2 Capital	642	514	398	232	123
Total capital	7,238	6,771	6,124	5,664	5,545
Tier-1 Ratio (percent)	12.68%	13.90%	15.67%	18.62%	34.48%
Tier-2 Ratio (percent)	1.23%	1.14%	1.09%	0.79%	0.78%
Capital to Risk Weighted Asset Ratio (percent)	13.92%	15.04%	16.76%	19.42%	35.26%
Leverage Ratio (percent) under Basel-III	7.86%	9.87%	10.71%	14.47%	21.17%
Liquidity Coverage Ratio (LCR)	206.77%	162.28%	268.20%	380.43%	500.68%
Net Stable Funding Ratio (NSFR)	115.47%	104.26%	121.39%	134.48%	175.55%
Operating Performance Ratio (%)					
Gross profit ratio	66.91%	69.19%	65.26%	57.97%	66.11%
Cost-income ratio	33.09%	30.81%	34.74%	42.03%	33.89%
Cost of Deposit	6.88%	6.68%	5.52%	6.74%	8.37%
Cost of Fund	8.60%	8.42%	7.16%	8.17%	10.31%
Yield on average advance	12.83%	12.48%	10.59%	11.23%	13.47%
Spread	4.23%	4.06%	3.43%	3.06%	3.16%
Earning asset to total assets (average)	90.16%	90.42%	91.13%	90.59%	91.34%
Return on average assets (ROA)	1.29%	2.02%	1.93%	1.65%	3.81%
Return on average equity (ROE)	12.31%	16.38%	13.36%	8.43%	14.67%

In million Taka

Asset Quality	2019	2018	2017	2016	2015
Non-performing loans (NPLs)	1,073.55	650.66	88.28	45.10	-
NPLs to total loans and advances (percent)	2.53%	1.83%	0.29%	0.26%	-
Provision for unclassified loans and advance	391.34	314.24	252.34	153.80	88.69
Provision for classified loans and advance	470.50	154.00	12.10	6.22	-

Non-performing loans (NPLs)

In million Taka



In million Taka

Share Information	2019	2018	2017	2016	2015
No. of shares outstanding (In million)	474.60	452	452	452	452
No. of shareholders	41	41	41	41	41
Earnings per share (Taka)	1.67	2.07	1.65	1.02	1.69
Dividend (percent)	10%	15%	10%	10%	10%
Net Asset Value (NAV) per share (Taka)	13.91	13.18	12.68	12.04	12.22

Net Asset Value (NAV) per share (Taka)

Other information	2019	2018	2017	2016	2015
No. of branches	41	35	29	23	15
Number of ATM	42	32	30	22	16
No. of employees	528	490	422	372	297
Profit per employee (In million Taka)	3.93	3.96	3.47	2.38	3.47

Horizontal Analysis : Balance Sheet

In million Taka

PROPERTY AND ASSETS	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14
Cash										
Cash in hand (including foreign currencies)	409.67	18.06%	347.00	18.44%	292.97	77.07%	165.46	52.78%	108.30	86.67%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2,888.27	24.03%	2,328.70	3.82%	2,242.98	20.33%	1,863.95	49.64%	1,245.62	93.36%
	3,297.94	23.26%	2,675.70	5.51%	2,535.95	24.96%	2,029.41	49.89%	1,353.92	92.80%
Balance with other banks and financial institutions										
In Bangladesh	8,315.57	40.79%	5,906.34	-14.50%	6,908.39	-15.80%	8,204.92	-3.37%	8,490.75	130.54%
Outside Bangladesh	197.24	-4.30%	206.11	28.13%	160.86	- 64.80%	456.92	93.40%	236.25	29.42%
	8,512.81	39.27%	6,112.46	-13.53%	7,069.25	-18.39%	8,661.84	-0.75%	8,727.00	125.76%
Money at call on short notice	154.40	-14.51%	180.60	100.00%	-	-	-	-	600.00	100.00%
Investments										
Government	12,615.03	153.18%	4,982.62	15.68%	4,307.06	9.13%	3,946.88	52.36%	2,590.41	-62.75%
Others	547.98	430.64%	103.27	3.14%	100.12	0.12%	100.00	100.00%	50.00	-
	13,163.01	158.81%	5,085.88	15.40%	4,407.18	8.90%	4,046.88	53.27%	2,640.41	-62.04%
Loans and advances										
Loans, Cash Credit, Overdrafts etc.	39,266.92	20.11%	32,693.77	17.67%	27,785.06	74.51%	15,921.34	61.48%	9,859.72	141.69%
Bills purchased and discounted	3,240.34	12.44%	2,881.88	20.27%	2,396.24	96.86%	1,217.26	887.06%	123.32	140.02%
	42,507.26	19.48%	35,575.65	17.87%	30,181.30	76.10%	17,138.60	71.68%	9,983.04	141.67%
Fixed assets including premises, furniture and fixtures	891.92	313.34%	215.78	-1.91%	219.99	1.55%	216.62	7.41%	201.68	33.96%
Other assets	2,599.60	40.77%	1,846.67	35.68%	1,361.05	310.99%	331.16	27.64%	259.45	-54.54%
Non - banking assets	-	-	-	-	-	-	-	-	-	-
Total assets	71,126.94	37.60%	51,692.74	12.93%	45,774.72	41.17%	32,424.51	36.44%	23,765.50	45.13%

Horizontal Analysis : Balance Sheet

In million Taka

LIABILITIES AND CAPITAL	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14
Liabilities										
Borrowings from other banks, financial institutions and its agents	9,851.15	102.55%	4,863.55	-8.69%	5,326.62	69.92%	3,134.86	212.42%	1,003.40	-28.33%
Deposits and other accounts										
Current Accounts and other Accounts	4,706.57	-1.69%	4,787.48	32.24%	3,620.23	27.39%	2,841.76	204.52%	933.19	224.48%
Bills Payable	1,109.39	-5.30%	1,171.49	270.52%	316.17	-25.53%	424.58	262.45%	117.14	33.35%
Savings Bank Deposits	4,739.99	68.42%	2,814.37	-14.76%	3,301.56	-24.15%	4,352.58	1136.98%	351.87	98.09%
Special Notice Deposits (SND)	3,722.88	10.19%	3,378.60	-7.21%	3,641.32	110.89%	1,726.61	-53.45%	3,709.29	118.28%
Fixed Deposits	35,842.11	40.05%	25,591.96	15.50%	22,157.15	58.74%	13,958.20	18.37%	11,791.93	55.45%
Other Deposits	-	-	-	-	-	-	-	-	-	-
Other Liabilities	50,120.94	32.79%	37,743.91	14.25%	33,036.44	41.76%	23,303.74	37.86%	16,903.42	71.82%
Total Liabilities	4,555.29	61.06%	2,828.37	68.30%	1,680.55	207.88%	545.85	63.81%	333.23	40.84%
Capital/Shareholders' Equity	64,527.38	42.02%	45,435.83	13.47%	40,043.61	48.40%	26,984.45	47.94%	18,240.05	58.96%
Capital/Shareholders' Equity										
Paid up Capital	4,746.00	5.00%	4,520.00	0.00%	4,520.00	0.00%	4,520.00	0.00%	4,520.00	0.00%
Statutory Reserve	1,371.22	30.18%	1,053.29	46.94%	716.80	56.22%	458.84	50.53%	304.82	175.48%
Revaluation Reserve	3.65	964.37%	0.34	-91.31%	3.95	-47.89%	7.58	-92.66%	103.31	505.15%
Foreign currency translation gain	0.15	40.36%	0.11	-84.68%	0.69	398.37%	0.14	59852.38%	0.00	-
Surplus in Profit and Loss Account/ Retained Earnings	478.54	-29.95%	683.17	39.52%	489.67	7.98%	453.49	-24.08%	597.33	136.51%
Total Shareholders' Equity	6,599.55	5.48%	6,256.91	9.17%	5,731.11	5.35%	5,440.06	-1.55%	5,525.45	12.76%
Total Liabilities and Shareholders' Equity	71,126.94	37.60%	51,692.74	12.93%	45,774.72	41.17%	32,424.51	36.44%	23,765.50	45.13%

Horizontal Analysis : Profit and Loss Account

In million Taka

Particulars	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14
Interest income	5,406.71	23.27%	4,386.05	41.45%	3,100.80	31.10%	2,365.22	66.94%	1,416.79	60.89%
Interest paid on deposits and borrowings etc.	3,560.47	42.32%	2,501.71	37.75%	1,816.11	14.27%	1,589.34	38.07%	1,151.11	64.98%
Net interest income	1,846.25	-2.02%	1,884.33	46.68%	1,284.69	65.58%	775.89	192.04%	265.68	45.28%
Investment income	636.38	70.32%	373.63	-27.91%	518.27	-6.55%	554.57	-52.33%	1,163.26	1.17
Commission, exchange and brokerage	533.05	9.55%	486.56	24.18%	391.82	143.32%	161.03	48.10%	108.73	35.94%
Other operating income	89.53	43.88%	62.23	21.26%	51.32	33.61%	38.41	99.57%	19.24	126%
Total operating income (A)	3,105.21	10.63%	2,806.75	24.96%	2,246.10	46.81%	1,529.90	-1.74%	1,291.23	107.08%
Salaries and allowances	522.40	17.02%	446.42	13.43%	393.55	28.23%	306.91	65.39%	185.57	99.52%
Rent, taxes, insurance, electricity etc.	83.21	-45.52%	152.73	15.92%	131.76	19.41%	110.35	9.32%	100.94	35.04%
Legal expenses	0.49	25.97%	0.39	-28.30%	0.54	95.25%	0.28	-24.35%	0.36	65.23%
Postage, stamp, telecommunication etc.	27.06	6.42%	25.43	-1.29%	25.76	33.46%	19.30	63.92%	11.77	58.05%
Stationery, printing, advertisements etc.	56.97	16.47%	48.91	13.56%	43.07	42.40%	30.25	-32.18%	44.60	58.79%
Managing Director's salary and fees	10.55	10.85%	9.52	-0.14%	9.53	22.23%	7.80	-6.28%	8.32	0.00%
Directors' fees	1.81	23.50%	1.46	-20.09%	1.83	12.25%	1.63	26.32%	1.29	-16.48%
Auditors' fees	0.25	0.00%	0.25	0.00%	0.25	0.00%	0.25	0.00%	0.25	0.00%
Depreciation and repairs to bank's assets	175.33	174.55%	63.86	12.65%	56.69	10.45%	51.33	21.06%	42.40	79.39%
Other expenses	149.55	29.09%	115.85	-1.33%	117.42	2.05%	115.06	-12.92%	132.13	84.93%
Total operating expenses (B)	1,027.61	18.82%	864.82	10.82%	780.40	21.34%	643.14	21.89%	527.64	70.91%
Profit before provision (C=A-B)	2,077.60	6.99%	1,941.93	32.49%	1,465.71	65.31%	886.65	-13.85%	1,029.16	106.83%
Provision for loans and advances										
General provision	72.60	20.20%	60.40	-30.04%	86.34	54.27%	55.97	17.74%	47.53	16.93%
Specific provision	316.50	123.04%	141.90	2313.27%	5.88	-	6.22	-	-	-
Provision for Off-shore Banking unit	4.50	200.00%	1.50	-87.70%	12.20	33.39%	9.15	58.39	0.15	-
Provision for others	39.15	100.00%	-	-	-	-	-	-	-	-
Provision for off-balance sheet items	52.20	-6.28%	55.70	-20.43%	70.00	54.57%	45.29	321.28%	10.75	-28.33%
Provision for Incentive of Good Borrowers	3.00	100%	-	-	1.50	-	-	-	-	-
Total provision (D)	487.95	88.03%	259.50	47.51%	175.92	50.85%	116.62	99.57%	58.44	5.01%
Total profit before tax (C-D)	1,589.65	-5.51%	1,682.43	30.44%	1,289.79	67.50%	770.02	-20.68%	970.72	119.65%
Provision for taxation										
Current	716.30	1.72%	704.17	29.00%	545.87	77.03%	308.35	50.77%	204.51	54.82%
Deferred Tax	82.05	-2299%	(3.73)	68.84%	(2.21)	445.12%	(0.41)	-129.18%	1.39	-62.05%
Net profit after tax	798.35	13.98%	700.44	28.84%	543.66	76.55%	307.94	49.56%	205.90	51.67%
	791.30	-19.42%	981.99	31.61%	746.13	61.47%	462.08	-39.58%	764.83	149.79%

Vertical Analysis : Balance Sheet

In million Taka

PROPERTY AND ASSETS	2019		2018		2017		2016		2015	
		%		%		%		%		%
Cash										
Cash in hand (including foreign currencies)	409.67	0.58%	347.00	0.67%	292.97	0.64%	165.46	0.51%	108.30	0.46%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2,888.27	4.06%	2,328.70	4.50%	2,242.98	4.90%	1,863.95	5.75%	1,245.62	5.24%
	3,297.94	4.64%	2,675.70	5.18%	2,535.95	5.54%	2,029.41	6.26%	1,353.92	5.70%
Balance with other banks and financial institutions										
In Bangladesh	8,315.57	11.69%	5,906.34	11.43%	6,908.39	15.09%	8,204.92	25.30%	8,490.75	35.73%
Outside Bangladesh	197.24	0.28%	206.11	0.40%	160.86	0.35%	456.92	1.41%	236.25	0.99%
	8,512.81	11.97%	6,112.46	11.82%	7,069.25	15.44%	8,661.84	26.71%	8,727.00	36.72%
Money at call on short notice	154.40	0.22%	180.60	0.35%	-	-	-	-	600.00	2.52%
Investments										
Government	12,615.03	17.74%	4,982.62	9.64%	4,307.06	9.41%	3,946.88	12.17%	2,590.41	10.90%
Others	547.98	0.77%	103.27	0.20%	100.12	0.22%	100.00	0.31%	50.00	0.21%
	13,163.01	18.51%	5,085.88	9.84%	4,407.18	9.63%	4,046.88	12.48%	2,640.41	11.11%
Loans and advances										
Loans, Cash Credit, Overdrafts etc.	39,266.92	55.21%	32,693.77	63.25%	27,785.06	60.70%	15,921.34	49.10%	9,859.72	41.49%
Bills purchased and discounted	3,240.34	4.56%	2,881.88	5.58%	2,396.24	5.23%	1,217.26	3.75%	123.32	0.52%
	42,507.26	59.76%	35,575.65	68.82%	30,181.30	65.93%	17,138.60	52.86%	9,983.04	42.01%
Fixed assets including premises, furniture and fixtures	891.92	1.25%	215.78	0.42%	219.99	0.48%	216.62	0.67%	201.68	0.85%
Other assets	2,599.60	3.65%	1,846.67	3.57%	1,361.05	2.97%	331.16	1.02%	259.45	1.09%
Non - banking assets	-	-	-	-	-	-	-	-	-	-
Total assets	71,126.94	100.00%	51,692.74	100.00%	45,774.72	100.00%	32,424.51	100.00%	23,765.50	100.00%

Vertical Analysis : Balance Sheet

In million Taka

LIABILITIES AND CAPITAL

Liabilities

Borrowings from other banks, financial institutions and its agents **9,851.15** **13.85%** **4,863.55** **9.41%** **5,326.62** **11.64%** **3,134.86** **9.67%** **1,003.40** **4.22%**

Deposits and other accounts

Current Accounts and other Accounts

Bills Payable

Savings Bank Deposits

Special Notice Deposits (SND)

Fixed Deposits

Other Deposits

	2019	%	2018	%	2017	%	2016	%	2015	%
Current Accounts and other Accounts	4,706.57	6.62%	4,787.48	9.26%	3,620.23	7.91%	2,841.76	8.76%	933.19	3.93%
Bills Payable	1,109.39	1.56%	1,171.49	2.27%	316.17	0.69%	424.58	1.31%	117.14	0.49%
Savings Bank Deposits	4,739.99	6.66%	2,814.37	5.44%	3,301.56	7.21%	4,352.58	13.42%	351.87	1.48%
Special Notice Deposits (SND)	3,722.88	5.23%	3,378.60	6.54%	3,641.32	7.95%	1,726.61	5.33%	3,709.29	15.61%
Fixed Deposits	35,842.11	50.39%	25,591.96	49.51%	22,157.15	48.40%	13,958.20	43.05%	11,791.93	49.62%
Other Deposits	-	-	-	-	-	-	-	-	-	-

50,120.94 **70.47%** **37,743.91** **73.02%** **33,036.44** **72.17%** **23,303.74** **71.87%** **16,903.42** **71.13%**

Other Liabilities

4,555.29 **6.40%** **2,828.37** **5.47%** **1,680.55** **3.67%** **545.85** **1.68%** **333.23** **1.40%**

64,527.38 **90.72%** **45,435.83** **87.90%** **40,043.61** **87.48%** **26,984.45** **83.22%** **18,240.05** **76.75%**

Capital/Shareholders' Equity

Paid up Capital

Statutory Reserve

Revaluation Reserve

Foreign currency translation gain

Surplus in Profit and Loss Account/ Retained Earnings

	2019	%	2018	%	2017	%	2016	%	2015	%
Paid up Capital	4,746.00	6.67%	4,520.00	8.74%	4,520.00	9.87%	4,520.00	13.94%	4,520.00	19.02%
Statutory Reserve	1,371.22	1.93%	1,053.29	2.04%	716.80	1.57%	458.84	1.42%	304.82	1.28%
Revaluation Reserve	3.65	0.01%	0.34	0.00%	3.95	0.01%	7.58	0.02%	103.31	0.43%
Foreign currency translation gain	0.15	0.00%	0.11	0.00%	0.69	0.00%	0.14	0.00%	0.00	0.00%
Surplus in Profit and Loss Account/ Retained Earnings	478.54	0.67%	683.17	1.32%	489.67	1.07%	453.49	1.40%	597.33	2.51%

6,599.55 **9.28%** **6,256.91** **12.10%** **5,731.11** **12.52%** **5,440.06** **16.78%** **5,525.45** **23.25%**

71,126.94 **100.00%** **51,692.74** **100.00%** **45,774.72** **100.00%** **32,424.51** **100.00%** **23,765.50** **100.00%**

Vertical Analysis : Profit and Loss Account

Particulars	In million Taka									
	2019	%	2018	%	2017	%	2016	%	2015	%
Interest income	5,406.71	81.11%	4,386.05	82.62%	3,100.80	76.33%	2,365.22	75.83%	1,416.79	52.32%
Interest paid on deposits and borrowings etc.	3,560.47	53.41%	2,501.71	47.13%	1,816.11	44.71%	1,589.34	50.95%	1,151.11	42.51%
Net interest income	1,846.25	27.70%	1,884.33	35.50%	1,284.69	31.63%	775.89	24.87%	265.68	9.81%
Investment income	636.38	9.55%	373.63	7.04%	518.27	12.76%	554.57	17.78%	1,163.26	42.96%
Commission, exchange and brokerage	533.05	8.00%	486.56	9.17%	391.82	9.65%	161.03	5.16%	108.73	4.02%
Other operating income	89.53	1.34%	62.23	1.17%	51.32	1.26%	38.41	1.23%	19.24	0.71%
Total operating income (A)	1,258.96	18.89%	922.42	17.38%	961.42	23.67%	754.01	24.17%	1,291.23	47.68%
Salaries and allowances	522.40	7.84%	446.42	8.41%	393.55	9.69%	306.91	9.84%	185.57	6.85%
Rent, taxes, insurance, electricity etc.	83.21	1.25%	152.73	2.88%	131.76	3.24%	110.35	2.72%	100.94	2.48%
Legal expenses	0.49	0.01%	0.39	0.01%	0.54	0.01%	0.28	0.01%	0.36	0.01%
Postage, stamp, telecommunication etc.	27.06	0.41%	25.43	0.48%	25.76	0.63%	19.30	0.48%	11.77	0.29%
Stationery, printing, advertisements etc.	56.97	0.85%	48.91	0.92%	43.07	1.06%	30.25	0.74%	44.60	1.10%
Managing Director's salary and fees	10.55	0.16%	9.52	0.18%	9.53	0.23%	7.80	0.19%	8.32	0.20%
Directors' fees	1.81	0.03%	1.46	0.03%	1.83	0.05%	1.63	0.04%	1.29	0.03%
Auditors' fees	0.25	0.00%	0.25	0.00%	0.25	0.01%	0.25	0.01%	0.25	0.01%
Depreciation and repairs to bank's assets	175.33	2.63%	63.86	1.20%	56.69	1.40%	51.33	1.26%	42.40	1.04%
Other expenses	149.55	2.24%	115.85	2.18%	117.42	2.89%	115.06	2.83%	132.13	3.25%
Total operating expenses (B)	1,027.61	15.42%	864.82	16.29%	780.40	19.21%	643.14	15.83%	527.64	12.99%
Profit before provision (C=A-B)	2,077.60	31.17%	1,941.93	36.58%	1,465.71	36.08%	886.65	33.21%	1,029.16	44.50%
Provision for loans and advances										
General provision	72.60	1.09%	60.40	1.14%	86.34	2.13%	55.97	1.38%	47.53	1.17%
Specific provision	316.50	4.75%	141.90	2.67%	5.88	0.14%	6.22	0.00	-	-
Provision for Off-shore Banking unit	4.50	0.07%	1.50	0.03%	12.20	0.30%	9.15	0.23%	0.15	0.00
Provision for others	39.15	0.59%	-	0.00%	-	-	-	-	-	-
Provision for off-balance sheet items	52.20	0.78%	55.70	1.05%	70.00	1.72%	45.29	1.11%	10.75	0.26%
Provision for Incentive of Good Borrowers	3.00	0.05%	-	0.00%	1.50	0.00	-	-	-	-
Total provision (D)	487.95	7.32%	259.50	4.89%	175.92	4.33%	116.62	2.87%	58.44	1.44%
Total profit before tax (C-D)	1,589.65	23.85%	1,682.43	31.69%	1,289.79	31.75%	770.02	30.34%	970.72	43.07%
Provision for taxation										
Current	716.30	10.75%	704.17	13.27%	545.87	13.44%	308.35	7.59%	204.51	5.03%
Deferred Tax	82.05	1.23%	(3.73)	(0.07%)	(2.21)	(0.05%)	(0.41)	(0.01%)	1.39	0.03%
Net profit after tax	798.35	11.98%	700.44	13.19%	543.66	13.38%	307.94	7.58%	205.90	5.07%
	791.30	11.87%	981.99	18.50%	746.13	18.37%	462.08	22.76%	764.83	38.00%



Products & Services

Corporate & Structured Finance

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

Small & Medium Enterprise (SME)

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

Agriculture Loan

- Modhumoti Shamolima (Crop Loan)
- Modhumoti Shamolchhaya (Farm Loan)
- Modhumoti Shamolmaya (Any Agri-purpose Loan)

Treasury products

Money Market

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

Foreign Exchange

- Spot
- Forward
- FC overnight Placements
- FC term deposits
- Fixed Income Securities
- Coupon Securities/ Treasury Bonds
- Discount Securities/ Treasury Bills
- Bangladesh Bank Bills

Retail Credit Products

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

Home Loan

- Modhumoti Thikana
- Modhumoti Ashroy

Automated Cards

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

Deposit Accounts

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

Fixed Deposit for different terms

- Foreign Currency Account
- NFCD / RFCD

Scheme Deposits

- Monthly Savings Scheme (MSS)
- Monthly Savings Scheme (MSS) for Freedom Fighters
- Modhumoti শ্রত্যাশী Deposit Scheme (PDS)
- Modhumoti শ্রত্যাশী Deposit Scheme (PDS) (For Freedom Fighters)
- Modhumoti সাধক Deposit Scheme (Modhumoti SDS)
- Modhumoti সাধক Deposit Scheme (Modhumoti SDS) (For Freedom Fighters, Labonnyo & বর্ষীয়ান Account Holder)

Monthly Income Scheme (MIS) (For 1, 3 & 5 Years)

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

Remittance Service

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

Service Products

- Priority Banking Services
- Locker Service
- 24 hour ATM access
- Online Banking
- SMS Banking
- SWIFT
- Modhumoti Gold - Authorized Gold Dealership Service
- Internet Banking - Modhumoti Digital Banking (Go Smart)

Utility Bill Collection Services

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

Off-Shore Banking Services

Agent Banking Services

Key features of some unique Products & Services

Liability Products

Modhumoti পাঠশালা Account (School Banking): Modhumoti পাঠশালা Account is a joint savings account under School Banking for minors, having all the features of savings account, but will be operated by guardian/parent till they become adults. This account will offer the accountholders a unique opportunity to save from an early stage of life to ensure better education and other financial needs in future. An initial deposit amount for minimum Taka 100.00 will be required to open this account. No fees and charges are applicable except Government fees as applicable from time to time. ATM card may also be issued against the account.

Modhumoti তারুণ্য Savings Account: Modhumoti তারুণ্য Savings Account is a specially designed deposit product to attract the youth, especially university & college students. An initial deposit amount for minimum Taka 100.00 will be required to open this account. No fees and charges are applicable except Government fees as applicable from time to time. ATM card may also be issued against the account.

Modhumoti বর্ষীয়ান Savings Account: Modhumoti বর্ষীয়ান Savings Account is a specially designed deposit product to attract senior citizens segment of the country having age of 60 & above. Senior Citizens are offered 1% additional interest on regular savings rate & also 0.50% higher than usual rates on FDR under Privilege Banking.

Modhumoti Freedom Fighters Savings Account: Modhumoti Bank Limited showed respect for the Freedom Fighters by introducing Privilege Banking since inception of the Bank considering them as the best sons of our Nation. Under the program, the freedom fighters shall avail privilege rate @ 1% above the usual rate of interest in Modhumoti Freedom Fighters Savings Account and all sorts of FDR & DPS and also 1% less interest rate than of usual rate for all sorts of personal loans.

Modhumoti লাবণ্য Account: Modhumoti লাবণ্য (Labonnyo), a savings account is the starting point of a comprehensive banking solution for women under Privilege Banking. The account comes with other special facilities like Modhumoti Labonnyo Debit Card, Modhumoti Labonnyo Credit Card and Modhumoti Labonnyo DPS Account, and also easy access to Modhumoti Personal Loan, Modhumoti Vehicle Loan, Modhumoti HBL Thikana/Ashroy and Modhumoti Labonnyo Loan for Women Entrepreneurs.

Modhumoti পেশাজীবী Savings Account: Modhumoti পেশাজীবী Savings Account, is an exclusive set of banking and financial services, catering to the specific needs of discerning professionals which is firstly introduced in Bangladesh. It brings together a host of services, privileges and lifestyle benefits. Industry's best interest rate is offered with no transaction limit.

Modhumoti Salary Account: The account is a savings account by nature, but would be opened in the name of an employee under an agreement with his/her employer's business concern, focusing especially to private sector corporates, presently where the biggest employment are being generated in the country and the number is ever increasing.

High Performance Savings Account: To develop corporate relationship with large corporate bodies as well as Government organizations, Modhumoti Bank Limited has designed some special deposit products. High Performance Savings Account is one of the special deposit products to get priority from the corporate/ Government bodies by giving them some extra mileage.

Corporate Savers' Account: Corporate Savers' Account is a non-individual interest bearing deposit account and can be opened by private and public limited companies/ specified associations/ societies/trusts/ large local corporates (LLCs)/ multinational companies (MNCs)/ NGOs/ large proprietorship & partnership firms (except for foreign nationals) and Government/ Semi-Government bodies, Autonomous bodies, Life Insurance Companies etc.

Special Corporate Deposit Account: Special Corporate Deposit Account is a non-individual high interest bearing deposit account with minimum balance of Taka 10.00 crore and can be opened by any Private and Public Limited Companies/ Specified Associations/ Societies/Trusts/ Limited Liability Partnerships (LLPs)/ Large Local Corporates (LLCs)/ Multinational Companies (MNCs)/ Mid Local Corporates/ NGOs/ Large Proprietorship & Partnership Firms (Except for Foreign Nationals) and Government bodies etc.

Monthly Saving Scheme (MSS): The Monthly Saving Scheme (MSS) is an attractive scheme for the persons who wish to save a fixed sum of money every month with an intention to get a handsome amount on the maturity of the deposit. MSS is mainly designed to encourage and help the depositors having regular monthly income to accumulate their savings.

Modhumoti প্রত্যশা Deposit Scheme (PDS): Modhumoti প্রত্যশা is a monthly deposit scheme, through which someone may receive a desired amount of money from Taka 50,000.00 to Taka 10,00,000.00 after certain period of maximum 5 years by depositing a smaller amount in every month.

Modhumoti শাধ্য Deposit Scheme (SDS): Modhumoti Bank Limited introduces Modhumoti Shaddho Deposit Scheme- a flexible deposit scheme with a tenor up-to 10 years. Customers save in small installments and get a handsome return at maturity. In case of emergency, customers may apply for loan against outstanding of Modhumoti SDS, keeping savings intact.

Monthly Income Scheme (MIS): Monthly Income Scheme (MIS) is a special fixed deposit scheme which allows interest income on monthly basis and refund of the principal amount at maturity. Modhumoti Bank Limited offers attractive return on investment. A customer can

open more than one account. In case of emergency, customers may apply for loan against outstanding of Modhumoti SDS, keeping savings intact.

Incredible Benefit Schemes - Double Benefit Scheme (DBS) & Triple Benefit Scheme (TBS): Double Benefit Scheme (DBS) & Triple Benefit Scheme (TBS) are a time specified deposit scheme for clients where the deposited money will be doubled & tripled respectively at maturity. Customers may open more than one DBS or TBS account at any branch of the Bank. This scheme offers loan facility against lien of DBS or TBS Account & also allows premature encashment.

Fixed Deposit Receipt (1/3/6/12 months): Fixed deposit is a term product where customer is paid interest based on time of the investment. Modhumoti Bank Limited offered attractive interest rate with flexible tenure starts from 1 month, 3 months, 6 months and 12 months having automatic renewal facility at maturity. The customer may avail loan against lien of FDR to meet urgent financial needs. Premature encashment is also allowed.

Asset Products- Retail

Modhumoti Vehicle Loan: Modhumoti Vehicle Loan is provided to purchase brand new and reconditioned motor vehicles for private use only. Maximum loan limit is Taka 40.00 lac or 50% of the vehicle-price, whichever is lower.

Modhumoti Vehicle Loan (Special): This product is introduced for importing & purchasing vehicles for facilitating Member of Parliament. Maximum loan limit is Taka 40.00 lac or 50% of the vehicle-price, whichever is lower.

Modhumoti Ashroy: Modhumoti Ashroy loan is introduced for financing construction of semi-structured house ranging from Taka 3.00 lac to Taka 20.00 lac, depends on need and re-payment capacity.

Modhumoti Thikana: Modhumoti Thikana loan is introduced to facilitate purchase of apartment / house, house construction, extension/renovation of existing houses/apartment including takeover of home loans from Banks/FIs. Minimum loan limit is Taka 5.00 lac and maximum loan limit is Taka 120.00 lac.

Modhumoti Personal Loan: Modhumoti Personal Loan is offered for any purpose of an individual person ranging from Taka 0.50 lac to Taka 10.00 lac. For some reasons, such as house renovation or interior decoration, quotation from vendor is required, while for marriages in the family, a mere self-declaration is asked.

Modhumoti Dishari(School Teachers Loan): Modhumoti Dishari is any purpose loan for school teachers whose salary account is maintained with Modhumoti Bank

Limited. Minimum loan limit is Taka 0.25 lac and maximum limit is Taka 3.00 lac.

Asset Products- CMSME

Modhumoti Goti(Unsecured Loan): Modhumoti Goti is an unsecured loan for any justifiable business purpose. Loan size is allowable from Taka 2.00 lac to Taka 10.00 lac and loan may be allowed without any collateral security.

Modhumoti Progoti (Capital Loan): Modhumoti Progoti loan is provided for meeting capital for business expansion, to finance purchase of new business space or expansion of existing outlets, purchase of capital machineries; procuring light and heavy vehicles for business use.

Modhumoti Agrogoti (Working Capital Loan): Modhumoti Agrogoti is introduced to augment working capital base of SME customers for financing day to day business.

Modhumoti Labonnyo (Women Entrepreneurs' Loan): Modhumoti Labonnyo loan is provided to women entrepreneurs for any justifiable business purpose ranging from Taka 1.00 lac to Taka 50.00 lac based on the banker-customer relationship, but an amount up to Taka 8.0 lac may be allowed without any collateral security.

Modhumoti Moushumi (Seasonal Loan): Modhumoti Moushumi loan is provided to meet short term financing need, wherein total facilities do not exceed Taka 50.00 lac for SE customers.

Modhumoti Sangoti (Factoring): Modhumoti Sangoti is introduced to provide short term finance against commercial invoice. Revolving loan limit may be allowed up to Taka 50.00 lac.

Asset Products- Agricultural

Modhumoti Shamolima (Crop Loan): Modhumoti Shamolima is introduced to help farmers, shared croppers and landless farmers to bear the cost of tilling of land, fertilizers, pesticides, irrigation, seed etc. for producing different crops and vegetables. Loan limit is up to Taka 3.00 lac or as determined by Bangladesh Bank from time to time.

Modhumoti Shamolchhaya (Farm Loan): Modhumoti Shamolchhaya is introduced for any justifiable capital expenses and/or working capital or agro-project finance. Loan limit is up to Taka 100.00 lac.

Modhumoti Shamolmaya (Any Agri-Purpose Loan): Modhumoti Shamolmaya is provided for any justifiable capital expenses and or working capital or project finance. Loan limit is up to Taka 100.00 lac.

Modhumoti Lounge - Privileged service for cardholders



Modhumoti Bank Limited inaugurated a Luxurious Lounge named as "Modhumoti Lounge" at the International Terminal of Shah Amanat Airport, Chattogram

Modhumoti Bank offers Airport lounges for its VISA Debit & Credit Cardholders with the concept titled "Travel starts with the style of Five-Star warmth and hospitality where comfort & luxury is treated as basic". This privileged service offers comforts beyond those afforded in the airport terminal itself, such as more comfortable seating, quieter environments, and better access to customer service representatives. Other accommodations include a range of refreshments and drinks, wide-screen TV, newspapers & magazines, wireless internet access, fresh room and other business services. In November 2019 Modhumoti Bank Limited has opened its own international class airport lounge in Chattogram. The Bank has also been providing services to its cardholders through 'Intercontinental Dhaka Balaka Executive Lounge' at Hazrat Shahjalal International Airport, Dhaka since October 2016.



Images reveal comfortable seating, quieter environment and other accommodations at Modhumoti Lounge, Shah Amanat Airport, Chattogram

Risk Management & Control Environment



Risk Management Report

Introduction

Risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. We aim to limit adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite. The bank's risk management system includes policies, procedures, limits, and controls in its foundation. This foundation provides adequate, timely, and continuous identification, assessment, measurement, monitoring, mitigation, and reporting of risks posed by its activities at the business line and institution-wide levels.

Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. Effective risk management is fundamental to the business activities of the bank. While we remain committed to increasing shareholder value by developing and growing our business within our board-determined risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. We pursue to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Objectives of risk management

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

1. To identify the material risks;
2. To formulate the Risk Appetite of the Bank and ensure that business profile and plans are consistent with the risk appetite of the Bank;
3. To optimize risk/return decisions by taking them as closely as possible to the business;
4. To ensure that business growth plans are properly supported by effective risk infrastructure;
5. To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions;
6. To help the senior management to improve the control and co-ordination of risk taking across the business.
7. To analyze the self-resilience capacity of the Bank through Stress Testing report;
8. To review and update risks on systematic basis as necessary at least annually, preferably twice a year, ensuring that adequate controls exist and that the related returns reflect these risks and the capital allocated to support them;

Risk Management Framework of the Bank

We have a robust risk management framework including 6 (six) core risks guidelines issued by Bangladesh Bank and Basel III framework, which assigns accountability and responsibility for the management and control of risk.

Risk management structure of Modhumoti Bank Limited:

1. The Board of Directors (BoD) of MMBL approves overall risk management policies of the Bank in line with the regulatory guidelines. The Board also sets the Risk Appetite of the Bank at the beginning of the year.
2. Executive Committee (EC) of the Board is responsible for all sort of credit related decision as empowered by the Board. All decisions taken by EC are ratified by the Board afterward;
3. Audit Committee (AC) of the Board reviews the internal audit reports of the bank and operational risk and assesses whether internal control of the Bank is proper or not;
4. Board Risk Management Committee (BRMC) oversees the overall risk management of the Bank. The committee also reviews risk management policies & guidelines and supervising the activities of ERMC;
5. For managing risk, MMBL established Credit Risk Management Division (CRM), Credit Administration Division (CAD), Recovery Division, Internal Control and Compliance Division (ICCD) and Risk Management Division (RMD). For managing money laundering risk, Branch Anti Money Laundering Compliance Officer (BAMLCO) for every Branch under Chief Anti Money Laundering Compliance Officer (CAMLCO) has been placed;
6. MMBL also formed various risk committees at management level, like Credit Risk Management Committee (CRMC), Asset Liability Committee (ALCO), Senior Management Team (SMT), Central Compliance Unit (CCU), and Executive Risk Management Committee (ERMC) to identify, assess, mitigate and monitor risk throughout the organization. RMD is also collecting and analyzing data/information for identifying risks and making appropriate recommendations for risk mitigation and assisting the senior management to establish right kind of business model best fit for the organization to ensure maximum profitability.

Three level defense system for effective risk management



Board Risk Management Committee (BRMC)

As per requirement of BRPD Circular no. 11, dated October 27, 2013, Board Risk Management Committee (BRMC) of the Board of Directors was formed and approved in the 5th Meeting of the Board of Directors held on May 25, 2014 and subsequently the committee had been re-constituted in the 16th meeting of the Board of Directors held on 14.09.2015 and 37th meeting held on 5.11.2018 respectively. The Committee supervises various risks arise from credit, foreign exchange, internal control and compliance, money laundering, information technology, operation, interest rate, liquidity etc. Presently five (05) members of the Board of Directors are representing in the Board Risk Management Committee. During the year 2019, four (04) BRMC meetings were held where designated memoranda were placed for their perusal and recommendation. The list includes the followings:

- Key risk issues of the Bank;
- Top 20 Borrowers' Performance;
- Comprehensive Risk Management Rating of the Bank;
- Review of Comprehensive Risk Management Reports;
- Risk Based Capital Adequacy Statement as per Basel III;
- Stress Testing Result of the Bank;
- Review of Internal Capital Adequacy Assessment Process;
- Green Banking Report of the Bank;
- Management Action Triggers of Modhumoti Bank Limited;
- CSR activities of the Bank and CSR Budget of the Bank.

BRMC is also empowered to approve the annual budget of Green Finance, CSR, Climate Risk Fund, Green Marketing and other activities relating to Sustainable Finance Unit of the Bank as per SFD Circular No.02, dated December 01, 2016 from Bangladesh Bank.

Executive Risk Management Committee (ERMC)

The structure of Executive Risk Management Committee (ERMC) of the Bank is as followings:

Sl. no.	Incumbent Officials	Position in Committee
1	Chief Risk Officer	Chairman
2	Head of Credit Risk Management Division	Member
3	Head of Treasury Division	Member
4	Head of International Division	Member
5	Head of AML Division	Member
6	Head of Information & Communication Technology Division	Member
7	Head of Internal Control & Compliance Division	Member
8	Head of Corporate & Investment Division	Member
9	Head of Agent Banking Division (Business)	Member
10	Head of Operations Division	Member
11	Head of Recovery Division	Member
12	CFO/Head of Finance & Accounts Division	Member
13	Deputy Head of Risk Management Division	Member Secretary

Other members of Senior Management Team (SMT) or any other officials of this Bank are invited to join the meeting based on the agenda relevant to them.

Terms of Reference (ToR) of Executive Risk Management Committee (ERMC)

The main responsibilities of ERMC will include, but limited to the followings:

1. Identifying, measuring and managing Bank's existing and potential risks through detailed risk analysis;
2. Holding meeting at least once in a month based on the findings of risk reports and taking appropriate decisions to minimize/control risks;
3. Ensuring incorporation of all the decisions in the meeting minutes with proper dissemination of responsibilities to concerned divisions/departments;
4. Minimizing/controlling risks through ensuring proper implementation of the decisions;
5. Reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately;
6. Submitting proposals, suggestions & summary of ERMC meetings to CEO, BRMC on regular basis;
7. Implementing the decisions of BRMC and Board meetings regarding risk issues;
8. Handling "critical risks" (risks that require follow-up and further reporting);
9. Following up reviews and reports from BB and informing BRMC the issues affecting the bank's operation.
10. Ensuring arrangement of Annual Risk Conference in the bank.

During the year 2019, twelve (12) meetings of the Executive Risk Management Committee were held where Chief Risk Officer (CRO) is responsible for ensuring intense and effective risk management across the Bank. The CRO works to ensure that the Bank is compliant with rules, regulations, and reviews factors that could negatively affect the bank's objectives. In the Corporate Organogram of the Bank, CRO is a functional designation and may hold the position of Deputy Managing Director with reporting line to Board Risk Management Committee of the Bank with dotted line reporting to MD & CEO.

Risk Management Division

As per guidelines of Bangladesh Bank, the Bank has separate Risk Management Division (RMD) headed by Chief Risk Officer (CRO) for making appropriate decisions. RMD manages and measures risks on the basis of the bank's approved risk parameters independently in line with regulatory requirements. The role of RMD includes, but not limited to, the following:

1. Collecting and analyzing data/information for identifying risks and making appropriate recommendations for risk mitigation;
2. Designs bank's overall risk management strategy to reduce the risk under tolerable limit;

3. Assisting BRMC/ERMC by providing risk issues that are needed to be addressed;
4. Informing the Board Risk Management Committee and Executive Risk Management Committee about the appetite for risk across the bank;
5. Preparing risk management reports, arranging monthly meeting of ERMC and preparing meeting minutes, disseminating the decisions to the concerned department/divisions, monitoring and follow up of implementation status;
6. Establishing risk management policies and procedures;
7. Assisting Senior Management in formulating strategic planning considering bank's risk exposures and industry as a whole;
8. Supporting the Board, BRMC and ERMC in formulation, review and approval of the enterprise-wide risk governance framework which includes the bank's risk culture, risk appetite, risk limits, and MAT;
9. Monitoring on ongoing basis the risk-taking activities and risk exposures in line with the Board approved risk appetite, risk limit and corresponding capital or liquidity needs (i.e. capital planning)
10. Taking initiatives for interim review of risk appetites on request of other related departments and informing the Board of Directors and BRMC time to time about the status of risk exposures as compared to appetite;

The Risk Management Division looks after the overall risk management functions of the Bank which comprised the followings:

1) Manager-Core Risks

- i. Credit Risk
- ii. Market Risk
- iii. Liquidity Risk
- iv. Operational Risk
- v. Risk Research and policy development

2) Manager-Capital Management

- i. Capital Adequacy & Stress Testing
- ii. SRP & Market Discipline

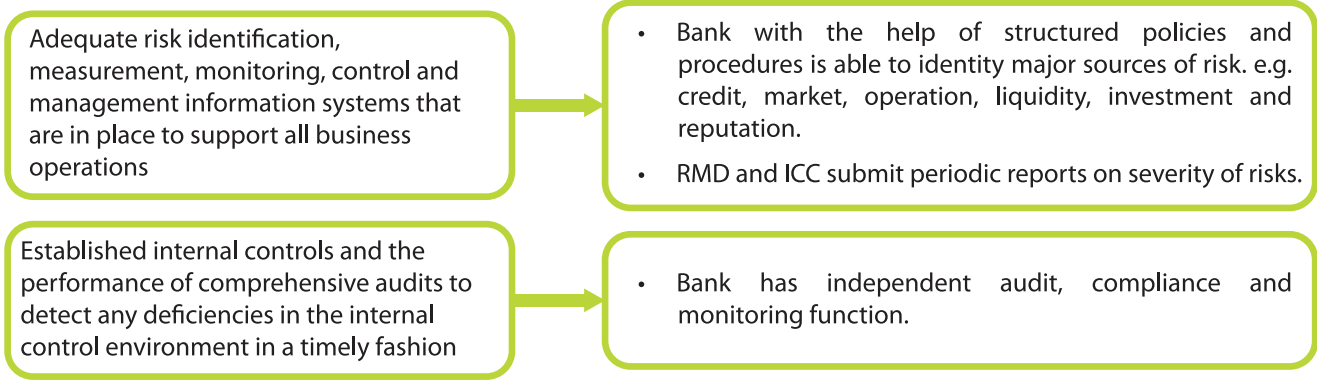
Treasury Mid-Office Function by RMD

RMD also performs the duty of Treasury Mid-Office function as per the Treasury Operations Policy of the Bank. In this function, RMD does the followings:

- Preparing and supervising all counterparty limits following CRG Guidelines issued by BB;
- Prepares treasury limits approval, renewal and Excess Over Limits (EOL) reports;
- Reviewing and processing any temporary limit requirements;
- Reviewing and reporting various risk elements like liquidity risk, market risk, interest rate risk, earning risk and counter party risk etc.;
- Monitoring the counterparty treasury limit of the Bank.

Key elements of Risk Management System



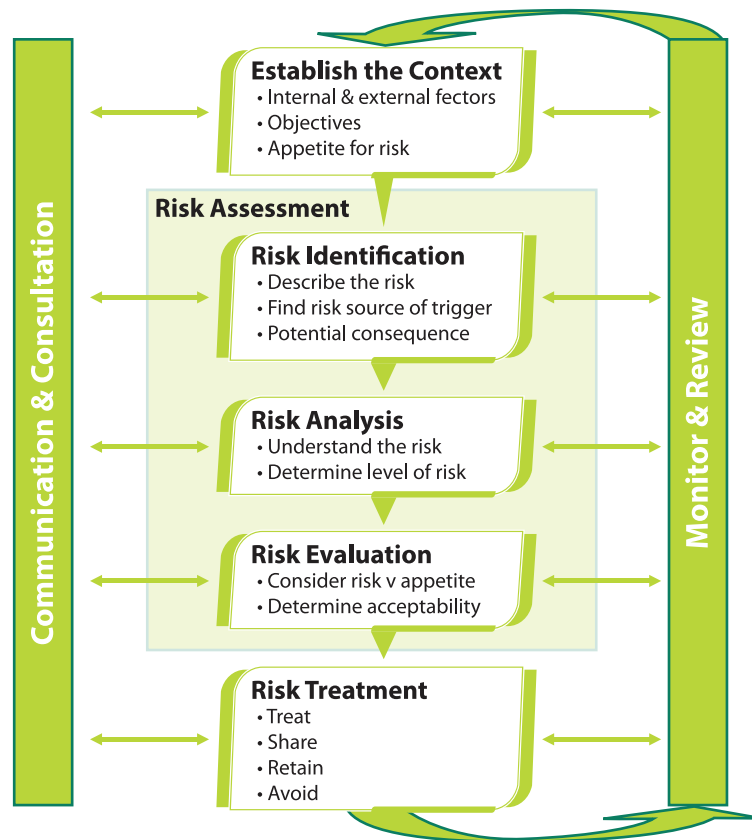


Risk Appetite Framework

The Bank has a risk appetite framework through which yearly Risk Appetite Statement is prepared by Risk Management Division of the Bank. The risk appetites of the Bank are determined based on the annual business target and profit target, CRM, ALM Policy and Comprehensive Risk Management Policy of the Bank which are meticulously followed by the Bank.

Risk Management Process

MMBL has developed a number of risk management policies and guidelines following the risk strategy of the Bank and Bangladesh Bank guidelines. The risk management process followed in MMBL is as under:



Step 1 : Communication and Consult

This is preparatory step that aims to identify the responsible persons involved in risk assessment (including identification, analysis and evaluation) and also the persons engaged in the treatment, monitoring and review of risk.

In this step, management must communicate the roles, responsibilities, accountabilities of the internal stake holders. Formation of policies, review/revision, and dissemination of the policies is also part of this step. Risk owners/originator should be informed of his/her/their role when dealing with the risks. All the stake holders should be communicated after due consultation that everybody should inform and notify RMD as and when they identify something to be noted in the risk register as potential risk to be addressed. This information to RMD officials should preferably be in black and white or even through e-mail. RMD officials will then include the item in the risk register.

Step 2 : Establishment of the Context

This is another preparatory stage that closes to starting the formal risk management process. Before risk can be clearly understood and dealt with, it is important to understand the context in which it exists.

Step 3 : Risk Identification

The next step is to identify possible risks that may affect, either negatively or positively, the objectives of the business and the activity under analysis. The purpose of this step is to identify what could go wrong (likelihood) and what is the consequence (loss or damage) of it occurring.

Step 4 : Analysis of the Risks

The risk analysis step assists in determining which risks have a greater consequence or impact than others. Thus analyzing the likelihood and consequences of each identified risk and deciding which risk factors will potentially have the greatest effect and should, therefore, receive priority with regard to how they will be managed. The level of risk is analyzed by combining estimates of likelihood and consequences.

Step 5 : Evaluation of the Risks

Risk evaluation involves comparing the level of risk found during the analysis process with previously established risk criteria, and deciding whether these risks require treatment. The result of a risk evaluation is a prioritized list of risks that require further action. This step is about deciding whether risks are acceptable or need treatment.

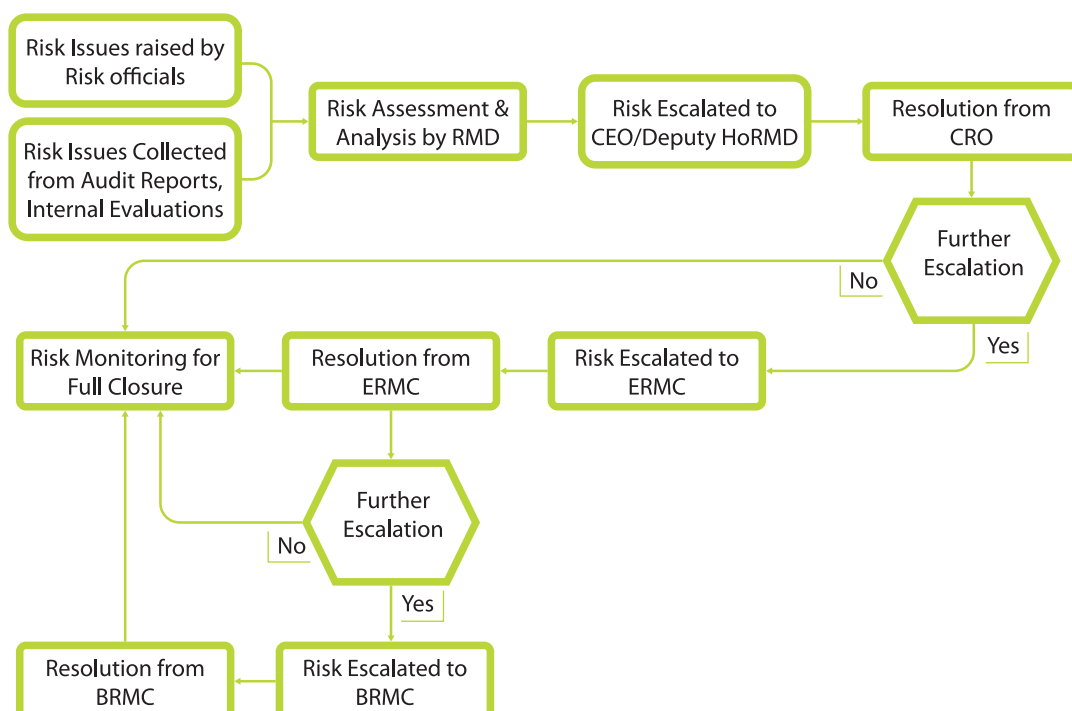
Step 6 : Treatment of Risks

Risk treatment is about considering options for treating risks, evaluating those options, preparing the risk treatment plans and implementing those plans to achieve the desired outcome. Options for treatment need to be proportionate to the significance of the risk, and the cost of treatment commensurate with the potential benefits of treatment. Risk treatment should also aim to enhance positive outcomes.

Step 7 : Monitoring and Review of Risks

- 🔄 Risks are monitored periodically to ensure changing circumstances do not alter the risk priorities. Very few risks will remain static, therefore the risk management process needs to be regularly repeated, so that new risks are captured in the process and effectively managed.
- 🔄 An effective way to ensure that is to combine risk planning or risk review with annual business planning.
- 🔄 Risk management has been fully incorporated into the operational and management processes at every level of the Bank and driven from the top down.

Risk Escalation flow of the Bank



Risk management reporting

Risk Management Division of the Bank is continuously analyzing various risks for management information and reporting to competent authorities (both internal and external) on regular basis. The reporting includes monthly and comprehensive risk management reporting, quarterly capital adequacy statement and stress testing, quarterly Credit Risk Assessment and Resolution Report of Top 20 Borrowers, yearly ICAAP Statement, Risk Appetite Statement of the Bank and Review report of Risk Management Policies and effectiveness of risk management functions.

RMD places memorandums to the Executive Risk Management Committee of the Bank and Board Risk Management Committee on monthly and quarterly basis respectively. The Bank met all the regulatory requirements relating to risk management activities of the Bank in 2019.

Risk resilience capacity of the Bank

The risk resilience capacity of the Bank depends on the favorable position of different performance and risk parameters. Few risk parameters and their status are noted in the following table:

Particulars	Risk Appetite/ Regulatory Limit	December 2018	December 2019
Credit to Risk Weighted Asset Ratio (CRAR)	≥12.50%	15.05%	13.99%
Percentage of Gross Non-performing Loan (NPL) excluding SMA	2%	1.65%	2.53%
Percentage of Net NPL excluding SMA	1.50%	1.29%	1.42%
Provision maintenance ratio (actual/ required)	≥100%	100.21%	100.09%
Large loan concentration	≤56%	55.91%	62.66%
Top borrowers' concentration	≤38%	35.26%	33.71%
High cost deposit to total deposit (%)	≤75%	67.81	71.51%
Operating expenses to operating income (%)	≤40%	30.84%	33.09%
Return on Assets(ROA)	-	2.02%	1.29%
Return on Equity(ROE)	-	16.38%	12.31%
Advance Deposit Ratio (ADR)	85%	82.75%	74.34%
Liquidity Coverage Ratio (LCR)	>100%	162.28%	206.77%
Net Stable Funding Ratio (NSFR)	≥100%	104.26%	115.47%
Statutory Liquidity Requirement (SLR)	13%	15.61%	26.84%
Cash Reserve Ratio(CRR)	5.50%	6.06%	5.78%
EPS	-	2.17	1.67
Number of rated borrowers	-	61	102

Annual Risk Conference

Modhumoti Bank Limited arranged the Annual Risk Conference on January 10, 2020 upon the risk issues of the Bank for the year 2019 and prospective risk issues for the year 2020 and beyond. The conference attended by all the branch managers and concerned Head of Divisions and other senior officials of Head Office.

Capital Management as per Basel Accords

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

The followings indicate the relationship between risk management and capital requirement:

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

Implementation of Basel III

To strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector, the Basel Committee on Banking Supervision (BCBS) issued “Basel III: A global regulatory framework for more resilient banks and banking systems” in December 2010. The objective of the reforms was to improve the banking sector’s ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

In Bangladesh, Basel III phase wise implementation started back in 2015 and will fully be implemented from January 01, 2020. Accordingly, the Bank will have to maintain regulatory capital at 12.50% from January 01, 2020. Changes in Basel III & implementation status of Basel III in MMBL are briefly stated as followings:

Capital: As per Risk Based Capital Adequacy (RBCA) Guidelines of Bangladesh Bank, every scheduled Bank maintains Minimum Capital 10% of Risk Weighted Assets whereas 4.5% maintain in Minimum Common Equity Tire-1 (CET-1) Capital Ratio. Banks are required to maintain a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1 capital, above the regulatory minimum capital requirement of 10% from December 31, 2019. Banks should not distribute capital (i.e. pay dividends or bonuses in any form) in case capital level falls within this range.

Liquidity ratios: The standards have been developed to achieve two separate but complementary objectives. The first objective is to promote short-term resilience of a bank’s liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio (LCR) to achieve this objective. The second objective is to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities. MMBL has been able to maintain a very healthy Liquidity throughout the year 2019.

Leverage Ratio and its Impact on business: In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. Moreover introduction of Leverage ratio means Banks will have to have sufficient Tier-1 capital for its business expansion. The Bank had leverage ratio at 7.80% in December 2019 against regulatory requirement of 3%.

Status of implementation: It is notable that the Bank has already implemented all the prerequisites of Basel III as per the roadmap of Bangladesh Bank.

Supervisory Review Process (SRP) Team

As per the Revised Process Document for SRP-SREP Dialogue on ICAAP (Implementation of 2nd Pillar of Basel II & Basel III) Banks must have an exclusive body naming SRP Team in the ‘Managerial Layer’ which will be constituted by the concerned departmental heads of a bank and headed by Managing Director.

Accordingly, the Bank has a SRP Team duly approved by the Board of Directors of the Bank. The responsibilities of SRP Team are noted below:

1. The committee must meet at least bi-monthly to monitor the implementation of Pillar 2 Supervisory Review Process under Basel II & Basel III;
2. The team will review and assess overall capital adequacy in relation to the Bank’s risk Profile and strategy for maintaining Bank’s Capital at an adequate level, i.e. enough capital to compensate all the risks in the Bank’s business, and to develop and practice better risk management techniques in monitoring and managing risks;
3. The SRP Team of the Bank is responsible to ensure that the Bank has adequate capital to support its risks beyond the minimum regulatory requirements;
4. The SRP Team will help the Risk Management Division to prepare Internal Capital Adequacy assessment Process (ICAAP) and submit the same to the Board for onward reporting to Bangladesh Bank.
5. The Team will guide the Operational Layer during data collection, process and the preparation of ICAAP.
6. The Team will maintain liaison with the Supervisory Review Evaluation Process-SREP Team of Bangladesh Bank.
7. The Team will ensure effective dialogue between the Supervisory Review Process Team and the Supervisory Review Evaluation Process Team of Bangladesh Bank.

Basel Unit (Supervisory Committee)

The Bank has board approved Basel Unit (Supervisory Committee) comprising senior management of the Bank with following responsibilities:

- 🌱 Implementation of the Action Plan of Basel Accords in Bank;
- 🌱 Communicate issues related to Basel implementation to the Bank Management;
- 🌱 Attend Quantitative Impact Study (QIS) and accountability for the compliance of Basel Accords;
- 🌱 Arranging customized training programs according to Training Need Assessment.

Minimum Capital Requirement as per Pillar 1 of Basel III

As on the reporting date i.e. 31 December 2019, the Bank maintained Capital to Risk Weighted Asset (CRAR) of 13.92% on 'Solo Basis' against required minimum of 10.00% of Risk Weighted Asset (RWA). However, the Bank has to maintain minimum capital Taka 4,000 million or MCR 10.00% on Risk Weighted Asset whichever is higher. The MCR (10% on RWA) of the Bank as of December 31, 2019 was Taka 5,201 million which is higher than the minimum requirement of Taka 4,000 million against which the Bank had Taka 7,237.59 million as regulatory capital i.e. the Bank had an excess capital of Taka 2,062.70 million after meeting all three risks as on the reporting date.

It is notable that the Common Equity Tier-1 capital of the bank was 12.75% against requirement of 7% as on December 31, 2019.

Internal Capital Adequacy Assessment Process (ICAAP) as per Pillar 2 of Basel III

Banks must have a document, called Internal Capital Adequacy Assessment Process - ICAAP, for assessing their overall risk profile and a strategy for maintaining adequate capital. This document is also to be approved by the Board of Directors. The Bank conducts ICAAP process every year as stipulated by the Bangladesh Bank. ICAAP is aimed at ensuring that the Bank maintains an amount of capital commensurate to its risk profile and improves upon its risk management systems and framework. It involves realistic assessment of the level of risks inherent in the business operations of the bank and setting aside adequate capital to cover all such risks like Residual Risk, Concentration Risk, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk etc. The assessment is done considering the operational presence, activities, and processes etc. Monitoring all the material risks also forms part of ICAAP. In short, ICAAP is integrated into the management and decision making process and is reflected in the processes and business operations of the Bank.

Internal Capital Adequacy Assessment Process (ICAAP) Statement:

The Bank has prepared ICAAP Statement as of December 31, 2019 based on the Audited Financial Statement of the Bank as of December 31, 2019 in congruence with the 'Revised Process Document for SRP-SREP Dialogue on ICAAP' issued by Bangladesh Bank in May, 2014 under Pillar 2 Supervisory Review Process (SRP) of Basel III.

Sl. No.	Particulars of Risks	Capital Requirement		
		2019	2018	2017
Pillar - 1 Minimum Capital Requirement (MCR)				
1	Credit Risk	4,758.10	4,173.80	3,388.90
2	Market Risk	146.60	97.10	58.90
3	Operational Risk	270.20	229.90	206.80
A) Minimum Capital Requirement under Pillar-1 (10% of RWA or Tk.400 core whichever is higher)		5,174.90	4,500.80	4,000.00
Pillar – 2 Supervisory Review Process (SRP)				
1	Residual Risk	42.40	96.50	179.70
2	Concentration Risk	103.50	40.00	40.00
3	Liquidity Risk	-	90.00	40.00
4	Reputation Risk	-	-	-
5	Strategic Risk	51.70	-	-
6	Settlement Risk	-	-	-
7	Evaluation of Core Risk Management	310.50	270.00	300.00
8	Environmental & Climate Change Risk	-	-	-
9	Other Material Risks	-	-	-
B) Additional capital required under Pillar-2		456.40	496.60	559.70
Total Capital Requirement (A+B)		5,631.30	4,997.40	4,559.70
Total Regulatory Capital (maintained capital)		7,237.60	6,770.70	6,124.80
Surplus (Deficit) considering Pillar 1 MCR and Pillar 2 SRP		1,606.30	1,773.30	1,565.10

If the additional capital noted above charged in addition to the Pillar 1 Minimum Capital Requirement, total capital requirement would be stood at Tk. 5,631.30 million against which the Bank maintained Regulatory Capital Tk. 7,237.60 million. Accordingly the Bank still has surplus capital for Tk. 1,606.30 million i.e. the Bank need not to inject additional capital for ICAAP Statement as of December 31, 2019.

Borrowers' Rating

Capital Management is one of the key strategic issues these days in the banking business. Borrower rating not only plays an important role in improving capital adequacy of the bank through capital relief but also helps the Bank to understand the risk associated with the borrowers. In this regard, RMD calculates capital relief on the basis of rated customers quarterly. According to Pillar 1 of Basel III, RWA of banks is calculated against Credit Risk, Market Risk and Operational Risk. Risk Weighted Asset (RWA) against credit risk for the corporate and SME borrowers are determined on the basis of credit rating assessed by External Credit Assessment Institutions (ECAIs).

Credit Rating Status of Borrowers

As a result of vigorous effort and continuous persuasion, 102(73.25%) borrowers out of total 156 (Total Taka 33,810.00 million) eligible Corporate & SME borrowers of MMBL was completed. The rating distribution of the 62 Corporate & SME borrowers of MMBL as on 31 Dec 2019 was as follows:

In million Taka

Bangladesh Bank Rating Grade		Corporate		SME		Total		Percentage of Total	
		No.	Outstanding	No.	Outstanding	No.	Outstanding	No. Rated Borrowers	Outstanding
BB grade	1	19	6,276.60	-	-	19	6,276.60	18.63%	25.34%
BB grade	2	41	12,371.90	-	-	41	12,371.90	40.20%	49.96%
BB grade	3	30	4,931.80	11	1,072.50	41	6,004.30	40.20%	24.24%
BB grade	4	-	-	1	113.00	1	113.00	0.98%	0.46%
BB grade	5	-	-	-	-	-	-	0.00%	0.00%
Total		90	23,580.30	12	1,185.50	102	24,765.80	100.00%	100.00%

Stress Testing






Stress Testing is a risk management technique used to evaluate the potential effects of Bank's financial condition of a specific event and/or movement in a set of financial variables. It is also an integral part of the Capital Adequacy Framework. The traditional focus of stress testing relates to exceptional but plausible events.

Stress testing framework as provided by Bangladesh Bank assesses the impact on Capital to Risk Weighted Asset Ratio (CRAR) due to minor, moderate and major level of shock in terms of credit risk, exchange rate risk, liquidity risk, equity price risk and interest rate risk. Stress testing for credit risk assesses the impact of increase in the level of Non-Performing Loans (NPLs) of the banks.

Modhumoti Bank performs stress testing on quarterly basis within the scope of Bangladesh Bank FSD circular no. 01 dated September 24, 2012. The Capital to Risk Weighted Assets (CRAR) was 13.99% on 31.12.2019 upon which stress testing has been conducted based on different parameters. The position of CRAR after shock is noted below:

Description of different types of shocks	Extent of Shock			CRAR after Shock (%)		
	Minor	Moderate	Major	Minor	Moderate	Major
Performing loans directly downgraded to B/L: Construction	3%	9%	15%	13.74	13.23	12.73
Performing loans directly downgraded to B/L: SME Loans	3%	9%	15%	13.78	13.37	12.95
Increase in NPLs due to default of top large loan borrowers	Top 3	Top 7	Top 10	12.69	8.56	5.93
Negative shift in NPLs categories	5%	10%	15%	13.79	13.10	12.99
Decrease in the FSV of collateral	10%	20%	40%	13.93	13.88	13.78
Increase in NPLs	3%	9%	15%	11.93	7.66	3.11
Interest Rate	1%	2%	3%	13.38	12.77	12.16
FEX: Currency Depreciation	5%	10%	15%	13.93	13.88	13.82
Equity Shock	10%	20%	40%	13.89	13.80	13.62
Combined Shock				10.93	5.16	-0.45

For absorbing different shocks under Stress Testing, MMBL took the following measures:

-  Exposure on large loan customers are being monitored closely
-  Emphasize on enhancing collateral coverage against large loan exposure;
-  Encouraging focus on SME loan lending;
-  Regular loans are being monitored closely in order to avoid classification;
-  Persuading unrated Corporate and SME customers to bring them under the umbrella of ECAI's credit rating.

The results of stress testing are being presented before the Executive Risk Management Committee of the Bank and Board Risk Management Committee on quarterly basis. The report has to submit in the Financial Stability Department of Bangladesh Bank.

Pillar 3 Market Discipline

Disclosures on Risk Based Capital (Basel III) for the year ended December 31, 2019

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

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

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

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

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

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

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

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

A. SCOPE OF APPLICATION

Qualitative Disclosure

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

The Risk Based Capital Adequacy Framework applies to Modhumoti Bank Limited (MML) on 'solo' basis as there was no subsidiary as on the reporting date (December 31, 2019).

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, 2019 prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws and regulations. So, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the audited financial statements 2019 of the Bank. The report is prepared once a year and available on the website of the Bank (www.modhumotibankltd.com).

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

Not applicable for the Bank as there was no subsidiary of the Bank on the reporting date (December 31, 2019). 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 2019 as there was no subsidiary of the Bank.

B. CAPITAL STRUCTURE

Qualitative Disclosures

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

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

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

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

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

It is mentionable that revaluation reserve as of December 31, 2014 has to be phased out as per Basel III by 20% in 2015, 40% in 2016, 60% in 2017, 80% in 2018 and 100% in 2019. Accordingly, the Bank has shown zero revaluation reserve in the Tier-2 Capital of the Bank as of December 31, 2019.

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

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

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

Quantitative Disclosures

a) Regulatory capital of the Bank as of December 31, 2019

Tier-1 capital of the bank as of December 31, 2019 was Tk. 6,595.75 million which is 91.13% of total regulatory capital and rest 8.87% from Tier-2 capital. Tier-1 capital comprised 65.57% from paid up capital, 18.95% from statutory reserve and rest 6.61% from retained earnings of the Bank. The Tier-2 capital of the Bank Tk.641.84 million (8.87% of total regulatory capital) comprises only from general provision on loans and advances including Off-Balance sheet exposure of the Bank.

Item-wise regulatory capital is noted below:

In million Taka

Sl. no.	Particulars of Regulatory Capital	Amount (Solo)
1.0	Common Equity Tier-1 (Going Concern Capital)	
1.1	Fully Paid-up Capital	4,746.00
1.2	Non-repayable Share premium account	-
1.3	Statutory Reserve	1,371.21
1.4	General Reserve	-
1.5	Retained Earnings	478.54
1.6	Dividend Equalization Account	-
1.7	Minority interest in Subsidiaries	-
1.8	Actuarial gain/loss	-
1.9	Others (if any item approved by Bangladesh Bank)	-
1.10	Sub-Total: (1.1 to 1.9)	6,595.75
1.11	Regulatory adjustment from Common Equity Tier-1 (Going Concern Capital)	
1.12	Shortfall in provisions required against Non-performing loans (NPLs)	-
1.13	Shortfall in provisions required against investment in shares	-
1.14	Remaining deficit on account of revaluation of investment in securities after netting off from any other surplus on the securities	-
1.15	Goodwill and all other intangible assets	-
1.16	Deferred Tax Assets (DTA)	-
1.17	Defined benefit pension fund assets	-
1.18	Gain on sale related to securitization transactions	-
1.19	Investment in own CET-1 Instruments/shares (as per Para 3.4.7 of Basel III guidelines)	-
1.20	Reciprocal crossholdings in the CET-1 capital of Banking, Financial and Insurance Entities	-
1.21	Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (50% of investment)	-
1.22	Investments subsidiaries which are not consolidated (50% of investment)	-
1.23	Others if any	-
1.24	Sub Total (1.12 to 1.23)	-
1.25	Total Common Equity Tier-1 Capital (1.10 less 1.23)	6,595.75
2.0	Additional Tier-1 Capital	
2.1	Non-cumulative irredeemable preference shares	-
2.2	Instruments issued by the banks that meet the qualifying criteria for AT1	-
2.3	Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties;	-
2.7	Others (if any item approved by Bangladesh Bank)	-
2.8	Sub-Total (2.1 to 2.7)	-
2.9	Regulatory adjustments	
2.10	Investment in own AT-1 Instrument/ Share (as per Para 3.4.7 of Basel-III Guidelines)	-
2.11	Reciprocal of crossholding in the AT-1 Capital Of Banking , Financial and Insurance Entities	-
2.12	Others if any	-
2.13	Sub-Total (2.10 to 2.12)	-
2.13	Total Additional Tier-1 Capital Available (2.8 less 2.13)	-
2.14	Maximum Limit Of Additional Tier-1 Capital (AT-1 can be maximum up to 1.5% of the Total RWA or 33.33% of CET1, whichever is higher)	2,198.36
2.15	Excess Amount over Maximum Limit of AT-1	-
2.16	Total Admissible AT-1 Capital	-
2.17	Total Tier-1 Capital	6,595.75

Sl. no.	Particulars of Regulatory Capital	Amount (Solo)
3.0	Tier-2 Capital (Gone Concern Capital)	
3.1	General Provision	641.84
3.2	All other preference shares	-
3.3	Subordinated Debt/ Instruments issued by the bank that meet the qualifying criteria for Tier 2 Capital (as per Annex 4 of Basel-III)	-
3.4	Minority Interest i.e. Tie-2 issued by consolidated subsidiaries to third parties (for consolidated reporting only)	-
3.5	Revaluation reserve as for as on 31 December, 2014 (50% of Fixed Asset & Securities & 10% of Equities)	8.54
3.6	Others (if any item approved by Bangladesh Bank)	-
3.7	Sub-Total (3.1 to 3.6)	650.38
3.8	Regulatory Adjustment	
3.9	Revaluation Reserve for Fixed Asset, Securities & Equity Securities (follow in deductions as per Basel-III Guidelines which is 100% in 2019)	8.54
3.10	Investment in own T-2 Instruments / Shares (as per Para 3.4.7 of Basel-III Guidelines)	-
3.11	Reciprocal Crossholding in the Tier-2 capital of Banking, Financial & insurance Entities	-
3.12	Any Investment exceeding the approved limit under section 26(2) of Bank Company Act 1991(50% of investment)	-
3.13	Investment In Subsidiaries which are not consolidated (50% of investment)	-
3.14	Others if any	-
3.15	Sub-Total (3.9 to 3.14)	8.54
3.16	Total Tier-2 Capital Available (3.7 minus 3.15)	641.84
3.16	Maximum Limit of Tier-2 Capital (Tier-2 capital can be maximum up to 4.0% of the total RWA or 88.89% of the CET1, whichever is higher)	5,862.96
3.17	Excess Amount over Maximum Limit of T-2	-
3.18	Total Admissible Tier-2 Capital	641.84
3.19	Total Regulatory Capital (2.16+3.18)	7,237.59

C. CAPITAL ADEQUACY

Qualitative Disclosures

a) Approach to assess the adequacy of capital:

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

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

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

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

Risks under Pillar 1 MCR		Risks under Pillar 1 MCR	
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 (MCR) of Basel III. As on the reporting date i.e. 31 December 2019, the Bank maintained Capital to Risk Weighted Asset (CRAR) of 13.99% on 'Solo Basis' against required minimum of 10.00% of Risk Weighted Asset (RWA). However, the bank has to maintain minimum capital Tk.4,000.00 million or MCR 10.00% on Risk Weighted Asset whichever is higher. The MCR (10% on RWA) of the Bank as of December 31, 2019 was Tk.5,174.89 million which is higher than the minimum requirement of Tk.4,000 million against which the Bank had Tk. 7,237.59 million as regulatory capital i.e. the Bank had an excess capital of Tk.2,062.70 million after meeting all three risks as on the reporting date.

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

In million Taka

Sl. no.	Particulars	Solo
1	Risk Weighted Assets:	
	For Credit Risk:	
	On-Balance Sheet	47,580.61
	Off-Balance Sheet	35,087.06
	For Market Risk	1,466.15
	For Operational Risk	2,702.17
	Total:	51,748.93
2	Minimum Capital Required (10% of RWA):	
	For Credit Risk	4,758.08
	For Market Risk	146.62
	For Operational Risk	270.22
	Total:	5,174.89
	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	5,174.89

Capital to Risk Weighted Assets Ratio (CRAR)

In million Taka

Sl. no.	Particulars	Solo
A.	Regulatory Capital:	
	a. Tier-1 (Going Concern Capital)	6,595.75
	b. Tier-2 (Gone Concern Capital)	641.84
	c. Total eligible capital	7,237.59
B	Capital to Risk Weighted Assets Ratio (CRAR)	
	Tier-1 Capital to RWA	12.75%
	Tier-2 Capital to RWA	1.24%
	Total:	13.99%
C	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	5,174.89
D	Capital surplus (A-C)	2,062.70

D. CREDIT RISK

Qualitative Disclosures:

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

Definition of Credit Risk:

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

Credit risk management process at MMBL:

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

Credit Administration:





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

Credit Monitoring:

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

Past Due/Over Due:

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

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

For loan classification and maintenance of specific and general provision Bank follows BRPD Circular No-14 and 19 of 2012; 05 of 2013, and 08 of 2015, and advice of Bangladesh Bank from time to time. Provisions and interest suspense are separately shown under other liabilities as per first schedule of Bank Company Act 1991 (amendment up to 2018),

instead of netting off with loans. The summary of some objective criteria for loan classification and provisioning requirement is as below:

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	1.0%	5%	1%	2%	0.25%	2%	1%
SMA	1.0%	5%	1%	2%	0.25%	2%	1%
SS	5%	20%	20%	20%	20%	20%	20%
DF	5%	50%	50%	50%	50%	50%	50%
B/L	100%	100%	100%	100%	100%	100%	100%

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

Subjective/Qualitative Judgment for Loan Classification:

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

Condition for Qualitative Judgment:

Classification	Conditions to be fulfilled
Special Mention	i) Assets must be classified no higher than Special Mention if any of the following deficiencies of bank management is present: <ul style="list-style-type: none"> the loan was not made in compliance with the bank’s internal policies; failure to maintain adequate and enforceable documentation; and/or poor control over collateral.
	ii) Assets must be classified no higher than Special Mention if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> occasional overdrawn within the past year; below-average or declining profitability; barely acceptable liquidity; and Problems in strategic planning.
Sub-standard	i) Assets must be classified no higher than Sub-standard if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> recurrent overdrawn; low account turnover; competitive difficulties; location in a volatile industry with an acute drop in demand; very low profitability that is also declining; inadequate liquidity; cash flow less than repayment of principal and interest; weak management; doubts about integrity of management; conflict in corporate governance; unjustifiable lack of external audit; and pending litigation of a significant nature.
	ii) Assets must be classified no higher than Sub-standard if the primary sources of repayment are insufficient to service the debt and the bank must look to secondary sources of repayment, including collateral.
	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.

Classification		Conditions to be fulfilled
Doubtful		<p>Assets must be classified no higher than Doubtful if any of the following deficiencies of the obligor is present:</p> <ul style="list-style-type: none"> • permanent overdrawn; • location in an industry with poor aggregate earnings or loss of markets; • serious competitive problems; failure of key products; operational losses; • illiquidity, including the necessity to sell assets to meet operating expenses; • cash flow less than required interest payments; very poor management; • non-cooperative or hostile management; • serious doubts of the integrity of management; • doubts about true ownership; and • complete absence of faith in financial statements.
Bad/Loss		<p>Assets must be classified no higher than Bad/Loss if any of the following deficiencies of the obligor is present:</p> <ul style="list-style-type: none"> • the obligor seeks new loans to finance operational losses; • location in an industry that is disappearing; • location in the bottom quartile of its industry in terms of profitability; • technological obsolescence and very high losses; • asset sales at a loss to meet operational expenses; • cash flow less than production costs; • no repayment source except liquidation; • presence of money laundering, fraud, embezzlement, or other criminal activity; and • no further support by owners.

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

Quantitative Disclosures:

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

In million Taka

Sl. no.	Major types of loans	2019	2018
1	Cash credit and overdrafts	17,567.76	14,060.87
2	Loans (General)	17,329.05	14,097.52
3	House building loan	838.07	860.37
4	Loan against trust receipt	1,320.27	1,558.33
5	Bills purchased and discounted	3,240.34	2,881.88
6	Other Loans	2,211.77	2,116.68
Total		42,507.26	35,575.65

c) Geographical distribution of exposures:

In million Taka

	Name of Division	2019	2018
Region Based	Dhaka	34,714.19	30,440.00
	Chittagong	5,316.18	3,975.05
	Rajshahi	223.66	69.16
	Sylhet	104.67	113.37
	Khulna	1,916.29	743.86
	Mymensing	47.75	36.53
	Rangpur	150.54	155.14
	Barisal	33.96	42.55
	Total	42,507.26	35,575.65
Country Based	Domestic	42,507.26	35,575.65
	Overseas	-	-

d) Major industry-wise distribution of exposures:

Major industry wise credit exposure of the bank as of December 31, 2019 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors:

In million Taka

Sl. no.	Major types of loans	2019	2018
1	Agriculture, fishing, forestry and dairy firm	260.77	146.12
2	Industry (Other than working capital)	5,758.11	6,008.35
3	Working capital financing	9,567.08	8,630.83
4	Export credit	1,003.81	1,492.47
5	Import credit	1,406.48	3,450.22
6	Commercial credit	13,196.66	3,079.36
7	Constructions	8,071.31	4,597.47
8	Transport and Communication	694.39	688.66
9	Consumer Credit	484.52	401.87
10	Others	2,064.13	7,080.29
Total		42,507.26	35,575.65

e) Residual contractual maturity breakdown of the whole portfolio:

In million Taka

Particulars	2019	2018
On demand	2,956.87	3,634.48
Less than three months	8,481.65	5,015.15
More than three months but less than one year	13,659.51	10,833.34
More than one year but less than five years	12,438.78	9,753.10
More than five years	4,970.44	6,339.58
Total	42,507.26	35,575.65

f) Major industry type amount of impaired loans:

In million Taka

Particulars	2019	2018
Agriculture	7.40	12.40
Industry	372.20	387.30
Constructions	12.30	13.10
Power, Gas, Water & Sanitary Services	-	-
Transport, Storage & Communication	297.06	0.00
Trade Services	182.30	228.80
Housing Services	7.50	4.50
Banking & Insurance	187.20	-
Professional & Misc. services	7.60	4.50
Total	1,073.56	650.60

g) Gross Non Performing Assets (NPAs)

In million Taka

Particulars	2019	2018
Gross Non-Performing Assets (NPAs)	1,073.56	650.66
Nonperforming assets to outstanding loans and advances	2.53%	1.83%
Movement of Non-Performing Assets (NPAs):		
Opening balance	650.66	88.29
Additions/ Reductions	422.90	562.37
Closing balance	1,073.56	650.66
Movement of specific provisions for NPAs:		
Opening balance	154.00	12.10
Provision made during the period	316.50	141.90
Write off	0.00	0.00
Write back of excess provisions	0.00	0.00
Closing balance	470.50	154.00

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:

In million Taka

Particulars	Amount (Solo)	
	Cost Price	Market Price
Unquoted Share	37.50	37.50
Quoted Share	303.08	266.47

For Banking Book Equity

In million Taka

Sl. no.	Particulars	Amount (Solo)
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	2.16
d)	Total unrealized gains (losses)	36.61
	Total latent revaluation gains (losses)	0.00
	Any amounts of the above included in Tier 2 capital	0.00

e) Capital Requirement

In million Taka

Particulars	Amount (Solo)
Unquoted Share	0.47
Quoted Share	53.29

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

Qualitative Disclosures:

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

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

Quantitative Disclosures:

Gap analysis: Duration Gap

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

Sl. no.	Particulars	Amount		
1	Market value of assets	71,220.10		
2	Market value of liabilities	64,518.50		
3	Weighted average duration of assets (DA) in years	1.32		
4	Weighted average duration of liabilities (DL) in years	0.49		
5	Duration gap (DA-DL) in years	0.87		
6	Yield to maturity (YTM-Assets)	8.75%		
7	Yield to maturity (YTM-Liability)	6.74%		
8	Change of market value of equity due to increase in interest rates	1%	2%	3%
9	Fall in Market Value of Equity	(570.70)	(1,141.40)	(1,712.20)
10	Stress testing	Minor Shock	Moderate Shock	Major Shock
11	Regulatory capital (after shock)	6,666.90	6,096.20	5,525.40
12	RWA (After shock)	51,178.20	50,607.50	50,036.80
13	CRAR (After shock)	13.03%	12.05%	11.04%

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, 2019 under earnings perspective with Simple Sensitivity Analysis:

In million Taka

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	29,309.75	5,880.24	11,760.47	22,979.02
Interest sensitive liabilities	22,747.27	5,738.48	11,476.95	12,271.81
Net gap	6,562.48	141.76	283.52	10,707.21
Cumulative gap	6,562.48	6,704.24	6,987.75	17,694.97
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	(65.62)	(67.04)	(69.88)	(176.95)
Accumulated earnings impact	(65.62)	(132.67)	(202.54)	(379.49)

G) MARKET RISK

Qualitative Disclosures:

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

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

Methods used to measure Market Risk:

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

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

Market Risk Management System:

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

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

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

Policies and processes for mitigating market risk:

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

Quantitative Disclosures:

b) The capital requirements:

In million Taka

Particulars	2019	2018
Interest rate risk	28.30	14.88
Equity position risk	53.29	0.80
Foreign exchange risk	65.02	81.43
Total	146.62	97.11

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:

MMBL is an equal opportunity employer. It recognizes the importance of having the right people at right positions to achieve organizational goals. Our recruitment and selection is governed by the philosophy of fairness, transparency and diversity.

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.

Performance Management Program

Modhumoti Bank has a comprehensive performance management program that evaluates employee's yearly performance against business targets at the year-end. This appraisal process also identifies the competency gap and training needs of employees. All employees (except employees under probation or training) of the Bank undergo annual performance appraisal process. The process ensures that clear feedback on improvement points (performance and professional capabilities) is provided to employees by their supervisors to promote employees' long-term career development and improved contribution to organizational performance. All regular employees undergo the annual performance and career development review.

Diversity in Workplace

Modhumoti Bank believes that diverse, heterogeneous teams generate greater creativity, innovation and business development. An inclusive culture maintains and drives workforce diversity by fostering the exchange of ideas and collaboration among individuals and across groups. To speak simply, our constant success depends on maintaining a plurality of perspectives. Employees by age group and gender are noted below:

In million Taka

1	Gender diversity among members of the Board of Directors	No. of male members-13	
		No. of female members-05	
2	Gender diversity among permanent employees	i. entry level	No. of male employees- 163
			No. of female employees- 82
		ii. mid-level	No. of male employees- 261
			No. of female employees- 10
		iii. senior management	No. of male employees- 11
			No. of female employees- 1
3	Gender breakdown by age group for permanent employees	i. < 30 years	No. of male employees- 88
			No. of female employees- 38
		ii. 30-50 years	No. of male employees- 335
			No. of female employees- 54
		iii. > 50 years	No. of male employees- 12
			No. of female employees- 1

Potential external events

-  In the United States, growth is expected to moderate from 2.3% in 2019 to 2% in 2020 and decline further to 1.7% in 2021 (0.1% point lower for 2020 compared to the October WEO). The moderation reflects a return to a neutral fiscal stance and anticipated waning support from further loosening of financial conditions.
-  Growth in the euro area is projected to pick up from 1.2% in 2019 to 1.3% in 2020 (a downward revision of 0.1% point) and 1.4% in 2021. Projected improvements in external demand support the anticipated firming of growth. The October 2019 WEO projections for France and Italy remain unchanged, but the projections have been marked down for 2020 in Germany, where manufacturing activity remains in contractionary territory in late 2019, and for Spain due to carryover from stronger-than expected deceleration in domestic demand and exports in 2019.
-  In the United Kingdom, growth is expected to stabilize at 1.4% in 2020 and firm up to 1.5% in 2021—unchanged from the October WEO. The growth forecast assumes an orderly exit from the European Union at the end of January followed by a gradual transition to a new economic relationship.
-  Japan's growth rate is projected to moderate from an estimated 1% in 2019 to 0.7% in 2020 (0.1 and 0.2% point higher than in the October WEO).
-  Growth in emerging and developing Asia is forecast to inch up slightly from 5.6% in 2019 to 5.8% in 2020 and 5.9% in 2021 (0.2 and 0.3% point lower for 2019 and 2020 compared to the October WEO).
-  Rising geopolitical tensions, notably between the United States and Iran, could disrupt global oil supply, hurt sentiment, and weaken already tentative business investment. Moreover, intensifying social unrest across many countries—reflecting, in some cases, the erosion of trust in established institutions and lack of representation in governance structures— could disrupt activity, complicate reform efforts and weaken sentiment, dragging growth lower than projected.

- Higher tariff barriers between the United States and its trading partners, notably China, have hurt business sentiment and compounded cyclical and structural slowdowns underway in many economies over the past year. The disputes have extended to technology, imperiling global supply chains.
- The coronavirus epidemic is spreading further in China and across the globe which may hurt the Chinese economy as well as global economy in the year 2020.

Policies and processes for mitigating operational risk:

The Operational Risk Management Function is responsible for monitoring, coordinating measures, reporting on operational risks and developing the framework models and methodologies as required. The Bank identifies and assesses the operational risk inherent in all its material products, activities, processes and systems. Furthermore the Bank ensures that before new products, activities, processes and systems are introduced or undertaken, the operational risk inherent in them is subject to adequate assessment procedures. The Bank mitigates operational risks by defining, documenting and updating the relevant business processes. Furthermore, the Bank mitigates operational risk by following strict rules for the assignment of duties and responsibilities among and within the functions and a system of internal control and supervision. The main principle for organizing work flows is to segregate the business-generating functions from the recording and monitoring functions. An important factor in operational risk mitigation is also the continuous development and upgrading of strategic information and communication systems.

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

Approach for calculating capital charge for operational risk:

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

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

Quantitative Disclosures:

a) Capital requirement for operational risk

In million Taka

Particulars	Solo	
	2019	2018
The capital requirements for operational risk	270.22	229.89

Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

In million Taka

Year	Gross Income (GI)	Average GI	15% of Average GI
2019	2,040.04	1,801.44	270.22
2018	1,927.81		
2017	1,436.49		
Total	5,404.33	1,801.44	270.22

I. LIQUIDITY RATIO

Qualitative Disclosures:

Views of BOD on system to reduce liquidity Risk:

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

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

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

Methods used to measure Liquidity risk:

Liquidity mismatch profile:

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

Stress testing:

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

Liquidity Coverage Ratio (LCR):

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

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

Stock of high quality liquid asset (SHQLA):

The following components are included in the computation of SHQLA -

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

Net Stable Funding Ratio (NSFR):

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

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

Liquidity risk management system:

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

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

Policies and processes for mitigating liquidity risk:

The Bank has Treasury Policy, Contingency Funding Plan and Wholesale Borrowing and Funding Policy to combat liquidity risk of the Bank. The Board and the management implement the following processes in the bank for superior liquidity risk management:

- Liquidity risk tolerance: Bank set liquidity risk tolerance (Management Action Trigger) e.g. Maximum Cumulative Outflow (MCO) at 16%, AD Ratio at 80%, LCR at 105%, NSFR at 102% etc.;
- Maintaining adequate levels of liquidity considering the average daily withdrawal by the customers;
- Identification and measurement of contingent liquidity risks arising from unseen scenarios.
- Contingency funding plan: Contingency funding plans incorporate events that could rapidly affect the bank's liquidity arising from sudden inability to call back long-term loans and advances, or the loss of a large depositor or counterparties.
- Public disclosure in promoting market discipline under Pillar 3 of Basel III.

Quantitative Disclosures:

In million Taka

Particulars	2019	2018
Liquidity Coverage Ratio (LCR)	206.77%	162.28%
Net Stable Funding Ratio (NSFR)	115.47%	104.26%
Stock of High quality liquid assets	15,912.97	7,669.91
Total net cash outflows over the next 30 calendar days	7,695.98	4,726.34
Available amount of stable funding	56,285.28	37,945.49
Required amount of stable funding	48,743.63	36,395.56

J. LEVERAGE RATIO

Qualitative Disclosures:

Views of BOD on system to reduce excessive leverage:

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

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

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

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

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

Approach for calculating exposure:

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

Quantitative Disclosures:

In million Taka

Particulars	2019	2018
Leverage Ratio	7.80%	9.87%
On balance sheet exposure	70,656.63	51,162.73
Off balance sheet exposure	13,884.37	12,194.87
Total exposure	84,541.00	63,357.60

K. REMUNERATION

Qualitative Disclosures:

a) Information relating to the bodies that oversee remuneration

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

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

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

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

External consultants for remuneration process:

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

Scope of the bank's remuneration policy:

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

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

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

There are 49 employees are considered as material risk takers which include the Managing Director & CEO, Chief Risk Officer, Chief Operating Officer, Chief Business Officer, Head of Treasury, Head of Corporate & Investment Banking Division and 44 branch managers.

Apart from that EVP and above employees can be considered as senior managers who eventually perform management role in achieving the organization's goal. Accordingly, the bank has 5 senior managers working in different areas of the bank.

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

Overview of the key features and objectives of remuneration policy:

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

Fixed pay	:	The purpose of the fixed pay is to attract and retain employees by paying market competitive pay for the role, skills and experience required for the business. This includes salary, fixed pay allowance, cash in lieu of pension and other cash allowances in accordance with local market practices. These payments are fixed and do not vary with performance.
Benefits	:	The bank provides benefits in accordance with the industry practice of the country. This includes but is not limited to the provision of provident fund, gratuity fund, medical allowances, transport loan and house building loan etc.
Annual incentive	:	The banks provide annual incentive based on the achievement of the business and profit target of the Bank. The bank provide performance based incentive to its employees. Bonus paid based on the last basic salary of the employee of the Bank. However, bonus for MD & CEO has maximum limit of Tk.10.00 lac pa as per guidelines of Bangladesh Bank.

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

Objectives of remuneration policy:

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

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

The Bank has no remuneration committee comprising the members from the Board. However, the Board of Directors determine the policies relating to the remuneration for the employees and review time to time if necessary. The Board of Directors approved a performance bonus for the eligible employees of the Bank for the year 2019.

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

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

c) Description of the ways in which current and future risks are taken into account in the remuneration processes

Overview of the key risks that the bank takes into account when implementing remuneration measures:

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

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

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

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

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

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

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

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

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

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

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

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

Remuneration is based on bank-wide business performance including achievement of profit target, loans and advances target etc. These have impact on the number and amount of incentive bonuses for the respective year.

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

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

If the performance metrics of the Bank are found weak, then no increases in remuneration may take place despite personal achievements of employees. In such case, the management takes initiative to improve the performance metrics so that individual remuneration of the employees cannot be hampered for prolonged period.

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

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

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

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

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

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

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

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

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

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

Quantitative Disclosures:

g) Meetings of main body overseeing remuneration and remuneration paid to its member during 2019

In million Taka

Particulars	Number	Amount
Number of meetings held of Board of Directors	9	
Remuneration paid to Board of Directors		1.06

h) Variable remuneration, bonuses and other payments during 2019

In million Taka

Particulars	Number	Amount
Employees having received a variable remuneration award (Profit Bonuses)	2	30.00
Guaranteed bonuses awarded (Eid and Festival Bonuses)	3	33.41
Sign-on awards made	-	-
Severance payments made (PF, GF, Leave Encashment)	-	12.10

i) Deferred remuneration in 2019

In million Taka

Particulars	Amount
Total amount of outstanding deferred remuneration (PF, GF etc.):	
Cash	42.41
Shares	
Share-linked instruments & others	
Total amount of deferred remuneration paid out in 2019	42.41

j) Breakdown of amount of remuneration

In million Taka

Particulars	Amount
Breakdown of amount of remuneration:	
Fixed (Salary & allowances)	440.58
Variable (Incentive Bonuses)	30.00
Deferred (PF, GF)	42.41
Non-deferred	-
Different forms used	
Cash	512.99
Shares	-
Share-linked instruments & others	-

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

In million Taka

Particulars	Amount
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	-
Total amount of reduction during 2019 due to ex post explicit adjustments	-
Total amount of reduction during 2019 due to ex post implicit adjustments	-

Sustainability Analysis



Managing Director & CEO's message on **Sustainability Reporting**



“The Bank always ensures sustainability aspects in terms of economic, environmental, social & governance performance and then set goals and manages change effectively.”

Modhumoti Bank Limited started its journey in the year 2013 with a view to support sustainable and inclusive growth by connecting the ideas, innovations and aspirations of our customers and clients. We are involved in banking with the firm commitment of excellence in customer service and with a mission to be an efficient, market driven, customer focused institution with good corporate governance structure through designing and adopting policies to embed sustainability into our operations, undertaking awareness and capacity building activities, supporting & financing environment friendly business initiatives, and ensuring transparency in financial as well as sustainability reporting. Its vision remained to be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, profitability along with strong liquidity as well as adopting Sustainability for a Safe Environment. The Bank always ensures sustainability aspects in its all kinds of activities to keep one thing in mind that “we need to treat the earth well as it was not given to us by our parents; it was loaned to us by our children”.

We are committed for continuous improvements of our business and operational policies & procedures so that we can act sustainably in our everyday business. In our view, sustainability presents an opportunity to use our skills, expertise and relationships to make a positive difference to individuals, society and environment. Building trust by being open, approachable, transparent and acting with integrity is vital to achieving this objective.

The Bank has already established an independent ‘Sustainable Finance Unit (SFU)’ which is working on formulation, amendment & up-gradation of policies related to green banking, corporate social responsibility, environmental and social risk management, green office guide, green strategic plan etc. They will also ensure implementation of directives related to sustainable development goals (SDGs) provided by the Bangladesh Government and Bangladesh Bank from time to time.

Sustainability reporting can help organizations to measure, understand and communicate their economic, environmental, social & governance performance, and then set goals, and manage change more effectively. It presents how the activities of a Bank are supporting the achievement of SDGs which embrace a universal approach to the sustainable development agenda. Sustainability reporting related issues are reviewed & executed by the ‘Finance & Accounts Division (FAD)’ in association with SFU. In this regard, Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI) is followed by the FAD.

We all need to work together, because there are no jobs on a dead planet; there is no equity without rights to decent work and social protection, no social justice without a shift in governance and ambition, and, ultimately, no peace for the peoples of the world without the guarantees of sustainability. We share one planet that feeds and shelters us; and to save this planet, we do business in an economic, socially and environmentally responsible way.

Md. Shafiqul Azam
Managing Director & CEO

Few words on **Sustainable Finance**



“We are committed to be profitable and sustainable in doing business ensuring the environmental and social aspects to support achieving the SDGs of UNDP.”

‘Sustainable Finance’ is comparatively a new phenomenon in doing business in the financial sector with special focus on the environmental, ecological and social factors, targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment-friendly banking and selection of borrowers in such a way so that a bank can contribute in the Sustainable Development Goals (SDGs) to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity.

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

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

It is our immense pleasure that the Bank believes in ethical banking business which takes into consideration of the environment and society in lending and also creating different deposit products. The Bank has lending in environment friendly brick kiln and also has around 17% of its financing in SME sectors which creates huge job opportunities for the communities involved. The Bank has already established more than 366 agent centres across the country from a view point of financial inclusion, an effort to include the unbanked population of the country in the formal banking channel. The Bank has also contributed to a wide range of local initiatives in many areas including to Honorable Prime Minister’s Relief Fund under CSR activities of the Bank.

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

Sincerely yours,



Kazi Ahsan Khalil
Deputy Managing Director & CBO
Chairman, Sustainable Finance Committee

Sustainability Reporting: *From Routine to strategic*



“Sustainability ensures the future of life on Earth, and it’s an endless endeavor to create Economic, Environmental and Social benefits.”

Sustainability is the state of global system, which includes economic, environmental, and social subsystems, in which the needs of the present are met without compromising the ability of future generations to meet their own needs. Sustainability is a combination of two words; ‘Sustain’ and ‘Ability’ i.e. SustainAbility. The simplest and most fundamental meaning of sustainability is: “the ability to sustain” or, put another way, “the capacity to sustain”. As per Oxford Dictionary, sustainability means “able to be maintained at a certain rate or level” i.e. sustainable economic growth.

For many years, the international community has been looking for answers on how to create economic growth in a socially just and environmentally safe way. But all previous approaches fell short. They were not comprehensive enough, neglected certain connections and put down an emphasis on activities in developing countries. On September 18, 2015, the United Nations’ General Assembly finally adopted the 2030 Agenda, an agreement of all 193 member states which includes 17 global Sustainable Development Goals (SDG) and 169 sub-goals. It has been effective since January 01, 2016 and serves as a kind of instruction manual for a better world.

With this agreement, the international community achieved something great: a plan for all people in all countries, aiming to create sustainable development including all of its social, ecological and economic aspects. The Agenda names five dimensions that need to be equally addressed: the people, the planet, prosperity and peace and a global partnership (the five Ps). The ultimate vision of the 2030 Agenda is a healthy mankind, living in a peaceful, fair society and a sound environment – everywhere in the world.

Sustainability is not an only an environmental issue, it also takes into account economic & social issues, labor practices, human rights, economic performance, community, society, corruption, corporate governance and responsibility of product & services. And a sustainable global economy is not a luxury. Without a sustainable business model, environmental and social issues will continue to badly impact our economy and compromise for our future needs. The planet and society need a sustainable global economy and an organization needs at first a long time strategy and success. How does it get started? The change to a sustainable economy requires organizational change. To drive change, the organization needs to set goals and measures on how the organization will forward.

Sustainability Reporting is a key tool to help the organization to set goals, measure progress and manage sustainability within the organization. Reporting on the organization’s sustainability performance will give internal and external stakeholders a clear idea of its impact and can increase the efficiency and improve the performance. And reporting enables the organization to move forward into a successful sustainable future.

On February 27, 2011, a policy has been issued entitled ‘Guidelines for Green Banking’ by Bangladesh Bank to be followed by the scheduled banks. As per that guideline, all commercial banks are supposed to produce their sustainability reporting for their stakeholders under Independent Annual Sustainability Report (IASR) following the standards issued by the Global Reporting Initiative (GRI) which is an internally accepted format of sustainability reporting. As per definition of Global Reporting Initiative (GRI), “A sustainability report enables companies and organizations to report sustainability information in a way that is similar to financial reporting. Systematic sustainability reporting gives comparable data, with agreed disclosure and metrics.” Sustainability reporting complements financial reports with forward-looking information and the understanding of key value drivers, such as human capital formation, corporate governance, management of environmental risks and liabilities. It shows an understanding of the external environments (products, labor, and capital markets and regulatory structures) in which the company conducts its business. Besides, it assesses the elements that emphasize in the company’s competitive advantage (through cost leadership and product/service differentiation and the formation of intellectual capital). Sustainability reporting also discloses known future uncertainties (risks) and trends that may materiality affect financial performance.

The banking sector in Bangladesh is considered to be in a relatively environmentally friendly industry (in terms of emissions and pollution). However, environmental impact of banks is not physically related to their banking activities but with the activities of the customers. Banking sector is one of the major sources of financing investment for commercial projects, which is one of the most important economic activities for economic growth and encouraging environmentally responsible investments and prudent lending. Modhumoti Bank Limited is following the regulations and guidelines issued by the Sustainable Finance Department of Bangladesh Bank and already formed a 'Sustainable Finance Unit' as per instructions stated in Bangladesh Bank's SFD Circular No. 02 dated December 01, 2016 to work on the areas specified therein.

Under green banking initiatives, banks are involved in two pronged approaches: firstly, green banking focuses on the green transformation of internal operations of all banks/FIs. It means all the banks/FIs should adopt appropriate ways of utilizing renewable energy, automation and other measures to minimize carbon footprint Secondly, all banks should adopt environmentally responsible financing; weighing up environmental risks of projects before making financing decisions and in particular supporting and fostering growth of upcoming 'green' initiatives and projects. Modhumoti Bank Limited has already started to take necessary initiatives to incorporate this aspect in its daily business & operational activities.

Materiality

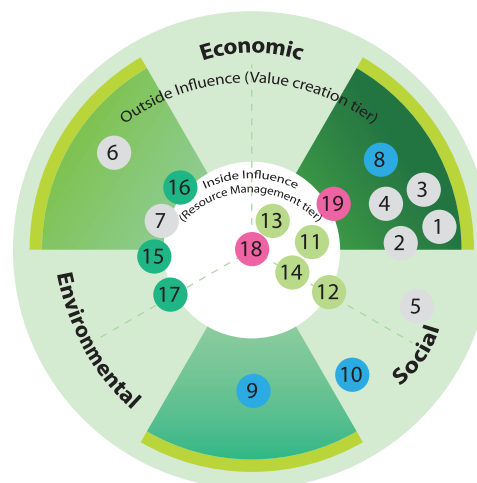
As the Bank aims to advance its position in sustainable business operations, and in order to increase our positive impact on the community, we have identified the most material sustainability aspects based on understanding of our stakeholders' needs and priorities. Comprehensive assessment takes place on an annual basis to identify and categorize the sustainability topics that are most relevant to our operations. The main material aspects have been outlined below are in alignment with our six sustainability focus areas:



Presentation of Material Aspects in Terms of Economic, Social, and Environmental Impacts

The following diagram presents all of the material aspects reported by the Bank based on two points of view:

- Impact Zone – Internal or External- does this aspect affect external stakeholders, internal stakeholders, or both (the external circle versus the internal circle in the diagram)
- Impact Zone – Social, Economic and Environmental- does this aspect affect create economic, social or environmental value, or a combined value.



Customers

- 01 Promotion of financial independence for customers
- 02 Customer diversity and promotion of sectors within the Bangladesh economy
- 03 Attaining financial freedom in a multichannel world
- 04 Serving a diverse range of clients
- 05 Availability
- 06 Evolving products and services to encourage environmental sustainability
- 07 Analyzing environmental risks in financing

Community

- 08 Responsible supply chain management
- 09 Growing our area of influence
- 10 Community action

Employees

- 11 Encouraging a culture of conversation and openness with employees
- 12 Promoting diversity, equal opportunities, and clarity
- 13 Personal development and training
- 14 Supporting an appropriate work environment

Environment

- 15 Power consumption management and energy efficiency
- 16 Controlling of paper resources
- 17 Decreasing environmental impacts

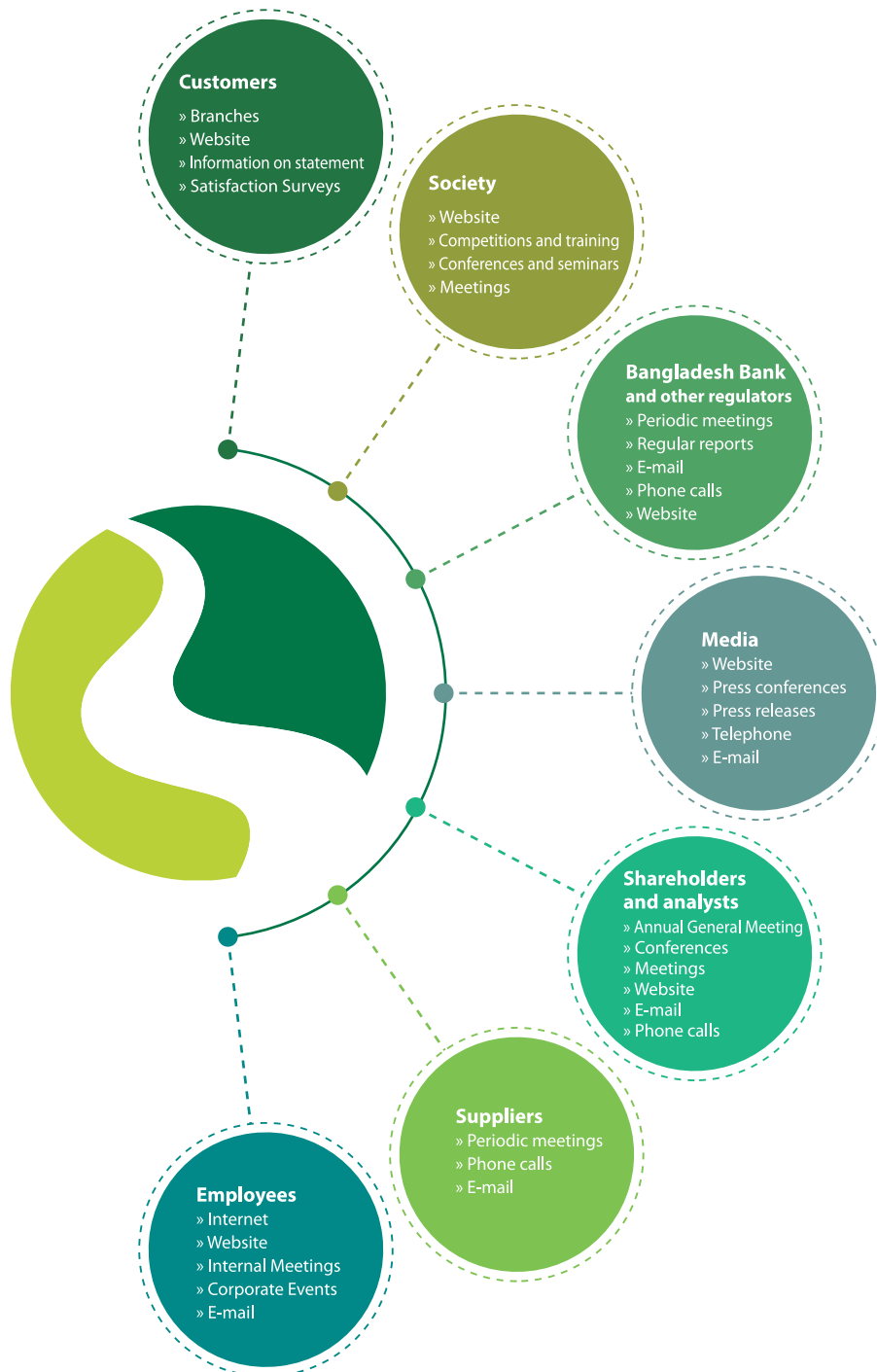
Ethics

- 18 Corporate governance and ethics
- 19 Prevention of corruption and money laundering

Stakeholder Engagement

Stakeholder engagement is embedded into Bank's practices, operations and processes. We define anyone who comes into contact with the Bank as a stakeholder. Our engagement processes ensure that stakeholders have direct contact with the bank, so that we can respond to issues that may arise, and that we are able to take account of stakeholder views in our ongoing and long term decisions. We consider ongoing, open dialogue and relationships of trust, integrity and respect as the markers of successful stakeholder engagement. The Management & the Board are open to suggestions, recommendations or advice from any stakeholder and welcomes appropriate and constructive engagement from all those who have an interest in the Bank.

Communication Channel among the Stakeholders of Modhumoti Bank Limited:



Economic Impact

The economic dimension of sustainability concerns the organization's impacts on the economic conditions of its stakeholders, and on economic systems at local, national, and global levels. Modhumoti Bank Limited has maintained satisfactory growth of assets and liabilities in spite of challenges during the year 2019. The Bank has expanded its branch network and alternative delivery channels by introducing IT based banking services in 2019. The Value Added Statement (presented in page 210) provides a detailed account of total value addition and the distribution of the value created by the Bank. It contributes significantly to socio-economic development by empowering employees through the payment of salaries & allowances, by paying consistent dividend to the providers of capital, by assisting the regulatory capacities through paying taxes and of course keeping in mind the Bank's continuous expansion & business growth. The Economic Value Added (EVA) Statement (presented in page 211) provides a measurement of Modhumoti Bank's economic success over the years. It provides useful information to the investors who want to determine how well the Bank has added value for them.

Environmental Impact

The environmental dimension of sustainability concerns the organization's impact on living and non-living natural systems, including land, air, water and ecosystems. The Environmental Category covers impacts related to inputs (such as energy and water) and outputs (such as emissions, effluents and waste). In addition, it covers biodiversity, transport, and product and service-related impacts, as well as environmental compliance and expenditures. In order to protect the environment, Modhumoti Bank Limited is spreading its wings by introducing in-house & external green activities towards supporting Green Economy. The Bank Management does focus on Energy efficient issues through reduction of energy & resource consumption such as reduction of paper use, widely using email communication, maximum use of day light, and prioritizing environment friendly business projects for financing. Bank's green banking activities are day-by-day flourishing towards creating a "Greener" future.

Social Impact

The social dimension of sustainability concerns the impacts the organization has on the social systems within which it operates. Modhumoti Bank Limited has always a focus on balancing the work and personal life of the employees and introduced organization-wide practices and policies that actively support employees to achieve success both at work and home. The Human Resources Division is being run by highly professional & dedicated team to give importance on the following attributes:

- 🌱 Healthy & sustainable working environment,
- 🌱 Secured employment,
- 🌱 Handsome monetary benefits,
- 🌱 Appropriate appreciation regarding achievements,
- 🌱 Good training & development arrangements,
- 🌱 Easy exit procedure, etc.

Alignment to Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) set the global agenda for action on improving the wellbeing of present & future generations. The 17 goals aim to tackle the world's most pressing challenges through the promotion of sustainable development to 2030. As we respond to our most material issues, The Bank's actions in focus areas are supporting the achievement of these priority goals.



An outline of our contribution to the SDGs is illustrated below:

<p>Transparency and long-term approach in customer relationships</p> <p>Ensuring the best long-term outcome for customers and doing so in an open and comprehensive manner.</p>	
<p>Responsible investments</p> <p>Responsible investment of customer's capital to promote favorable returns while taking consideration for the environment, social responsibility and ethics.</p>	

<p>Social responsibility</p> <p>Helping to improve society in a positive direction by preventing ill-health and social segregation.</p>	
<p>Environmental responsibility</p> <p>Reducing our environmental impact.</p>	
<p>Long-term employer</p> <p>Creating a workplace and culture distinguished by health, development and diversity.</p>	
<p>Business Ethics</p> <p>Building trusted relationships with suppliers and partners by adhering to laws and regulations, and acting in a honest and fair manner in general.</p>	

Sustainability reporting is being emerged as a common practice of 21st-century business. A focus on sustainability helps organizations manage their social and environmental impacts and improve operating efficiency and natural resource stewardship, and it remains a vital component of shareholder, employee, and stakeholder relations. Peter Drucker, writer, professor and management consultant told, “What you can’t measure, you cannot manage. What you can’t manage, you cannot change”. Sustainability reporting is, therefore, a vital step for managing change towards a sustainable global economy—one that combines long-term profitability measuring social justice and environmental care.

Our planet does not have the bio-capacity to sustain our current levels of growth and resource consumption. So, what can be done to minimize our collective impact on the environment is improving technology, slowing population growth, and changing global culture. Change must come from a combination of all three. Since the Bank is driving ‘Sustainable Growth’, it always remains in our mind that “Sustainability ensures the future of life on Earth, and it’s an endless endeavor to create Economic, Environmental and Social benefits.”



Mohammad Nazmul Hossain, FCA
 Certified Sustainability Reporting Specialist (CSRS)

Sustainable Banking

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

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

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

Organizational Structure for Sustainable Banking & Green Initiatives

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

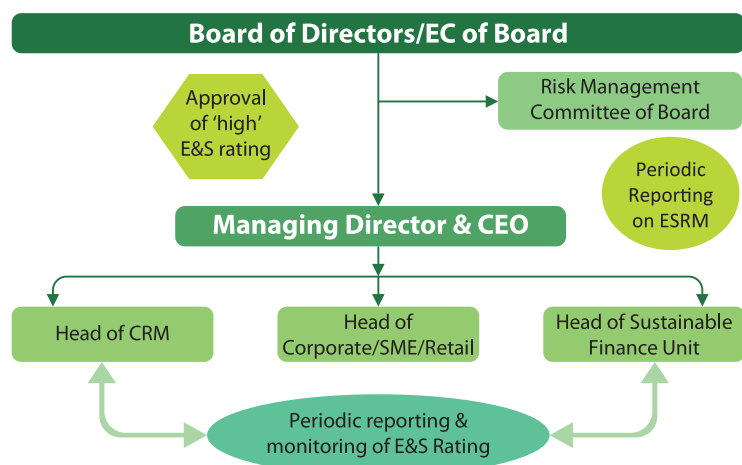
As per BB guidance, the Risk Management Committee of Board is entrusted with the following responsibilities regarding Sustainable Banking & Sustainable Finance (Green Banking & CSR) of the Bank:

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

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

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

Organizational structure of ESRM:



Sustainable Finance Committee

The Sustainable Finance Committee (SFC) of the Bank formed as per the approval of the Risk Management Committee of the Board in the 10th meeting held on March 27, 2017 in compliance to the SFD Circular No.02 dated December 01, 2016. The incumbent officials of the committee are noted below:

Sl. No.	Incumbent Officials	Position in the Committee
1	Deputy Managing Director & CBO	Chairman*
2	Chief Operating Officer (COO)	Member
3	Head of SME & Retail Banking	Member
4	Chief Risk Officer (CRO)	Member
5	Head of International Division	Member
6	Head of Human Resources Division	Member
7	Head of Finance & Accounts Division	Member
8	Head of BDMD (Corporate)	Member
9	Head of Internal Control & Compliance Division	Member
10	Head of ICT Division	Member
11	Head of Operations Division	Member
12	Head of Credit Administration Division	Member
13	Head of Credit Risk Management Division	Member
14	Deputy Head of RMD & Focal Point Official of SFU	Member Secretary
15	Head of Card Division	Member
16	Head of Common Services Division	Member
17	Head of Branding, Communications & Marketing (PRD)	Member

Green Banking Report

“Green Banking” means operating banking business in such a fashion that proper and adequate attention is allocated in social, ecological and environmental factors of environment by minimizing conservation of nature and natural resources. “Green Banking” is a form of banking taking into account the social and environmental impacts and their main objects are to safe-guard and conserve the environment. As the intermediary of financial sector, banks can ensure that business entities adopt environment-friendly practices. The main objective is to reduce carbon footprint from banking operations as well as from financed projects.

Bangladesh Bank’s initiatives

Sustainable Finance Department of Bangladesh Bank is engaging and encouraging all Banks and NBFIs to expedite their green banking initiatives and standards. The necessary policy guidelines and strategies for Banks and NBFIs have been disseminated by the central bank which encompasses policy formulation and governance, incorporation of environmental & social risks into credit risk management, in-house environmental management, introduction of green finance, creation of a climate risk fund, capacity building through training and awareness along with periodical regulatory reporting on green banking practices.

Moreover, the Government of Bangladesh has taken initiatives to implement Sustainable Development Goals (SDGs) at national level which was announced by the United Nations to implement at global arena. In line with that, Honorable Prime Minister of Bangladesh has also instructed all to participate in combined manner to accomplish SDGs. In this connection, to bring stability in financial sector, Bangladesh Bank has instructed the Banks & NBFIs (vide SFD Circular No. 02 dated December 01, 2016) to:

- 🌱 Establish a Sustainable Finance Unit
- 🌱 Establish a Sustainable Finance Committee chaired by senior most Deputy Managing Director.
- 🌱 Ascertain the Terms of Reference (TOR) set by Bangladesh Bank for Sustainable Finance Unit and Sustainable Finance Committee in the Bank.
- 🌱 Risk Management Committee (RMC) of the Board of Directors to oversee the formulation of policy, set strategies and programs and monitor the overall activities related to Sustainable Banking and Sustainable Finance (Green Banking & CSR) programs.

Green Activities:

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

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

By this time the Bank has adopted Phase I (develop green banking policies and show general commitment on environment) and Phase II (develop sector specific environmental policies, set green targets to be achieved through strategic planning, setting up green branches, improved in-house environment management, environmental risk management plan and guidelines, disclosure and reporting of green banking activities). The Bank has established Sustainable Finance Unit in 2017 dissolving the Green Banking Cell and CSR Desk of the Bank as per the SFD Circular No.02 dated December 01, 2016.

Green banking & sustainable performance highlights in 2019

Performance criteria	Achievement of the Bank	MMBL Standing
Gender diversity among permanent employees	Permanent employees include 435 male and 93 female i.e. 17.61% female employees as of December 31, 2019.	The Bank has no gender prejudice and treats all the employees and customers fairly and equally.
Training	One training on green banking was conducted during the year 2019 and 30 employees of the Bank attended the training.	The Bank believes in training and development for all the employees for sustainable banking and state of the art servicing.
Green finance	The bank had green finance of Tk.743.24 million in 2019.	The Bank is committed to increase the portfolio over the years.
Climate Risk Fund	The Bank had no funding for climate risk fund during the year 2019.	We are committed to help the society in return as a corporate entity.
Online Banking	All 41 branches (2019) of the Bank are operating through online coverage.	The Bank believes in hassle-free banking for the customers for the ultimate success.
SMS Banking	The Bank facilitates SMS alert services to 78% of total deposits accounts.	The Bank is on the way to introduce full-fledged SMS Banking soon.

Performance criteria	Achievement of the Bank	MMBL Standing
Internet Banking	Total user of internet banking was 790 during the year 2019.	The Bank has target to increase the usage of internet banking significantly in the coming years.
Smartphone app based Banking	The Bank started smartphone app based services 'Modhumoti Bank Digital Banking-GoSmart' during the year 2019 which was inaugurated on September 19, 2019.	The Bank believes that the major portion of the customers are highly tech-savvy which can be used for increase the off-the premises banking services.
ATM Booth	The Bank has total 42 booths across the country and have access to all the ATM booths through NPSB services of Bangladesh Bank.	The customers can withdraw required cash amount 24/7 using ATM/Debit and Credit card.

Other Green Banking Initiatives of MMBL

Topic (Automated Banking)	Year 2019		
	Rural	Urban	Total
Number of ATMs	25	17	42
Number of Branches with Online Banking	20	21	41
Number of Internet Banking Users	36	754	790
Total Number of Accounts	66,595	98,830	1,65,425
Number of Branches Powered by Solar Energy	2	0	2
Number of Agent Outlets	366	0	366

Social Development

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

In this aspect, Modhumoti Bank Limited has taken a number of initiatives including opening of Tk.10 account for the marginal farmers, employment of 687 employees including 149 support staffs, CSR expenditure for the society, opened 366 Agent Banking Points (as on 31.12.2019) for bringing unbanked population in the formal banking channel.

Environmental & Social Risk Management

The ESRM Policy of the Bank has been outlined as per the Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh issued by Bangladesh Bank through SFD Circular No.2, dated February 08, 2017. The policy has duly been approved by the Board of Directors of the Bank.

The Policy has been introduced to analyze relevant Environment & Social (E&S) risks and incorporate appropriate risk mitigation measures in overall credit management to be able for expanding the credit portfolio rather than avoid investing in high E&S risks.

The ESRM Policy of the Bank has been incorporated in the Bank in order to

- incorporate environmental risk in overall credit management;
- fortify the risk management process and structure of the Bank;
- integrate ESRM considerations into the Bank's credit and investment decision-making processes;
- fully implement and comply with regulatory and national requirements for E&S risk management of the country;
- promote greater transparency and accountability on E&S issues internally and externally through disclosure and reporting.

Online & SMS Banking

The customers can transact online through all the branches of the Bank i.e. 100% online banking network. The internet banking of the Bank is also getting momentum. Presently 74.79% of the total accounts are facilitated with SMS Banking, which is targeted to reach to 100%. In addition, the Bank has already been connected to the National Payment Switch of Bangladesh (NPSB) which enables the Bank widely through almost all the ATM Booths of the country.

Corporate Social Responsibility

In the context of Banking, Corporate Social Responsibility is the commitment of the Bank to the stakeholders in conducting business in an economically, socially and environmentally sustainable manner that is transparent and ethical so that stakeholders are not negatively impacted for the activities of the Bank. Bangladesh Bank CSR Guideline is the guiding principle in designing our CSR roadmap. MMBL prioritizes on long-term programs rather than the short-term ones that have sustainable and lasting impact on the people and society of the country.

Our system of corporate governance provides the basis for the responsible management, transparency of processes and compliance to regulatory bodies with a focus on sustainable value creation. Since inception, the Bank actively participated in many endeavor as part of the CSR activities of the Bank. Sustainable Finance Unit of the Bank presently looks after the CSR activities of the Bank including regulatory reporting. The Bank has a well-defined policy titled 'Corporate Social Responsibility (CSR) Policy of Modhumoti Bank Limited' with the following objectives:

- 🌱 The policy will act as the guiding principles for implementing CSR initiatives of the Bank;
- 🌱 The philosophy and spirit of corporate social responsibility is to get embedded in the core values of the Bank;
- 🌱 The Policy will help to create awareness of the responsibility of the Bank regarding CSR activities among the stakeholders;
- 🌱 The adoption of CSR activities and performance (in CSR) of the bank are being treated as an additional indicator for Management's efficiency which reflects in CAMELS rating;
- 🌱 Actively participated in achieving the Sustainable Development Goals (SDGs) by the Government of the country by 2030.
- 🌱 Observing environment related laws and regulations and working for healthy development of the society.
- 🌱 Maintaining high compliance standard in regard to all relevant laws and regulations of all regulatory bodies.
- 🌱 Supporting art, education, sports, culture, healthcare etc.
- 🌱 Enhancing shareholder value by optimizing financial performance at a competitive cost.

The Bank has following indicative areas for CSR initiatives as recommended by Bangladesh Bank:

CSR Initiatives	Indicative CSR Allocation
Education	30%
Preventive and curative healthcare	20%
Other areas	50%

However, the actual expense may vary against the indicative allocation of CSR expenditure. Approval for this variance is taken from the competent authority.

Expenditure as Corporate Social Responsibility (CSR) in 2019

The Bank contributed a total sum of Tk. 23.10 million in 2019 for the purpose of CSR in a number of local initiatives. The detail of the contribution is appended below:

In million Taka

Particulars	2018	2019
Education: Contribution for development of education institutes	6.50	1.70
Preventive and Curative Healthcare	1.60	0.65
Others	11.30	20.80
Total	19.40	23.10

Disaster Management and our commitment

The Bank always stands by the people in need and reaching out to them in crisis. Our society is our first preference, be it distributing blankets to cold-hit people of the country, reaching out relief to flood-affected people, or responding to any national emergency. In 2019, the Bank has contributed Tk.4.47 million to the Honorable Prime Minister's Relief Fund for the flood affected people of the country and also contributed Tk.2.00 million directly to the flood affected people.



The Bank contributed Taka 25 lac to the Honorable Prime Minister's Relief & Welfare Fund to support the victims of Churhatta fire tragedy under CSR activities of the Bank. Mr. Humayun Kabir, Chairman of the Board of Directors of Modhumoti Bank Limited handed over the cheque to the Honorable Prime Minister Sheikh Hasina. Mr. Shaikh Salahuddin MP, Vice-Chairman of the Board of Directors of the Bank was also present.



Modhumoti Bank Limited distributed relief materials to the flood affected people of Nagarpur and Delduar areas of Tangail under CSR activities of the Bank on Wednesday, 31st July 2019. Mr. Ahasanul Islam Titu, MP (Tangail - 6) inaugurated the distribution program of the relief materials to the flood affected people. Upazila administration, Nagarpur provided full support to the relief program. Officials of the Bank and local elites were present in the program.



Modhumoti Bank Limited donated 15,000 Pcs of blanket to the Honorable Prime Minister's Relief Fund for onward distribution to the destitute and cold affected people of the country on Saturday, 2nd November 2019. In presence of Honorable Prime Minister Sheikh Hasina, sample blanket was handed over. Mr. Shaikh Salahuddin, MP, Vice-Chairman of the Board of Directors and Mr. Md. Shafiu Azam, Managing Director & CEO of the Bank were present.

Community Investment

Modhumoti Bank Limited also contributes to economic and social development through initiatives and programs that support the community. We believe that the most rewarding investment is investing for the society. As a responsible corporate, we ensure that our CSR activities are anchored on the principle of 'Building Social Capital'. The Bank donated Tk.1.42 million to the Bangladesh Archery Federation for the improvement of the sport 'Archery' in the country. The Bank also donated 100 wheelchairs for commuting physically challenged passengers of Biman Bangladesh Airlines.



Modhumoti Bank Limited sponsored 100 Wheelchairs for the physically challenged passengers of Biman Bangladesh Airlines Limited on 5th May 2019 at Biman Head Office, Dhaka under CSR program of the Bank. Mr. Md. Shafiqul Azam, Managing Director & CEO of Modhumoti Bank Limited handed over the Wheelchairs to Air Commodore Md. Mahbub Jahan Khan, BPP, psc (Retd), Director Marketing & Sales, Biman Bangladesh Airlines. Among others, Mr. Kazi Ahsan Khalil, Deputy Managing Director & CBO of Modhumoti Bank Limited, Mr. Md. Atique Sobhan, Director- Customer Services, Biman Bangladesh Airlines and high officials from both of the organizations were present.

Support for Educational Institutions

Education is the backbone of a nation. To create good citizens for the nation, we supported educational institutions in improving their educational environment. In 2019, we spent TK. 4.50 million in different institutions are as follows:

In million Taka

Sl. No.	Name of Institution	Amount
1	Noor-E-Alam Chowdhury Secondary School.	1.00
2	Lake Circus Girls High School	0.10
3	Mama Bari Trust (Children charity trust)	0.10
4	'Dinwali Madrasah Complex'	0.50
Total		1.70

Preventive and Curative Healthcare

Health is one of the prime parameters to indicate the development of a nation. The need for healthcare is increasing everyday due to rapid growth of population. MMBL has identified health care as a priority sector and contributed Taka 6.50 million as a part of Bank's CSR activities.

Other Social Projects

In million Taka

Sl. No.	Name of Institution	Amount
1	Dhanmondi Cricket Academy (DCA)	0.50
2	'Baitul Aman Jame Masjid'	1.00
3	Nirala Koboristan jame Masjid	0.40
4	Bangladesh Archery Federation	1.63
Total		3.53

Contribution to National Exchequer

Contribution of the Bank to the national exchequer in 2019 is noted below:

In million Taka

Sl. No.	Particulars	Amount
1	Excise duty	56.07
2	Withheld tax	512.01
3	VAT	91.38
4	Corporate income tax	720.08
Total		1,379.54

Environmental aspect

The Bank believes that every small 'GREEN' step taken today would go a long way in building a greener future. As an environment responsive bank we initiated Go Green campaign in our Bank. After reducing the use of electricity and paper at the office, the Bank is now gearing up for carbon trading to show its commitment to environment-friendly funding. Some of our branches and ATMs of the bank are now run partially on solar power. The Bank also ensures that customers having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities.

Social Aspect

a) Empowering women

Empowering women to participate fully in economic life across all sectors is essential to build stronger economies, achieve internationally agreed goals for development and sustainability, and improve the quality of life for women, men, families and communities. The Bank has special products for women entrepreneurs at special discounted loan pricing to provide growth support. Women clients can avail Modhumoti Labonnyo Loan up to Taka 0.08 million without any collateral security and up to Taka 5.00 million with collateral under SME Loans. It is to be noted that the outstanding loan for women entrepreneur was Taka 22.60 million as of December 31, 2019.

b) Community Services

To serve the community as part of our responsibility, we have introduced Agent Banking services and till 2019 we have established 366 digital points across the country. The agent points are located in the Union Digital Point which facilitate less privileged population segments and underserved economic sectors of the country. The Bank facilitates the freedom fighters and women with higher interest rate for deposits and lower interest rate for loans. The Bank is serving the underprivileged people especially who get allowances under Social Safety Net of the Government through opening bank accounts through agent points of the Bank in Gopalganj. The Bank also sponsors different sports and individual adventure for enriching the image of the country.

Source of Inspiration



Mr. Ferog Sarder is receiving Appointment Letter from Mr. AKM Enamul Haque Shamim, MP & Deputy Minister, Ministry of Water Resources and Mr. Sheikh Fazle Shams, sponsor shareholder of Modhumoti Bank Limited. Mr. Shaikh Salahuddin MP, Vice-Chairman, Barrister Sheikh Fazle Noor Taposh, Chairman, Executive Committee, Mr. Mostafa Kamal, Chairman, Risk Management Committee, other Directors, Sponsor Shareholders along with Mr. Md. Shafiqul Azam, Managing Director & CEO of the Bank and high officials were present on the occasion.

I am Ferog Sarder, now working as Trainee Assistant Officer (Cash) at Modhumoti Bank Limited since September 22, 2019. I lost my right hand in a road accident on 28.06.2019 while returning after attending a written examination for being selected as Primary School teacher. I had been studying MSS at Rajshahi College during that time. It was very difficult time for me as my family and I were very anxious regarding my future and couldn't find out any solution. Financial condition of my family was not good enough for which I had been suffering from frustration besides my physical sufferings.

But Almighty Allah gave me way out. Knowing the news of accident from daily newspapers, the management of Modhumoti Bank Limited instructed the concerned officials of the Bank to take necessary information about myself. After getting sufficient information from the Principal of my college (Rajshahi College), I had been informed to attend at Head Office in the respective date and time. Thereafter completing all formalities related to recruitment I have been appointed as Trainee Assistant Officer (Cash) and subsequently got posted to Rajshahi Branch of the Bank. I was permitted to take seat in the MSS examination what I missed due to the accident.

I am very much grateful to the Honorable Board of Directors as well as the Honorable Managing Director & CEO of Modhumoti Bank Limited for recruiting me as a permanent employee. I feel proud to become a member of MMBL family. Now I am continuing my study as well as also providing financial support to my family which was unthinkable to me. But, it has come true due to the generosity of Modhumoti Bank Limited. Now I can dream up to live in the earth. I would like to express my deepest gratitude to Almighty Allah for giving me the opportunity to work at Modhumoti Bank Limited after having severe blow in my life.

Every moment, I pray to Allah for the wellbeing of Modhumoti Bank family.

Integrated Reporting



Welcome to our **Integrated Reporting**

Integrated Reporting primarily focus on establishing a correlation between a Bank's business activities and its impact on society in terms of 'value addition'. It communicates stakeholders of a Bank about the effect of banking activities on social and relationship capital. This report is prepared around MMBL's story of value creation. The crucial features of our value creation process are the different forms of capital that provide the inputs, and the value creating actions that result in outputs and outcomes, while the entire process is driven by Bank's governance. The description of the context and framework of our reporting is stated below:

The companies Act, 1994, the Bank Companies Act 1991, Bank Bangladesh regulations & other regulatory guidelines require that the Bank will publish its annual report within a specified period after the end of its every financial year. It also stipulates particular requirements and disclosures that must be integrated in the annual report. In parallel, the Board's commitment to stewardship demands transparency on matters related to stakeholders. The aim of our integrated reporting approach is to enable our stakeholders, including investors, to make a more informed assessment of the value of MMBL and its prospects as this report is organized around our story of value creation. It also covers risk and the aspect of conformance. In totality, this reporting ensures accurate measurement of operational, financial and sustainable performance against our strategy and the matters we consider to be most material to the sustainability of our Bank, in a concise manner that ensures comparability with the industry and beyond.

The Financial Statements of the Bank as at 31 December 2019 have been prepared in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs). In addition, the Bank has followed relevant criteria mentioned in the framework issued by the 'International Integrated Reporting Council (IIRC)' and the guidelines issued by the 'Institute of Chartered Accountants of Bangladesh (ICAB)' in the form of 'Integrated Reporting Checklist'.

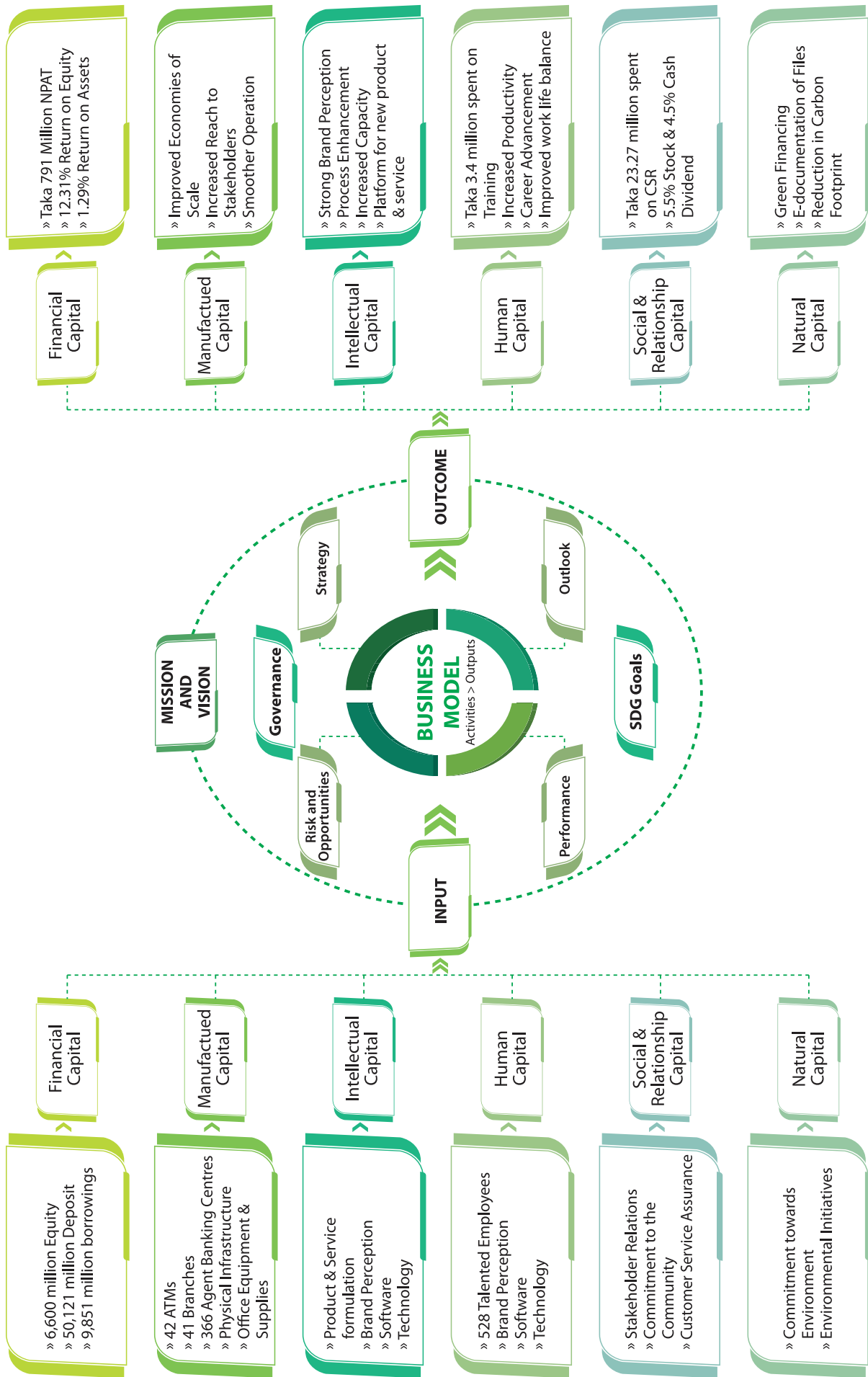
Responsibility over the Integrity of the Integrated Report

I acknowledge our responsibility to ensure the integrity of this Integrated Reporting part of Annual Report 2019, which addresses all material issues and presents fairly the integrated performance of Modhumoti Bank Limited. As per guideline & framework of Integrated Reporting, we have tried to presented briefly some information which is relevant to our key stakeholders including our employees, regulators, clients and communities to learn about 'value creation' through our banking activities.



Md. Shaful Azam
Managing Director & CEO

Value Creation in 2019



Discussion on Integrated Reporting

Banks have always played an active role in the economic and social development of countries by having the ability to select investment projects, manage risks, and decide who has access to capital and what activities are financed. By performing this function, these institutions have a huge impact on society and consequently on sustainable development. In the recent era, banks are increasing their social responsibility practices, reinforcing their credibility and the trust that their stakeholders have in them.

Through 'Integrated Reporting' we make an effort to inform all of our stakeholders a vivid story of our commitment towards value creation. Evolving around the value creation process, this brief report focuses on intensity of the competition created by the environment, effects of macro environmental forces, SWOT analysis and business model to capitalize the competitive advantages.

This integrated report covers the period from January 01, 2019 to December 31, 2019 and corresponds to the 'capitals model' of value creation, adopted by the International Integrated Reporting Council (IIRC) in the International Framework. Based on our understanding of IIRC's guidelines, our report explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long term.

Competitive Intensity and our response

In Bangladesh, a country with GDP size of Taka 31,718 billion, the banking industry is fiercely competitive and has a total of 60 scheduled banks, 5 non-scheduled banks and 34 NBFIs as at the end of 2019. Moreover, the banking industry in Bangladesh is continuously exposed to numerous risks, both internally and externally. In this backdrop, it is utmost imperative for any Bank to identify the risk factors and competitive forces that shape the banking industry. As we envision to gradually expanding our operations amid this intense competition and acute risky environment, Modhumoti Bank Limited has also adopted a risk identification and mitigation framework. This not only protects the Bank from adverse conditions but also helps enhance its operational viability and sustainability.

We have depicted our risk framework through:

- 🌱 Michael Porter's risk analysis structure;
- 🌱 PEST Analysis;
- 🌱 SWOT analysis

Michael Porter's Risk Analysis Structure

In 1979, Harvard Business Review [HBR] published 'How Competitive Forces Shape Strategy' by a young economist and associate professor, Michael E. Porter. In subsequent decades, Porter has brought his signature economic rigor to the study of competitive strategy for corporations, regions, nations, and, more recently, health care and philanthropy. 'Porter's five forces' have shaped a generation of academic research and business practice.

Threat of New Entrants: High

A number of new banks and NBFIs have entered the already crowded financial services industry over the couple of years. Meanwhile, few other banks are currently waiting for approval which reveals that the threat of new entrants is reasonably high. A number of foreign institutions are now providing funding facilities to local companies at lower rate of interest with easier terms and conditions. In the future, many more foreign banks and financial institutions may also enter the market. This entry of newcomers again would further intensify the competition. The switching cost of customers is also low as given incentives by new entrants.

Threat of Substitute Products: Moderate

In addition to the threat from the new entrants, MMBL's most significant threats regarding substitution stem not only from local banks but also from the non-banking financial sector. Many of these institutions have already started offering specialized financial services that were previously only provided by the banks. Additionally, for some segments, there exists a threat from institutions beyond the financial sector; for instance, in case of high ticket white good products, some of the home appliance suppliers offer the products on installment payment basis, removing the need to get a financier's involvement.



Competitive Rivalry: High

The Bangladeshi financial services industry is marked by high level of competition with 60 banks and 34 NBFIs operating in the space. The level of loyalty of customers is low and switching cost is low due to the high number of banks operating in Bangladesh which engaged in price wars among themselves.

Buyer Power: Moderate

The buyer's power has been increasing due to low switching cost for presence of higher number of banks in the industry. Despite being faced with liquidity issues, the large corporates and conglomerates exercise a high buyer power as they are extremely rate sensitive. Price wars among the financiers enable them to exercise such power. As our Bank has requirement to focus on corporate loans more due to limited resources as a new bank, the Bank is fronting intense buyers' power. SME and retail businesses have generally been less rate-sensitive; however, rising competition in this market segment have made it considerably more price-sensitive.

Supplier Power: High

Depositors are the main supplier of funds for the banking industry, whose bargaining power is strong in Bangladesh as the banking industry is facing a chronic liquidity crisis over the years (from mid-2017 to till date). As a result, depositors are now in a position of power as different banks approach them with high interest rates. Moreover, the depositors on the other hand had a tough time with return from deposits often lagging the inflation rate, thereby being subjected to a negative real return on their deposits. This prompted depositors to look for other avenues such as National Savings Certificate (NCS), Equity Investments and so on.

PESTEL Analysis for the macro environment

The PEST analysis is usually undertaken for understanding the external environment in the context of banking sector which the industry operates in. Generally, external factors are out of the industry's control and the industry need is to be aware of them to adapt itself for exploit opportunities and to avoid the threats in the environment.

- P - Government is responsible for protecting the political stability, public interest, consumer protection and regulations of business activities.
- E - Competition for resources, competitor activities, savings, unemployment.
- S - Work life balance, lifestyle, trends in consumer behaviors and leisure.
- T - Technology develops new products, improved communication and internet.
- E - Environmental Safeguard, Green Products (Green Banking).
- L - Government rules and regulations, Laws, Tax system, Traffics.

Macroeconomic Factors	Impact on Industry	Our Front
P-Political Factors		
In political stability ranking, Bangladesh is getting higher ranks. This indicates that although Bangladesh is affected with political instability at some points of time, it is now taking all necessary steps to ensure a sound environment for countrymen, non-resident Bangladeshi people as well as foreign investors. We hope that stability on the political front will prevail in the near future. Political stability will encourage the entrepreneurs to borrow more to meet their growing demand of investment.	In the hope of continuous political stability, it is expected that entrepreneurs will be starting investment again. The demand of loans and advances will increase and pressure will be put on liquidity. Implementation of mega projects will also exert pressure on the liquidity from the public sector.	The Bank Management will continuously assess the political situation and adapts its business strategies accordingly. Management prioritizes the control of NPL amid the expected growth of the loan portfolio. More robust due diligence will be conducted for loan proposals from PEPs (Politically Exposed Person).

Macroeconomic Factors	Impact on Industry	Our Front
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E-Economic Factors		
In 2019, GDP growth rate hit 8.13% which was the highest ever in history of the country's economy. GDP growth is increasing with a stable pace over the last few years. Interest rate will likely to remain high because of excess fund requirement from both public and private sector. Inflation is also in the higher trend. Import of capital machineries for implementation of the mega project may deter the exchange rate to go down.	To accommodate the fund requirement by the lenders, banks have to allure the borrowers with high interest rate to augment their deposit base, thus the overall spread of the sector is expected to be declined, especially in such situation when the Government has intension to lowering lending rate with 3% spread.	The Bank is focusing on attaining a favorable CASA ratio by mobilizing low-cost or no-cost fund. Management has been working at high scale to tilt its loan and advance portfolio to SME and Retail sector from last few years which will continue for upcoming years. These two efforts from the Bank will help to attain a favorable interest rate spread.

S-Social Factors		
The lifestyles of the citizens improved a lot as per capita income is now approximately USD 2,064. But still village farmers earn no more than USD 500 in a year which indicates irrational distribution of wealth. Advancement of the information technology also played a crucial role in the lifestyle. As the literacy rate going up, customers are becoming more and more sophisticated.	As income level of the citizens is improving, the use of financial services is increasing day by day. On the other hand, as the unequal distribution of wealth persists, concept for 'inclusive banking' should get the utmost importance. Customers desire a seamless banking has been evidenced by the flourish of Mobile Financial Services.	Modhumoti Bank in its effort to reach the unbanked people of the country is vigorously pursuing Agent Banking Operations. The Bank is also planning to invest more in technology to improve the customers' experience with the Bank. The Bank is ready to capitalize the technological innovation through introducing more and more customer friendly products. The Bank is committed to invest in CSR and other social initiatives.

T-Technology Factors		
Technological advancements have made customers more sophisticated and altered expectation levels. And technological development is growing fast as government invests at large scale to make IT infrastructure in the country.	Technological advancement has become a decisive factor to gain competitive advantage. Banks need further investment and improve operational efficiency to meet up the demand of customers following the regulatory rules and regulations.	The core banking software, Bank Ultimus, has been updated regularly to ensure smooth day to day operation of the Bank. Moreover, the Bank is committed to ensure updated service through internet banking, SMS banking, BACH (Automated Clearing House), Electronic Fund Transfer (EFT) etc.

Macroeconomic Factors	Impact on Industry	Our Front
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E-Environmental Factors		
There is growing focus on green or, more broadly, sustainable finance, both in financial markets and in the international political arena.	A separate Unit namely Sustainable Finance Unit (SFU) has been created by Bangladesh Bank which is engaging and encouraging all banks and FIs to step-up their green banking initiatives and standards. Regulatory monitoring has also been increased on green financing. Bangladesh Bank has also introduced green banking policy and Environmental and Social Risk Management Guidelines for all banks.	Modhumoti Bank Limited is committed to sustainable development through the creation of long-term value with respect to the environment, stakeholders and the community. The Bank has also incorporated the 'Green Banking Policy' and 'Environmental & Social Risk Management Policy' as part of environmental due diligence.

L-Legal factors		
Banking industry is probably the most regulated industry of the country. The industry is now facing with tighter rules and regulations and application of these are considerably more standardized and stringent than ever before.	The banking industry is regulated under the Bank Companies Act 1991 as amended up to the date, Bangladesh Bank circulars and guidelines, and the listing regulations and securities laws of the country. A Bank is also required to comply with the Companies Act 1994, Income Tax Ordinance and Rules 1984, Value Added Tax Act and Rules etc.	Since inception, Modhumoti Bank Limited has established a good image among all the stakeholders by complying all the applicable rules and regulations. The Bank is committed to value rules and regulations, and conduct compliant business practices for a sustainable growth in terms of asset and profitability.

SWOT Analysis

Strengths	Strengthening Further
The ownership structure of the Bank is a perfect mixture of visionary individuals having long professional experiences and renowned corporate houses of the country. The Board consists with such personalities who possess success as well as respect in their profession, for which have influence over the society.	The Bank will always continue with such mix to achieve the vision of leading the new generation of local commercial banks by excelling in customer delivery through insightful empowered employees, smart use of technology and a full range of highest quality products and services.
Modhumoti Bank Limited is maintaining strong capital base since its inception and at the end of year 2019, the capital to risk weighted asset ratio of the Bank was recorded at 13.92%.	The Bank requires floating shares through IPO to comply with license terms, which will further boost up its capital base.
MMBL achieved a favorable Cost to Income ratio of 33.09% while the average Cost to Income ratio of all PCBs is above 75%	Management of the Bank is always vigilant to keep the operating expense in control and boosting operating profit.
The Bank is consistently maintaining the lower NPL ratio, which is 2.53% at the end of 2019, which indicates good asset quality of the bank.	Credit Approval process will be more stringent by conducting due diligence more rigorously and initiatives are being taken to recover the non-performing loan.

Strengths	Strengthening Further
The Bank has achieved steady ROA and ROE growth over the years, which are 1.29% and 12.31% respectively.	The Bank will continue to deliver impressive financial results, maintaining high returns for its shareholders.
Credit portfolio is diversified by multiple sectors and industries.	The Bank will maintain diversification process and minimal even industry exposure to minimize the credit risk.
Competent and experienced employees.	The Bank will continue recruiting talent officers and retain them and Invest in people for more development as they are the main assets of the Bank.
Rigorous practice of good corporate governance.	The Bank is continuing complying the regulatory rules and regulations for the improvement of the Bank.
Nursing a culture embracing changes.	The Bank nurtures strategy to embrace changing environment in terms of market, technology, demand etc. which give it strength to sustain in rapid and diversified challenges.

Weakness	Addressing our Weakness
Present Branch Network is comparatively weaker.	The Bank has planned to set up more branches in the year 2020, of which 3 new branches have already opened during reporting time.
CASA ratio of the deposit mix is not at optimum level.	Management of the Bank is pursuing a number of campaign to mobilize no-cost or low-cost fund.
The loan portfolio of the Bank is still concentrated in corporate segment and concentration to large loans is in higher side.	The Management is aware and prioritizing SME financing for which concentration to corporate segment as well as to large loans would get shrunk.
Management's delegation to approve loans is still limited for which much time required for approving loan application compared to other banks established in the year 2000 or earlier.	To overcome, presently Executive Committee of the Bank meets on regular interval and the Management has processed many loan proposals on post-facto basis under prudent guideline set by the Committee. The Higher Management is aware to overcome the situation and is expected to be resolved over time.

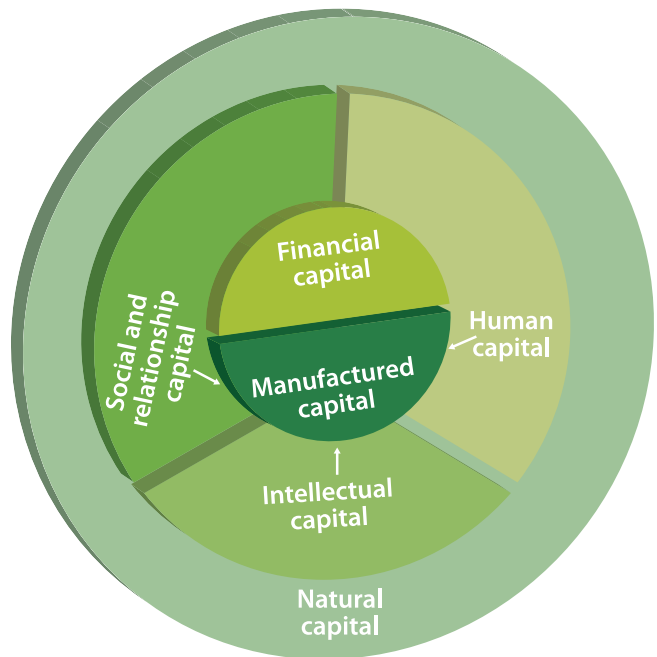
Opportunity	Capitalizing on Opportunities
Income level of the people of Bangladesh is increasing gradually, which is reflected to our continuous GDP growth, for which demand for financial services would be increased.	The Management is continuing with R&D activities and more new products and services would be introduced.
Remittance inflow in the country is almost continuously steady.	The Management is continuing with plan to grab market share through channeling remittances by Agent Banking operation as well as branches.
Introduction to subsidiaries as capital market intermediaries would diversify the revenue base.	The Board of Directors has already decided in principle to establish a subsidiary to operate as 'Fund Manager' and 'Asset Management Company'.
Availing low cost foreign fund	The Bank is pursuing foreign fund managers to avail low cost foreign fund. The Bank has already availed USD 5.5 million for its Off-shore Banking Unit from Symbiotics SA.

Threat	Countering Threat
Intense competition in corporate lending is driving commercial banks to focus more on SME and consumer financing.	The Bank is striving to reduce its dependency on corporate loans by disbursing more and more SME and Retail loans.
New banks and NBFIs who are newcomer in the market will increase competition.	The Bank is striving to improve customer satisfaction to increase their loyalty and switching cost.
The banking sector has at risk for cyber security attacks.	The Bank is committed to ensure top-notch cyber security with the growing use of state-of-the-art technology in banking transactions.

The Capitals Report

The Five Capitals Model is used to allow organizations to develop a vision of what sustainability looks like for its own operations, products and services. The vision is developed by considering what an organization needs to do in order to maximize the value of each capital. However, an organization needs to consider the impact of its activities on each of the capitals in an integrated way in order to avoid 'trade-offs'. Using the model in this way for decision-making can lead to more sustainable outcomes. Sustainable development is the best way to manage these capital assets in the long-term. It is a dynamic process through which organizations can begin to achieve a balance between their environmental, social and economic activities.

There are five types of sustainable capital through which an organization can deliver the goods and services it supposed to provide and competitiveness of that particular organization depends on the capability of how efficiently and effectively the different sorts of capital are being managed. An integrated report should deliver information about how the different forms of capital are being managed to the respective capital providers. Here is an effort to communicate the capital providers and other stakeholders about how the capitals are being utilized here at the Bank to produce the financial performance.



Financial Capital

Financial capital includes shareholders' equity, debt and reinvested capital and is a critical input in executing our business activities. For a Bank, financial capital is a core element in enabling the balance of interests of both deposit customers and borrowers. Also, returns generated by our business enhance our financial capital, which in turn is used to repay our investors in the form of dividend payments and the rest is retained to aid business operations and growth through enhancing other capitals. The Bank currently uses the following major financial capitals to create value in different time horizon:

Paid-up Capital

The paid-up capital refers to the amount that has been received by the company through the issue of shares to the shareholders. The paid up capital is Taka 4,746.00 million which played a significant role for creating value for the stakeholders.

Statutory Reserve

As per Bank Companies Act, a Bank requires to transfer 20% of its current year's profit before tax to statutory reserve until such reserve equals to its paid up capital. The Bank does comply with this requirement of law every year and as on 31st December, 2019, the statutory reserve of the Bank was Taka 1,371.22 million which was 28.89% of the paid-up capital.

Retained Earnings

Retained earnings refer to the percentage of net earnings not paid out as dividends to shareholders, but retained by the bank to be reinvested in its core business, or any other purposes. The retained earnings position of the Bank was Taka 478.54 million as on 31 December 2019.

Deposits

Currently a range of attractive products and services have been offered by the Bank. The major types of deposits are current deposits, bills payable, savings bank deposits, term deposits etc. Total amount of deposits of the Bank was Taka 50,121.00 million as on 31 December, 2019 of which current deposit including bills payable, savings & SND deposit and term deposit comprises of 11.61%, 16.88% and 71.51% respectively. Deposits are the key source of finance that played crucial role in value creation process of the Bank.

Manufactured Capital

Manufactured capital refers to the resources, media and channels used in providing financial services to the customers and reporting to regulatory bodies and other users. The tangible capital of Modhumoti Bank Limited consists of all the physical objects ranging from our branches & agent point units to the network and IT infrastructure such as the computers, equipment and supplies that we use in providing services to the clients.










The Bank has already been able to gain benefits of money spent on strengthening infrastructure. The Bank has established 41 branches and 366 agent banking points across the country till December 2019. The Bank will continuously invest in technology with the objective of delivering unmatched customer experience through technology. Further, the Bank is mindful of the requirement to maintain the state of art work environment within the Bank premises and continuously invest sufficiently in upbrining the existing premises to be in line with industry standards. Consequent to above initiatives the total amount invested in the Manufactured Capital of the Bank which are represented in the form of Fixed Assets stood at Taka 891.92 million as on 31 December 2019.

Human Capital

As a fourth-generation private commercial bank, Modhumoti Bank Limited believes that its people resources represent its biggest asset and will be the strongest competitive advantage in future to grow fast. Human capital consists of 528 colleagues of the Bank. Our human capital creates value through their passion, dedication and commitment in reaching the objective of the organization. To be a team builder, the HR of the Bank focuses in bringing the right talent for the right role and provides an open environment for the employees where focus is given on providing people the right training and right experience. The Bank also tries to retain and motivate the talents by choosing the right talent for the position while providing them with competitive remuneration and rewarding bonuses and incentives. The Bank also ensures proper diversity of staff with respect to gender, religion and ethnicity and respects their values equally.

Intellectual Capital

Modhumoti Bank Limited developed quite a number of intellectual capitals throughout this seven years journey which consists of knowledge-based assets such as licenses, software, copyrights, policies, procedures and protocols. Our intellectual capital creates value by gaining competitive advantages in the market and in the process to catalyze the growth of our organization. Here is a list of some intellectual capitals of the Bank:

-  Agent Banking License
-  Off-shore Banking Unit (OBU) License
-  Bank Ultimus (Core Banking Software)
-  Internet Banking Service
-  SMS Banking Service
-  SWIFT Operation
-  BACH (Automated Clearing House)
-  Electronic Fund Transfer (EFT)
-  Real Time Gross Settlement System (RTGS)

The above mentioned intellectual capital provides superior customer experience and solid brand image in congruence to business goals. These properties provide customers the most comfortable financial services in the quickest manner. Modhumoti Bank Limited is proactive to identify the best and upgraded intellectual capital and to make it available to customers at the soonest possible way.

Social and Relationship Capital

Our social and relationship capital involves the relationships we have created and nurtured with our stakeholders as well as the inter-relationships between them that enable greater value creation for all. Our active engagement with all our stakeholders creates sustainable value and helps us achieve our objectives in a mutually beneficial way. Our attitude to sustaining and enhancing customer capital involves managing customers' experiences and superseding their expectations with our products and services. Understanding client needs and aspiration allows us to gear up our supply chain better to finally deliver products that satisfy the customer. This is supported by our focus on regular engagement and ethical marketing. The Bank arranges events that bring various stakeholders on common platforms and committed to create partnerships with multilateral organizations to innovate financing solutions for underserved segments.

Natural Capital

Natural Capital refers to naturally occurring biological, physical, biophysical, chemical and mineral assets, as well as their interplay through healthy functioning ecosystems, on which all life depends. We require natural capital such as land and energy to deploy and operate our manufactured capital. The Bank is always committed to make energy-efficiency initiatives and creating awareness on optimized consumption of these resources.

Value Creating Business Model

Our business model seeks to create value for stakeholders in a sustainable way. In order to make optimum contribution across the value chain, we are careful to strike a balance between different stakeholder objectives. Our strategy is clear and simple. It defines the businesses that we will do and will not do. We use our resources to build competitive advantages. We have put in place a governance framework to ensure effective execution and risk management.

Throughout the value creation process, our various activities, in turn generate outcomes, which create value for our stakeholders and adds back to our inputs, be it in the form of profits, employee compensation, reduction in carbon footprint, process efficiency or other material outputs. In the process, we ensure our business activities are aligned with our core values and guided by our governance framework, and also that our strategies and risk mitigation efforts are in line and responsive to pressures from the external environment and market forces.

Strategy and Resource Allocation

To create value for our shareholders (long term capital providers) by attaining our short, medium and long term goals, the Management reviews strategies from time to time and the Bank has already chosen a set of strategic priorities for the year 2020. The implementation of these strategies in line with our short, medium and long term goals will require proper allocation of resources for the development of our capitals.

The strategic priorities will be achieved by doing following things:

- 🌱 Instill a culture that values excellent client experiences, ethical and fair conduct and market integrity;
- 🌱 Foster a "customer first" mindset in all employees at all levels and across every vertical of the company while improving service standards further;
- 🌱 Develop a culture that encourages innovation and challenges established processes, with a view to delivering excellent client experiences that differentiate us in a low-cost competitive environment;
- 🌱 Deliver new products and services to market quickly without compromising system stability;
- 🌱 Constantly leverage new technologies to meet changing client expectations and enter partnerships to drive innovation;
- 🌱 Ensure appropriate technical capability and skill to prevent our clients from being exploited;
- 🌱 Constantly monitor and anticipate criminal exploitation of our systems and cyber-attacks on cloud services, and deploy prevention and mitigation measures;
- 🌱 Increase the radius of coverage by each branch through technology adoptions that enhance mobility of sales, credit and collections colleagues;
- 🌱 Ensure that we have a diverse workforce with the right skills and capabilities to successfully execute our strategy;
- 🌱 Capacitate our people to perform in a world of rapidly changing client expectations, technology and ways of working;
- 🌱 Restrict NPLs within desired levels and review policies and processes to ensure portfolio quality in the backdrop of business growth objectives;
- 🌱 Focus on risk management on enterprise level;

- 🌱 Maintain an ethical and risk-aware culture that upholds our principles and values;
- 🌱 Focus not only on returns but also on the risk and capital requirements of these returns.

Resource allocation strategies to meet objectives

Our efforts always remain to undertake decisions with the view of long-term value creation for our investors. This means, occasionally, certain trade-offs are needed to be made between capitals in order to accommodate our long-term orientation. Mostly, these are in the form of financial investments made towards ensuring the development and sustainability of other capitals in a way that the resulting long-term returns will outweigh the short term costs. In other words, we allocate our resources to build on our various capitals with the view of enabling a sustainable growth engine. This resource allocation strategy is manifested in our approach of utilizing key capitals, the role of innovation and other considerations in strategy formulation.

Differentiators that provide competitive advantage to create value

Modhumoti Bank Limited believes that human resources with right attitudes can build up the most valuable assets for a Bank to put the organization on a competitive advantage which becomes impossible for other players in the industry to duplicate. Through its short journey since inception, MMBL has been working persistently with a view to transforming human capital into competitive advantage through exposure to appropriate training courses and development programs, both at home and abroad. It has created a congenial environment, where employees enjoy coming to work.

As a financial institution, we also see technology as a key component of business success. As mentioned previously, we plan to invest heavily in building on our tech infrastructure to transform our businesses while maintaining the quality of our assets and service standards for our stakeholders.

During the short journey, Modhumoti Bank Limited has definitely established its Social and Relationship Capital as one of its core competence. Positive reputation and quality relationship with customers, regulators, investors, suppliers of capital and communities is the foundation of our ability to generate revenue and profits and thus, made us the most reputed fourth generation bank.

Challenges in Executing our Strategy

Bangladesh has been experiencing more than 6% GDP growth over the last few years. Our rising per capita income, growing export basket, higher contribution in UN peace keeping force is a testament that we are rising as a nation. However, there remains a series of social, environmental, regulatory, technological and economic challenges to reach our long term goals.

The following challenges offer a broad forward looking view of what we need to manage as we carry out our strategy over the short to medium term as well as long term:

- 🌱 Non-Performing Loan (NPL) is a critical challenge for the banking sector of Bangladesh, and most of the banks are struggling to address the problem. The banking system is still burdened with an alarming amount of non-performing loans (NPLs) that make funds costlier and banks' operations riskier;
- 🌱 As an increasing number of Banks and NBFIs have started targeting the markets for Corporate Loans as well as SMEs and Retail Loans, margins have been shrinking in these segments;
- 🌱 Lack of a mature bond market and limited availability of other long-term funding create a maturity mismatch for most banks and NBFIs in the country that book long-term loan assets;
- 🌱 While Modhumoti Bank Limited is taking a number of process improvements in an effort to cost minimization for the year in review, the rate of OPEX growth is expected to catch up in 2020 to support the business growth of the Bank since it is a new bank;
- 🌱 The number of new financial services regulations continues to grow. The various ways in which new regulations are circulated within country can lead to uncertainty. Ensuring an efficient customers experience while adhering to regulatory demands is an ongoing consideration;
- 🌱 New technologies not only create opportunities but also introduce major new challenges. Cyber-attack is one of the challenges emerged out of technological development. Globally, cyber-attacks are increasing in number and sophistication, as is the utilization systems and people;
- 🌱 The advancement of new technology and the speed with which they are being adopted shifting customers' expectations to more highly customized yet affordable products and services than ever. Meeting up the ever changing customer expectations through delivering new product and service will be crucial challenges in the years to come.

Managing Associated Risks

Given the persistent volatile, uncertain and complex macroeconomic and geopolitical environments, amplifying the sense of risk both locally and globally as well as intensifying fierce competition from traditional and non-traditional competitors (principally fintech), at Modhumoti Bank, we continue to actively manage our top risks and regularly revise our mitigation plans in the face of any material developments. This enables us to capitalize on opportunities, while protecting from downside risks.

At Modhumoti Bank, strengthening corporate governance is believed to be essential to being competitive. In this context, regular review of policies is conducted to ensure that the company stays compliant to current standards while also anticipating possible ways of breach in the future. Moreover, the risks to which financial institutions are exposed are becoming more complex and diverse, heightening the importance of risk management. The Bank is working to strengthen and enhance risk management by gaining an accurate understanding and awareness of each type of risk, and to establish an appropriate risk management framework to maintain the soundness and adequacy of management and secure stable income.

External Assurance

Modhumoti Bank makes use of various independent service providers to get assurance on various aspects of the business operations including elements of internal and external reporting. The consolidated annual financial statements and the financial statements of the Bank for the year ended December 31, 2019 have been audited by M/s. MABS & J Partners, Chartered Accountants and an unqualified opinion has been expressed on those financial statements by the auditor. Bangladesh Bank inspection team audited the different operational units of the Bank including different divisions/units at Head Office and branches during 2019 and provided their observations and recommendation. The Bank got same credit rating from Credit Rating Agency of Bangladesh (CRAB) which is "A2" based on financial statements as at and for the ended December 31, 2019.

Value Added Statement

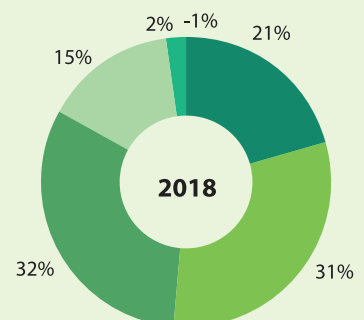
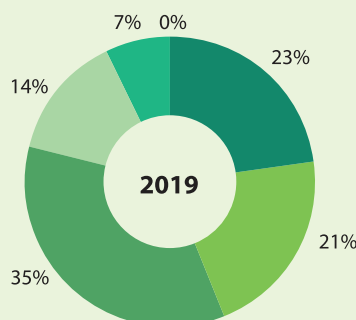
The value added statement for the Bank shows how the value is created and distributed among different stakeholders of the Bank. Value added to the Bank has stood at Taka 2,282.66 million at the end of December 31, 2019 as against Taka 2,189.14 million in 2018.

In million Taka

Particulars	2019 Taka	%	2018 Taka	%
Interest income	5,406.71		4,386.05	
Investment income	636.38		373.63	
Commission, exchange and brokerage	533.05		486.56	
Other operating income	89.53		62.23	
	6,665.68		5,308.47	
Less: Cost of services & suppliers				
Interest paid on deposits and borrowings etc.	3,560.47		2,501.71	
Rent, taxes, insurance, electricity etc.	83.21		152.73	
Legal expenses	0.49		0.39	
Postage, stamp, telecommunication etc.	27.06		25.43	
Stationery, printing, advertisements etc.	56.97		48.91	
Directors' fees and expense	1.81		1.46	
Repairs to bank's assets	15.27		13.10	
Other expenses	149.80		116.11	
	3,895.07		2,859.84	
Value added by banking services	2,770.61		2,448.64	
Non-banking income	-		-	
Less: Provision for loans & advances				
General provision on loans and advances	435.75		203.80	
Provision for Off-Balance Sheet Items	52.20		55.70	
	487.95		259.50	
Total value added	2,282.66		2,189.14	
Distribution of value addition to:				
Employees as salary and allowances	532.95	23%	455.93	21%
Provided as dividend	474.60	21%	678.00	31%
Government as income tax	798.35	35%	700.44	32%
Expansion & Growth:				
Statutory Reserve	317.93	14%	336.49	15%
Depreciation	160.06	7%	50.76	2%
Retained Earnings	(1.23)	0%	(32.48)	-1%
	2,282.66	100%	2,189.14	100%

Distribution of value addition

- Employees as salary and allowances
- Provided as dividend
- Government as income tax
- Statutory Reserve
- Depreciation
- Retained Earnings



Economic Value Added Statement

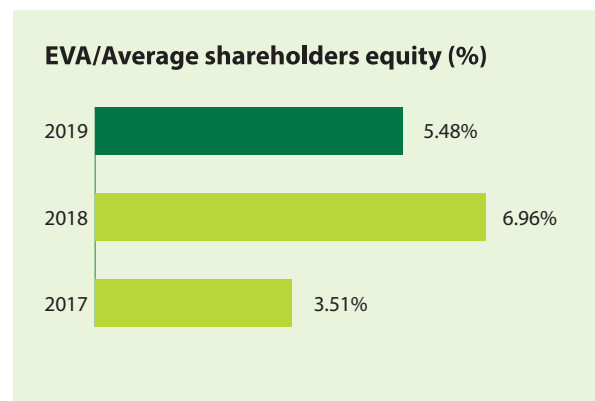
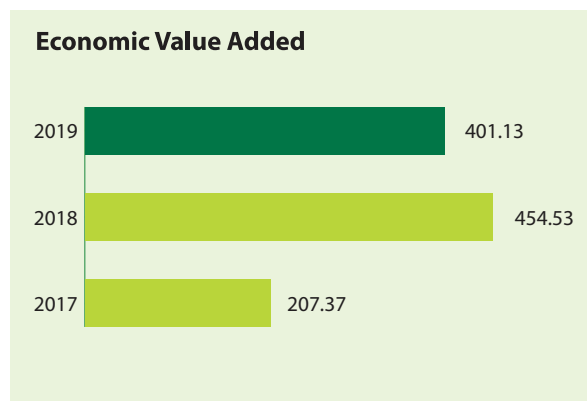
Economic value added (EVA) is the financial performance measure of true economic profit of an organization. It provides measurement of a company's economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well a company has added value for its investors and it can be compared against company's peers for a quick analysis of how well the company is operating in its industry. Economic value added is calculated by taking a company's net profit after tax, adding with it, the amount of provision charged to absorb the probable losses intrinsic in the investments. EVA is calculated as under:

In million Taka

Particulars	2019	2018	2017
Shareholders' equity at year end	6,599.55	6,256.91	5,731.11
Accumulated provision	1,112.34	666.54	407.04
Average shareholders' equity	7,317.67	6,530.80	5,902.31
Cost of equity (%)	12.00%	12.05%	12.11%

Economic Value Added			
Net profit after (before provision)	1,279.25	1,241.49	922.14
Less: Cost of equity	878.12	786.96	714.77
Economic Value Added	401.13	454.53	207.37

Key Ratios			
EVA/Operating revenue (%)	12.92%	16.19%	9.23%
EVA/Average shareholders equity (%)	5.48%	6.96%	3.51%
Net profit after tax/Operating revenue (%)	25.48%	34.99%	33.22%



Signing Audited Financial Statements



Humayun Kabir
Chairman



Shaikh Salahuddin, MP
Vice Chairman



Barrister Sheikh Fazle Noor Taposh
Director



Md. Shafiqul Azam
Managing Director & CEO

Financial Statements



Independent Auditor's Report

To the Shareholders of Modhumoti Bank Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Modhumoti Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account, cash flow statement, statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2019, and of its profit and loss account, its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note#2 and comply with the Companies Act, 1994, the Banking Companies Act, 1991 (as amended up to date), rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

Basis for opinion

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

Other matter

The Financial Statements of the Bank as at and for the year ended 31 December 2018 were audited by A. Qasem & Co. who expressed an unmodified opinion on those statements on 20 May 2019.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter with those charged with governance.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRS as explained in note" 2, and for such Internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 (as amended up to date) and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management function of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, for gery, intentional omissions, misrepresentations, or the over ride of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In accordance with the Companies ACT, 1994, the Banking Companies Act, 1991 (as amended up to date) 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 informing the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control;
 - a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
 - b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank.
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- (iv) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (v) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vii) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) Adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the information and explanations required by us have been received and found satisfactory;
- (x) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 985 person hours for the audit of the books and account of the Bank; and
- (xi) capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka
27 June 2020


Nasir Uddin Ahmed FCA
Senior Partner
MABS & J Partners, Chartered Accountants

Balance Sheet

As at 31 December 2019

Particulars	Notes	Amount in BDT	
		2019	2018
PROPERTY AND ASSETS			
Cash	4		
Cash in hand (including foreign currencies)		409,669,225	346,997,220
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,888,273,679	2,328,701,550
		3,297,942,904	2,675,698,770
Balance with other banks and financial institutions	5		
In Bangladesh		8,315,569,609	5,906,344,808
Outside Bangladesh		197,242,698	206,111,851
		8,512,812,307	6,112,456,658
Money at call on short notice	6	154,400,000	180,600,000
Investments	7		
Government		12,615,028,126	4,982,615,418
Others		547,978,832	103,267,586
		13,163,006,958	5,085,883,003
Loans and advances	8		
Loans, Cash Credit, Overdrafts etc.		39,266,920,736	32,693,770,419
Bills purchased and discounted		3,240,337,010	2,881,878,941
		42,507,257,746	35,575,649,360
Fixed assets including premises, furniture and fixtures	9	891,915,781	215,784,296
Other assets	10	2,599,603,240	1,846,668,543
Non - banking assets		-	-
Total assets		71,126,938,936	51,692,740,630
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and its agents	11	9,851,151,402	4,863,549,307
Deposits and other accounts	12		
Current Accounts and other Accounts		4,706,573,556	4,787,481,334
Bills Payable		1,109,393,079	1,171,494,988
Savings Bank Deposits		4,739,987,282	2,814,372,369
Special Notice Deposits (SND)		3,722,884,004	3,378,602,792
Fixed Deposits		35,842,106,740	25,591,960,038
Other Deposits		-	-
		50,120,944,660	37,743,911,522
Other Liabilities	13	4,555,288,573	2,828,373,216
Total Liabilities		64,527,384,635	45,435,834,044
Capital/Shareholders' Equity			
Paid up Capital	14.2	4,746,000,000	4,520,000,000
Statutory Reserve	15	1,371,215,695	1,053,286,265
Revaluation Reserve	16	3,653,005	343,207
Foreign currency translation gain	17	148,369	105,706
Surplus in Profit and Loss Account/ Retained Earnings	17(a)	478,537,232	683,171,408
Total Shareholders' Equity		6,599,554,301	6,256,906,586
Total Liabilities and Shareholders' Equity		71,126,938,936	51,692,740,630

Balance Sheet

As at 31 December 2019

Particulars	Notes	Amount in BDT	
		2019	2018
Off-Balance Sheet Items			
Contingent liabilities	18		
Acceptances and Endorsements		5,419,147,997	3,953,511,356
Letters of Guarantees		14,864,559,864	12,497,052,615
Irrevocable Letter of Credits		5,373,564,514	4,427,456,601
Bills for Collection		2,445,929,194	1,994,499,092
Other Contingent Liabilities		678,235,200	128,535,600
Total Contingent Liabilities		28,781,436,770	23,001,055,263
Other Commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		28,781,436,770	23,001,055,263

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



Chairman



Vice Chairman



Director



Managing Director & CEO

See annexed Auditors' Report to the Shareholders of date

Dated, Dhaka
27 June 2020



Nasir Uddin Ahmed FCA

Senior Partner
MABS & J Partners, Chartered Accountants

Profit and Loss Account

For the year ended 31 December 2019

Particulars	Notes	Amount in BDT	
		2019	2018
Interest income	20	5,406,713,358	4,386,049,124
Interest paid on deposits and borrowings etc.	21	3,560,466,062	2,501,714,999
Net interest income		1,846,247,296	1,884,334,125
Investment income	22	636,384,241	373,629,915
Commission, exchange and brokerage	23	533,047,624	486,560,723
Other operating income	24	89,531,264	62,227,387
		1,258,963,130	922,418,026
Total operating income (A)		3,105,210,425	2,806,752,151
Salaries and allowances	25	522,402,473	446,419,992
Rent, taxes, insurance, electricity etc.	26	83,205,183	152,729,689
Legal expenses		485,000	385,000
Postage, stamp, telecommunication etc.	27	27,059,363	25,425,915
Stationery, printing, advertisements etc.	28	56,971,959	48,914,360
Managing Director's salary and fees	29	10,549,736	9,516,927
Directors' fees	30	1,808,000	1,464,000
Auditors' fees		250,000	250,000
Depreciation and repairs to bank's assets	31	175,327,352	63,860,131
Other expenses	32	149,554,210	115,853,173
Total operating expenses (B)		1,027,613,275	864,819,187
Profit before provision (C=A-B)		2,077,597,150	1,941,932,964
Provision for loans and advances	13.1		
General provision		72,600,000	60,400,000
Specific provision		316,500,000	141,900,000
Provision for Off-shore Banking unit		4,500,000	1,500,000
Provision for others	13.1 (b)	39,150,000	-
Provision for off-balance sheet items	13.2	52,200,000	55,700,000
Provision for Incentive of Good Borrowers	13.1 (a)	3,000,000	-
Total provision (D)		487,950,000	259,500,000
Total profit before tax (C-D)		1,589,647,150	1,682,432,964
Provision for taxation	33		
Current		716,297,467	704,174,341
Deferred Tax		82,054,429	(3,731,572)
		798,351,896	700,442,769
Net profit after tax		791,295,254	981,990,195
Retained Earnings brought forward from previous years		5,171,408	37,667,806
		796,466,662	1,019,658,001
Appropriations			
Statutory Reserve	15	317,929,430	336,486,593
Other Reserve		-	-
		317,929,430	336,486,593
Retained Surplus	17	478,537,232	683,171,408
Earnings Per Share (EPS)	36	1.67	2.07

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



Chairman



Vice Chairman



Director



Managing Director & CEO

See annexed Auditors' Report to the Shareholders of date



Nasir Uddin Ahmed FCA
Senior Partner

MABS & J Partners, Chartered Accountants

Dated, Dhaka
27 June 2020

Cash Flow Statement

For the year ended 31 December 2019

Particulars	Notes	Amount in BDT	
		2019	2018
A. Cash Flow from Operating Activities			
Interest receipts in cash		5,808,827,351	4,792,313,656
Interest payments		(3,252,679,370)	(2,305,114,640)
Dividend receipts		8,780,820	8,219,744
Fees and commission receipts in cash		533,047,624	486,560,723
Recoveries on Loans previously written-off		-	-
Cash payments to employees		(502,952,209)	(435,936,919)
Cash payments to suppliers		(57,161,026)	(48,877,846)
Income taxes paid		(720,077,577)	(523,058,338)
Receipts from other operating activities	34	91,693,578	67,604,623
Payments for other operating activities	35	(326,438,227)	(297,158,093)
Operating profit before changes in operating assets and liabilities (i)		1,583,040,965	1,744,552,910
Increase / (decrease) in operating assets and liabilities			
Purchase of trading securities (Treasury bond/bill)		(4,721,144,334)	(113,220,696)
Loans and advances to customers		(6,931,608,385)	(5,394,350,200)
Other Assets		(3,327,125)	127,730,830
Deposits from other banks/ Borrowings		5,187,602,096	(513,109,193)
Deposits from customers		11,951,818,189	3,705,594,668
Other liabilities account of customers		(62,101,909)	855,320,183
Other Liabilities		89,594,058	19,271,348
Cash received from operating assets and liabilities (ii)		5,510,832,589	(1,312,763,061)
Net cash from operating activities (A=i+ii)		7,093,873,554	431,789,850
B. Cash flow from investing activities			
Proceeds from sale of securities		-	-
Payment for purchase of securities (Treasury bond/bill/shares)		(3,352,394,522)	(568,936,205)
Purchase of property, plant & equipment		(836,330,446)	(46,871,633)
Proceeds from Sale of property, plant & equipment		143,323	309,533
Net cash from investing activities (B)		(4,188,581,645)	(615,498,305)
C. Cash flows from financing activities			
Receipts from issue of ordinary shares		-	-
Proceeds from Lease Liability		673,463,233	-
Payment of Lease Liability (principal reduction)		(109,652,888)	-
Interest Expense on lease liabilities paid in cash		(20,469,834)	-
Dividends paid		(452,000,000)	(452,000,000)
Net cash from financing activities (C)		91,340,511	(452,000,000)
D. Net increase / decrease in cash & cash equivalent (A+B+C)		2,996,632,420	(635,708,456)
E. Effects of exchange rate changes on cash and cash equivalents		42,663	(584,493)
F. Cash and cash equivalents at beginning period		8,969,122,428	9,605,415,377
G. Cash and cash equivalents at end of period (D+E)		11,965,797,511	8,969,122,428
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)		409,669,225	346,997,220
Balance with Bangladesh Bank & its agent bank (including foreign currencies)		2,888,273,679	2,328,701,550
Balance with other banks and financial institutions		8,512,812,307	6,112,456,658
Money at call and on short notice		154,400,000	180,600,000
Prize bond (note: 7.1)		642,300	367,000
		11,965,797,511	8,969,122,428

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



Chairman



Vice Chairman



Director



Managing Director & CEO

Statement of Changes in Equity

For the year ended 31 December 2019

Amount in BDT

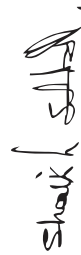
Particulars	Paid up capital	Statutory Reserve	Revaluation Reserve	Foreign currency translation gain	Surplus in Profit and Loss Account/ Retained Earnings	Total
Balance as at 1 January 2019	4,520,000,000	1,053,286,265	343,207	105,706	683,171,408	6,256,906,586
Statutory Reserve	-	317,929,430	-	-	(317,929,430)	-
Suplus/deficit on account of revaluation of investment	-	-	3,309,798	-	-	3,309,798
Issue of ordinary share	-	-	-	-	-	-
Cash dividend	-	-	-	-	(452,000,000)	(452,000,000)
Dividend (Bonus Share)	226,000,000	-	-	-	(226,000,000)	-
Foreign currency translation gain	-	-	-	42,663	-	42,663
Net profit for the year	-	-	-	-	791,295,254	791,295,254
Balance as at 31 December 2019	4,746,000,000	1,371,215,695	3,653,005	148,369	478,537,232	6,599,554,301

Balance as at 31 December 2018	4,520,000,000	1,053,286,265	343,207	105,706	683,171,408	6,256,906,586
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These Financial Statements should be read in conjunction with the annexed notes 1 to 37



Chairman



Vice Chairman



Director



Managing Director & CEO

Liquidity Statement

(Assets and Liabilities Maturity Analysis)
As at 31 December 2019

Amount in BDT

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	870,966,804	-	-	-	2,426,976,100	3,297,942,904
Balance with other banks and financial institutions	5,552,812,307	2,060,000,000	900,000,000	-	-	8,512,812,307
Money at call and on short notice	154,400,000	-	-	-	-	154,400,000
Investments	642,300	3,251,001,767	968,548,332	5,038,087,553	3,904,727,005	13,163,006,958
Loans and advances	5,609,235,475	5,829,291,555	13,659,512,058	12,438,780,743	4,970,437,915	42,507,257,746
Fixed assets incl. premises, furniture and fixtures	-	-	39,789,074	734,189,897	117,936,809	891,915,781
Other assets	182,255,458	421,676,243	1,995,671,539	-	-	2,599,603,240
Non banking assets	-	-	-	-	-	-
Total assets (A)	12,370,312,344	11,561,969,565	17,563,521,003	18,211,058,194	11,420,077,830	71,126,938,936
Liabilities:						
Borrowings from Bangladesh bank, other banks, financial institutions and its agents	6,536,720,000	2,630,050,000	-	684,381,402	-	9,851,151,402
Deposits	5,603,034,758	9,471,389,787	19,969,128,947	11,728,901,059	3,348,490,109	50,120,944,660
Provision and other liabilities	-	-	-	2,263,043,118	2,292,245,455	4,555,288,573
Total liabilities (B)	12,139,754,758	12,101,439,787	19,969,128,947	14,676,325,580	5,640,735,564	64,527,384,635
Net liquidity gap (A - B)	230,557,586	(539,470,222)	(2,405,607,943)	3,534,732,614	5,779,342,266	6,599,554,301

Notes to the Financial Statements

As at and for the year ended 31 December 2019

1. Reporting entity

1.1 Legal status and nature of the Bank

Modhumoti Bank Limited (the "Bank") is a scheduled commercial bank in the private sector established under the Bank Companies Act 1991 and incorporated in Bangladesh as a public limited company to carry out banking business in Bangladesh. The registered office of the Bank is located at Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000. The Bank has been running its banking operation following the Bank Companies Act 1991 (as Amended up to 2013), Central Bank's (Bangladesh Bank) regulation, Bangladesh Securities and Exchange Commission (BSEC) Rules & Regulations and all other laws & rules applicable in Bangladesh. The financial statements of the Bank as at and for the year ended 31 December 2019 provide financial information that is useful to existing and potential investors, borrowers, depositors, customers, creditors, regulators and other stakeholders to make their decision on banking & financial transactions, non-financial as well as compliance related issues.

1.2 Principal activities of the Bank

The Bank has 41 branches and 1 Off-shore Banking Unit as on 31 December 2019. 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. The Bank is being run by a competent 'Management Team', under supervision of a strategic Board of Directors, having long sound background to serve the enterprises ranging from micro, small and medium enterprises and industries to large corporate houses keeping the tagline in mind, "Your Access to Success".

1.3 Off-shore Banking Unit (OBU)

The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(124)/2015-2447, dated 02 April 2015. The Off-shore Banking Unit commenced its commercial operation on 23 September 2015. The Bank established its Offshore Banking Unit (OBU) with a view of catering the banking requirement of non-resident customers to increase foreign trade business at Export Processing Zones (EPZs). Over the years, OBU has become an important strategic business unit due to growing demand of cheaper foreign currency loan and Usance Payable at Sight (UPAS) Letter of Credit from the clients. The principal activities of the Unit are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. Presently, the Bank has one Off-shore Banking Unit in operation in Bangladesh. The Unit is governed under the rules and guidelines of Bangladesh Bank.

2. Basis of preparation of Financial Statements

2.1 Statement of compliance

The financial statements of the Bank have been made for the year ended 31 December 2019 and are prepared under the historical cost basis, except for certain investments which are stated at fair/market value in accordance with the First Schedule (Sec-38) of the Bank Companies Act 1991 (as Amended up to 2013), BRPD Circular # 14 dated June 25, 2003 and DFIM Circular # 11, dated December 23, 2009, other Bangladesh Bank Circulars, International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") adopted by the Institute of Chartered Accountants of Bangladesh ("ICAB"), the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges' listing regulations and other laws & rules applicable in Bangladesh. In cases where the requirements of Bangladesh Bank differ with those of IAS/IFRS, the requirements of Bangladesh Bank have been applied.

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, Securities and Exchange Rules 1987. In case, any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

2.1.2 Use of estimates and judgments

In preparation of the financial statements management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

The most significant areas where estimates and judgments have been applied are to calculate provision for loans, advances and investments as per Bangladesh Bank guideline.

2.1.3 Foreign currency transaction

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

Assets and liabilities & income and expenses of Off-shore Banking Units have been converted into BDT currency @ US\$1 = Taka 84.90 (closing rate as at 31st December 2019) and Taka 84.49 (average rate at year-end).

Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at rates mentioned in contracts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in BDT terms at the rates of exchange prevailing on the balance sheet date.

Translation gains and losses

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

2.1.4 Statement of cash flows

Statement of cash flows have been prepared in accordance with the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.1.5 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis:

- i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;
- ii) Investments are on the basis of their respective maturity;
- iii) Loans and advances / investments are on the basis of their repayment schedule;
- iv) Fixed assets are on the basis of their useful lives;
- v) Other assets are on the basis of their realization / amortization;
- vi) Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity / repayment terms;
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;
- viii) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

2.1.6 Reporting period

These financial statements cover one calendar year from 1st January to 31st December 2019.

2.1.7 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.2 Assets and basis of their valuation

2.2.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank management for its short-term commitments.

2.2.2 Loans, advances and lease / investments

- a) Loans and advances are stated in the balance sheet on gross basis.
- b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realised from borrowers. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- c) Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- d) Provision for loans and advances is made on the basis of year-end review by the management following instructions contained in Bangladesh Bank BCD Circular no. 34, dated November 16, 1989, BCD Circular no. 20, dated December 27, 1994, BCD Circular no. 12, dated September 4, 1995, BRPD Circular no. 16, dated December 6, 1998, BRPD Circular no. 9, dated May 14, 2001, BRPD Circular no.02, February 2005, BRPD Circular no. 09, August 2005, BRPD Circular no. 17, dated December 06, 2005, BRPD circular no.32, dated October 27, 2010, BRPD Circular no.14, dated September 23, 2012, BRPD Circular no19, dated December 27, 2012, BRPD Circular no 05, dated May 29, 2013, BRPD Circular no 16, dated November 18, 2014, BRPD Circular no12, dated August 20,2017, BRPD Circular no 15, dated September 27, 2017, BRPD Circular No. 07, dated June 21, 2018 and BRPD Circular No. 13 dated October 18, 2018. The rates of provision for loans and advances are given below:

Particulars	Rate
General provision on unclassified general loans and advances / investments	1%
General provision on unclassified small enterprise financing	0.25%
General provision on interest receivable on loans / investments	1%
General provision on unclassified loans / investments for housing finance, loans for professionals to set-up business and loans to share business	2%
General provision on unclassified consumer financing other than housing finance, loan for professionals and loans for BGs/MBs/SDs	5%
General provision on Special Mention Account (SMA) except Short Term Agriculture Loans	0.25% - 5%
Specific provision on substandard loans and advances / investments	20%
Specific provision on doubtful loans and advances / investments	50%
Specific provision on bad / loss loans and advances / investments	100%

- e) Loans and advances / investments are written-off to the extent that (i) there is no realistic prospect of recovery, and (ii) against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These write-off however will not undermine / affect the claim amount against the borrower. During the year no loan account has been written off from the loan book of the Bank.
- f) Amounts receivable on credit cards are included in advances to customers at the amounts expected to be recovered.
- g) General Provision has been calculated against all unclassified Credit Card loans under Consumer Financing as per Bangladesh Bank guideline (ref: BRPD Circular No. 12 dated August 20, 2017).
- h) Provision for Short-term Agricultural and Micro-Credits: BRPD Circular No- 15 dated 27 September, 2017.

2.2.3 Investments

All investment securities are initially recognised at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method to discount income. The valuation method of investments used are:

Held to maturity (HTM)

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity', other than those that meet the definition of 'held at amortized cost-others' are classified as held to maturity.

Held for trading (HFT)

Investments 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. After initial recognition, investments are measured at

fair value and any change in the fair value is recognised in the statement of income for the period in which it arises. These investments are subsequently revalued at current market value on weekly basis as per Bangladesh Bank Guideline. Revaluation gain has been shown in revaluation reserve account & revaluation loss has been shown in Profit & Loss account.

Value of investments has been enumerated as follows :

Items	Applicable accounting value
Government treasury bills-HTM	Amortized value
Government treasury bills-HFT	Market value
Government treasury bonds-HTM	Amortized value
Government treasury bonds-HFT	Market value
Prize bond	At cost

2.2.4 Property, plant and equipment

Property, plant & equipments 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 IAS-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.

c) 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 fixed assets	Rate of depreciation
Land	Nil
Buildings	2.50%
Furniture and fixtures	10%
Office equipments	20%
Library books	30%
Electrical equipments	20%
Computer equipments	20%
Motor Vehicles	20%

d) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

e) On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sale proceeds.

f) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset have been capitalized as part of the cost of the asset as per IAS-23.

g) Leasehold properties are recorded at present value of minimum lease payments or fair market value, whichever is lower as per the provisions of IAS-17. The carrying value of leasehold properties is amortized over the remaining lease term or useful life of leasehold property, whichever is lower.

2.2.5 Intangible assets

a) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

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

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

c) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.

d) Software is amortized using the straight line method over the estimated useful life of 10 (ten) years commencing from the date of the application. Software is available for use over the best estimate of its useful economic life.

2.2.6 Impairment of Assets:

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:

The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the bank makes an estimate of the asset's recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered as impaired and is written down to its recoverable amount by debiting to profit & loss account.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired.

2.2.7 Other assets

Other assets include all balance sheet accounts not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the Bank.

2.2.8 Securities purchased under re-sale agreement

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The amount lent is shown as an asset either as loans and advances to customers or loans to other banks.

The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

2.2.9 Receivables

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity.

2.2.10 Inventories

Inventories are measured at the lower of cost and net realizable value.

2.2.11 Leases

IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for the transactions under operating leases.

Recognition & Measurement of Leases as a Lessee (detail accounting policy in Note 9)

Under IFRS 16, an entity shall be recognizing a Right-of-Use (ROU) Asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The Depreciation on the ROU Assets and the Interest Expense on the lease liability is recognized in the Profit or Loss account over the lease term replacing the previous treatment as per IAS 17 i.e. charging 'lease rent expenses' under Operating Lease.

Accordingly, the Bank assesses whether a contract is a lease, in accordance with the guidance stated in the IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, unless the underlying asset is of low value. Office premises for which monthly lease rental is the amount not exceeding Taka 25,000 , ATM Booths and other installations are considered as low value asset.

2.2.12 Non-banking assets:

Non-banking assets are acquired on account of the failure of a borrower to repay the loan on time after receiving the decree from the Court regarding the right and title of the mortgage property. The Banks are awarded ownership of the mortgage properties according to the verdict of the Honorable Court in accordance with the

section 33 (7) of "Artharin Adalat-2003". The value of Non-Banking Assets are determined and reported in the financial statements on the basis of valuation report of an Independent valuer. The Modhumoti Bank Limited is yet to acquire any non-banking asset till to the date of December 31, 2018

2.2.13 Reconciliation of inter-bank and inter-branch account

Accounts with regard to inter-bank are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries / balances in the case of inter-branch transactions as on the reporting date are not material.

2.3 Basis for valuation of liabilities and provisions

2.3.1 Borrowings from other banks, financial institutions and agents:

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from banks, financial institutions and agents. These are stated in the balance sheet at amounts payable. Interest paid / payable on these borrowings is charged to the profit & loss account.

Disclosures of borrowings against Repo are shown in notes- 7.

2.3.2 Deposits and other accounts

Deposits by customers and banks are recognised when the Bank enters into contractual provisions of the arrangements with the counterparties, which is generally on trade date, and initially measured at the consideration received.

2.3.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, the Income Tax Ordinance 1984 and internal policy of the Bank. Details are shown in Notes 13.

2.3.4 Provision for liabilities

A provision is recognised in the balance sheet when the Bank has legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provision for loans and advances have been accounted for in the financial statements following the Bangladesh Bank circulars & guidelines.

2.3.5 Provision for Off-balance sheet exposures

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 14, dated September 23, 2012, banks are advised to maintain provision @1% against off-balance sheet exposures. The instructions mentioned in the BRPD Circular # 07, dated June 21, 2018 and BRPD Circular # 13, dated October 18, 2018 have also been followed for calculating provision against off-balance sheet exposures.

2.3.6 Provision for nostro accounts

As per instructions contained in the circular letter no. FEPD (FEMO) / 01 / 2005-677 dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, provision is to be maintained for the un-reconciled debit balance of nostro account more than 3 months as on the reporting date of these financials. Since there is no unreconciled entries which are outstanding more than 3 months, no provision is required to be maintained.

2.3.7 Provision for rebate to good borrowers

As per BRPD Circular No. 06 (dated 19 March 2015) and BRPD Circular Letter No 03 (dated 16 February 2016) issued by Bangladesh Bank, Banks are required to provide 10% rebate on the interest closed from "good borrowers" subject to some qualifying criteria. Accordingly, the Bank has kept provision in the financial statements for the year ended 31 December 2019.

2.3.8 Provision for climate risk fund

As per GBCSRD Circular No 04 (9 July 2015) issued by Bangladesh Bank, Banks are required to maintain a climate risk fund of 10% of the CSR budget. To comply with this requirement the Bank has kept provision in the financial statements for the year ended 31 December 2019.

2.3.9 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2019 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS-12, "Income Taxes".

2.3.10 Deferred taxation

Deferred tax is accounted for in accordance with IAS 12, "Income Taxes". Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2.3.11 Benefits to the employees

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Provident fund

Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, National Board of Revenue, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from June 04, 2013. The Fund is operated by a Board of Trustees consisting six members (03 members from the Management and other 03 members from the Board of Directors) of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

b) Gratuity fund

The Bank operates a funded gratuity scheme on "Continuing Fund basis", in respect of which provision will be made annually according to the recommendation based on Actuarial valuation covering all of its permanent eligible employees in accordance with Bank's Service Rules. The Fund will be operating by a Board of Trustees consisting members from the Board of Directors and Management of the Bank. Actuarial valuation of gratuity scheme will be made to assess the adequacy of the liabilities provided for the scheme as per IAS-19 "Employees Benefit". Contributions to the fund shall be made on the basis of actuarial recommendations.

Recognition of Gratuity fund has been done by the National Board of Revenue vide their letter number 08.01.0000.035.02.264.19/603 dated January 16, 2020 and actuarial valuation for assessing the adequacy of liabilities of the fund is under process which will be completed within a short time.

c) Incentive bonus

Incentive bonus is given to the employees every year considering the overall performance of the Bank as well as individual's performance. This bonus amount is distributed among the employees based on their performance. The bonus amount is paid annually, normally in first quarter of every following year and the costs is accounted for in the period to which it relates. Generally, a certain percentage of disclosed net profit is disbursed among the employees. The aforesaid percentage is approved in the Board meeting so that adequate provision can be made for Incentive Bonus as per IAS-37.

2.4 Share Capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

2.4.1 Authorised Capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association. Details are shown in note 14.1.

2.4.2 Paid up Capital

Paid up capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of winding-up of the Bank, ordinary shareholders are ranked after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in note 14.2.

2.4.3 Statutory Reserve

As per Bank Companies Act, the Bank requires to transfer 20% of its current year's profit before tax to statutory reserve until such reserve equals to its paid up capital. The Bank does comply with this requirement of law every year.

2.4.4 Revaluation reserve on government securities

When an asset's carrying amount is increased as a result of revaluation, the increased amount is credited directly to equity under the Head of Revaluation Surplus. 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 Bank has not yet recognized any revaluation surplus against any kind of its fixed assets till to the balance sheet date. The tax effect on revaluation gain is measured and recognised in the financial statements as per IAS 12: Income Taxes.

2.5 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:

- a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- b) 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.

2.6 Revenue recognition

2.6.1 Interest income

In terms of the provisions of the IAS-18 "Revenue", the interest income is recognised on accrual basis. Interest on unclassified loans and advances are calculated at the prescribed rates to be taken into income. Interest is ceased to be taken into income when such loans and advances are marked as classified as per criteria prescribed by the Bangladesh Bank. It is then kept in interest suspense account. Interest on classified advances is accounted for on a cash receipt basis.

2.6.2 Investment income

Interest income on investments is recognised on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognised when it is realised.

2.6.3 Fees and commission income

Fees and commission income arising on services provided by the Bank are recognised when those are realized. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of transactions being recorded in the books of accounts.

2.6.4 Income on Bills Purchased and Discounted

Income on Bills Purchased and Discounted is recognised upon realisation since there is no uncertainty as to its realisation and accrued on a monthly basis.

2.6.5 Interest and fees receivable on credit cards

Interest and fees receivable on credit cards are recognised on an accrual basis. Interest and fees cease to be taken into income when the recovery of interest and fees is in arrear for three months. Thereafter, interest and fees are accounted for on realisation basis.

2.6.6 Dividend income on shares

Dividend income on shares is recognised during the period when right to receive is established.

2.6.7 Interest paid and other expenses

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

2.6.8 Dividend payments

Interim dividend is recognised when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders.

The proposed dividend for the year 2019 has not been recognized as a liability in the balance sheet in accordance with the IAS-10 : Events After the Reporting Period.

Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

2.7 Risk management

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

The MANCOM, All Risk Committee (Management Level), Credit Evaluation Committee (CEC), Asset Liability Management Committee (ALCO), Supervisory Review Process (SRP) Team and IASel Unit (Supervisory Committee) comprising Executive and Senior Management, are high level management committees responsible for the overall management of the risk profile of the Bank. In view of core risk guidelines, the bank has established various divisions/units to address specific risk, e.g. credit risk management, credit administration, internal control & compliance, anti- money laundering, ICT, treasury division etc. Further to manage the overall risks of the Bank in line with Basel accords, the Bank has formed a dedicated a Risk Management Division (RMD).

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

2.7.1 Credit risk

Credit risk is the risk of loss that may occur from the default of any counterparty to repay in accordance with agreed terms and conditions and/or deterioration of creditworthiness. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Bank's credit risk management activities have been designed to address all these issues.

A methodical assessment & due diligence are done before sanction of any credit facility at Credit Risk Management Division of the Bank. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facilities and various critical risk factors. The assessment process starts at Branch Credit department by the Officer and ends at Credit Risk Management Division in Head Office where it is approved / declined by the competent authority. Credit approval authority has been partially delegated to the individual executives. Proposal beyond their delegation are approved / declined by the Board / Executive Committee (EC) of the Board.

Credit Administration Division (CAD) monitors the documentation aspects of approved credits and also manages the deteriorating accounts as there is no Legal & Recovery Unit yet in the Bank.

All other remaining risk in regards to credit portfolio are addressed by the Risk Management Division (RMD), the primary responsibility of this Division is to identify and assess the severity of risks and highlight the same to the management for strategic decision making in regard to Residual Risk (documentation risk, valuation error etc.) and concentration risk etc.

2.7.2 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.

2.7.3 Asset Liability Management

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

Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

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

2.7.4 Money Laundering Risk

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

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

2.7.5 Internal Control & Compliance Risk

Internal control is the process, effected by the Board of Directors, Management & other personnel designed to provide reasonable assurance regarding the achievement of objectives with effectiveness & efficiency of operations. It encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

Modhumoti Bank Ltd has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Bank's Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

2.7.6 Information and communication technology

With the increasing use of Information and Communication Technology in the activities of the Banks, risk management for Information and Communication Technology has become important. ICT Division is aimed to provide uninterrupted & efficient operations of all products, services and deliverables – Banks already offered or intends to do in future. In banking institutions, all risks should be recognized, addressed and managed in a prudent manner according to the fundamental characteristics and challenges. ICT risk is the risk associated with the use, ownership, operation, involvement, influence and adoption of ICT within an organization. Risks surrounding Information Technology, such as unauthorized access to a system, network failure, software failure,

lack of skills, hacking, viruses attack and poor system integration poses threat for the organization. ICT risk of the Bank is addressed by finding out the weakness in a particular operation and initiating appropriate/ suitable strategy within the approved policies and procedures. To assist Risk Management Committee of Board of Directors, ICT Risk Management committee has been formed from Management team on 07th Sep. 2016 vide Office Order# HO/HRD/2016/1072 as per guideline of Bangladesh Bank.

MMBL has a comprehensive ICT Security Policy and procedures which are formally documented and approved by the Board of Directors of the Bank. The Bank follows the bottom-up approach that has been proven helpful in developing a set of relevant and important risk scenarios as followings:

2.7.7 Liquidity risk

The objective of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Bank is maintaining a diversified and stable funding IASe comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under approved policy guidelines. Treasury front office is supported by a very structured Mid office and Back office. The Liquidity management is monitored by the Asset Liability Committee (ALCO) on a regular basis. A written contingency plan is in place to manage extreme situation.

2.7.8 Market risk

The exposure of market risk of the Bank is restricted to foreign exchange risk, interest rate risk and equity risk.

Foreign exchange risk

Foreign exchange risk is defined as the potential change in earnings due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. No foreign exchange dealing on Bank's account was conducted during the year.

Treasury Department independently conducts the transactions and the back office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month-end. All Nostro accounts are reconciled on a monthly basis and outstanding entry beyond 30 days is reviewed by the management for its settlement. The position maintained by the bank at the end of day was within the stipulated limit prescribed by the Bangladesh Bank.

Interest rate risk

Interest rate risk may arise either from trading portfolio or non-trading portfolio. The trading portfolio of the Bank consists of Government treasury bills held for trading. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and its funding cost. The Asset Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

Equity risk

Equity risk arises from movement in market value of equities held. The risks are monitored by the Investment Committee under a well designed policy framework.

2.7.9 Reputation risk arising from money laundering incidents

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 Compliance Officer 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.

2.7.10 Operational risk

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodical and special audit of the Branches and Divisions at the Head Office for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

RISK MITIGATION PROCESS

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

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

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

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

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

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

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

Risk mitigation strategy was articulated in the following rules-

Option-1: When vulnerability (or flaw, weakness) exists, implement assurance techniques to reduce the likelihood of vulnerability's being exercised.

Option-2: When vulnerability can be exercised, apply layered protections, architectural designs, and administrative controls to minimize the risk of or prevent this occurrence.

Option-3: When the attacker's cost is less than the potential gain, apply protections to decrease an attacker's motivation by increasing the attacker's cost (e.g., use of system controls such as limiting what a system user can access and do can significantly reduce an attacker's gain).

Option-4: When loss is too great, apply design principles, architectural designs, and technical and non-technical protections to limit the extent of the attack, thereby reducing the potential for loss.

2.8 Earnings per share

Basic earnings per share

Basic earnings per share is calculated in accordance with IAS 33 "Earnings per Share" and is shown on the face of the profit and loss account. This has been calculated by dividing the IASic earnings by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share is not required to be calculated for the year as there was no scope for dilution during the year under review.

2.9 Events after the reporting period

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment / disclosures have been made in the financial statements. Detail is presented in Note 37.6.

2.10 Memorandum items

Memorandum 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. Bills for collection, savings certificates, wage earners bonds etc. fall under the memorandum items. However, Bills for Collection is shown under contingent liabilities as per Bangladesh Bank's format of reporting.

2.11 Related party transaction

Related party transaction is a transfer of resources, services or obligation between related parties, regardless of whether a price is charged. Detail of related parties transaction are given in note- 37.

3. Compliance report on International Financial Reporting Standards (IFRS/IFRS) and International Accounting Standards (IAS):

Name of the standards	Ref.	Status
First-time Adoption of International Financial Reporting Standards	IFRS-1	Not applicable
Share-based Payment	IFRS-2	Not applicable
Business Combinations	IFRS-3	Not applicable
Insurance Contracts	IFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS-7	Applied
Operating Segments	IFRS-8	Applied
Financial Instruments	IFRS-9	Not applied
Consolidated Financial Statements	IFRS-10	Applied
Joint Arrangements	IFRS-11	Not applicable
Disclosure of Interests in other Entities	IFRS-12	Not applicable
Fair Value Measurement	IFRS-13	Applied
Regulatory deferral accounts	IFRS-14	Not applicable
Revenue from contractors with customers	IFRS-15	Applied
Leases	IFRS-16	Applied
Insurance Contracts	IFRS-17	Not applicable
Presentation of Financial Statements	IAS-1	Applied *
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Leases	IAS-17	Applied
Revenue	IAS-18	Applied
Employee Benefits	IAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable **
Separate Financial Statements	IAS-27	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied *
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied ***
Impairment of Assets	IAS-36	Not Applicable
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instruments: Recognition and Measurement	IAS-39	Applied *
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable

* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied. Refer below (note - 3.2) for such recognition and measurement differences that are most relevant and material to the Bank.

** This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

*** The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements.

3.1 Impact of New Accounting Standards

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

(a) IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing guidance related to lease transactions and effective for reporting period beginning on or after 1 January 2019. IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Interest expense on lease liability and depreciation on ROU assets are charged in the Profit and Loss Account. Detail accounting policy is stated in note no. 9.

(b) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are yet to be effective and that would be expected to have a material impact on the Bank's financial statements in the current or future reporting periods and on foreseeable future transactions.

3.2 Departures from IAS/IFRS

The financial statements of the Bank as at and for the year ended 31 December 2018 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, International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and Dhaka & Chittagong Stock Exchange's listing 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. Material departures from the requirements of IFRS/IFRS are stated as under:

i) Investment in shares and Securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in fair value (as measured in accordance with IFRS 13) at the year end is taken to profit and loss account or other comprehensive income 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

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

T-bills and T-bonds designated as 'held to maturity' are measured at amortized cost method and interest income is recognized through the profit & loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as

a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

iii) Provision on loans and advances

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 June 2012, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

iv) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as 'liability' in the Balance Sheet.

v) Other comprehensive income

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

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

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vii) Repo and Reverse Repo transactions

IFRS: As per IFRS 9 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), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no.2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the 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. However, as per DMD circular letter no.7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

viii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at

their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

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

ix) Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 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 a face item in balance sheet, and Treasury bills, Prize bonds are shown in Investment.

x) Non-banking asset

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

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

xi) Cash flow statement

IFRS: Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently as per IAS 7.

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

xii) Balance with Bangladesh Bank: (CRR)

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

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

xiii) Presentation of intangible asset

IFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38.

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

xiv) Off-balance sheet items

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

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

xv) Disclosure of appropriation of profit

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

Bangladesh Bank: As per BRPD circular no: 14 dated: 25 June 2003, an appropriation of profit should be disclosed in the face of Profit and Loss Account.

xvi) Loans and advance net of provision

IFRS: Loans and advances should be presented net of provisions.

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

3.3 The Bank's compliance with related pronouncements by Bangladesh Bank:

i) Internal Control

Main objective of internal control is to ensure that management has reasonable assurance on some issues such as (i) operations are effective, efficient and aligned with strategy, (ii) financial reporting and management information is reliable, complete and timely accessible, (iii) the entity is in compliance with applicable laws and regulations as well as its internal policies and ethical values including sustainability, and (iv) assets of the company are safeguarded and frauds & errors are prevented or detected.

Modhumoti Bank Limited has established an effective internal control system whose primary aim is to ensure the overall control of risks and provide reasonable assurance that the objectives set by the Bank will be met. It has designed to develop a high level risk culture among the Bank officials, establish efficient and qualified operating model of the Bank, ensure reliability of internal and external information including accounting and financial information, secure the Bank's operations and assets, and comply with laws, regulatory requirements and internal policies.

The Board of Directors of Modhumoti Bank Limited, through its Audit Committee, periodically reviews the effectiveness of Bank's internal control system covering all the material controls, including financial, operational and compliance controls, risk management systems, the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, training programs, budget, etc. Audit Committee of the Board reviews the actions taken on internal control issues identified by the Internal & External Auditors and Regulatory Authorities. It has active oversight on the internal audit's independence, scope of work and resources and it also reviews the functions of Internal Control & Compliance Division (ICCD) of Head Office, particularly the scope of the annual audit plan and frequency of the internal audit activities.

ii) Internal Audit

Internal Audit Mechanism is used as an important element to ensure good governance of Modhumoti Bank Limited. Internal Audit is the continuous and systematic process of examining and reporting on the activities of an organization undertaken by the specially assigned staff(s). They assure the Bank management that the Internal Controls are adequate and in operations, the policies and systems laid down are being adhered to and accounting records provided by the lower level are correct. Bank's internal audit Activities are effective and provide senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

During the year 2018, ICCD conducted inspection on many of the Branches and Divisions of Head Office of the Bank and submitted reports presenting the findings of the audits/ inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The reports or key points of the Reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance.

iii) Fraud and Forgeries

The term 'fraud' commonly includes activities such as theft, corruption, conspiracy, embezzlement, money laundering, bribery and extortion. The increasing wave of fraud and forgery cases in the banking sector of Bangladesh in recent time calls for concerted steps in identifying ways for reducing or preventing frauds and forgeries by analyzing the causes and effect of frauds and forgeries, and prescribing effective control strategies for salvaging frauds. Modhumoti Bank Limited does always pay due attention on anti-fraud internal controls for prevention of fraud and forgery. The Bank has already implemented some strategies like Financial Control Strategy, Personnel Control Strategy, Credit Control Strategy, Administrative Control strategy, Process Control Strategy etc. in order to strengthening the control system further. Pre-employment screening process has been adopted for verifying the qualification, experience, credit check, criminal history search etc. in case of recruitment of officials. Although it is not possible to eliminate all frauds because of the inherent limitations of Internal Control System, the Board of Directors and Bank Management have taken all the measures to keep the operational risk in a very minimum level. Internal Control and Compliance Division (ICCD) assesses and evaluates the effectiveness of Bank's anti-fraud internal control measures, recommends for further improvement in implementation of aforesaid strategies and reports to the Bangladesh Bank on effectiveness of controls at the end of each quarter following their prescribed format.

3.4 Operating segments

The Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per IFRS 8.

3.5 Approval of financial statements

The Bank in its 49th Board Meeting held on 27 June, 2020 approved the Financial Statements for the year ended 31 December 2019.

3.6 General

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

	Amount in BDT	
	2019	2018
4. Cash of the Bank		
In hand:		
Local currency	405,266,677	343,654,739
Foreign currencies	4,402,548	3,342,481
	409,669,225	346,997,220
Balance with Bangladesh Bank:		
Local currency	2,799,171,955	2,170,545,168
Foreign currencies	83,500,805	153,575,029
	2,882,672,760	2,324,120,198
Balance with Sonali Bank Limited (as agent of Bangladesh Bank):		
Local currency	5,600,920	4,581,352
	2,888,273,679	2,328,701,550
	3,297,942,904	2,675,698,770

4.1 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991, DOS circular no. 01 dated 19 January 2014, MPD circular no. 01 dated 23 June 2014 and MPD circular no. 01 dated 03 April 2018.

The Cash Reserve Requirement on the Bank's time and demand liabilities has been calculated at the rate of 5% on daily basis and 5.5% on bi-weekly basis and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio, is calculated on the same liabilities and 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, MPD circular no. 01 dated 23 June 2014 and MPD circular no. 01 dated 03 April 2018, Bank has to maintain CRR @ 5.5% on bi-weekly average basis and minimum @ 5% on daily basis.

i) Daily basis

5% of average Demand and Time Liabilities

Required reserve	2,426,976,100	1,769,764,854
Actual reserve held (Average daily on bi-weekly basis)	2,806,444,849	2,143,695,741
Surplus	379,468,749	373,930,888

ii) Bi-weekly average basis

5.5% of average Demand and Time Liabilities

Required reserve	2,669,673,710	1,946,741,339
Actual reserve held (Average daily on bi-weekly basis)	2,806,444,849	2,143,695,741
Surplus	136,771,139	196,954,402

4.1.2 Statutory Liquidity Ratio (SLR)

13% of required Average Demand and Time Liabilities:

Required reserve	6,310,137,860	4,601,388,619
Actual reserve held	13,024,659,377	5,526,200,040
Surplus	6,714,521,517	924,811,420

Held for Statutory Liquidity Ratio

Cash in hand	409,669,225	346,997,220
Balance with agent bank (Sonali Bank Ltd.) as per statement	-	-
Prize Bond	-	-
Excess of CRR	136,771,140	196,954,402
Bangladesh Bank Bills	-	-
Government treasury bonds	12,478,219,012	4,982,248,418
	13,024,659,377	5,526,200,040

5 Balance with other banks and financial institutions

In Bangladesh (Note -5.1)
Outside Bangladesh (Note-5.2)

Also refer to note 5.3 for maturity wise grouping

5.1 In Bangladesh

Current account:

Prime Bank Limited
Jamuna Bank Limited
Trust Bank Limited
Sonali Bank Limited

Short term deposits account:

Prime Bank Limited
Eastern Bank Limited
Janata Bank Limited
The City Bank Limited
Sonali Bank Limited
Bank Asia Limited
Habib Bank Limited

Fixed deposits:

In Banks

Meghna Bank Limited
Premier Bank Limited
South Bangla Agricultural Bank Limited
Habib Bank Limited
Jamuna Bank Limited

In Financial Institutions

Prime Finance & Investment Limited
Bay Leasing and Investment Limited
Industrial and Infrastructure Development Finance Company Limited
Phoenix Finance and Investment Company Ltd.
Union Capital Ltd.
Bangladesh Finance and Investment Co. Ltd.
Fareast Finance & Investment Ltd.
Premier Leasing International Ltd.
LankaBangla Finance Limited
Uttara Finance and Investments Ltd.
GSP Finance
CAPM Venture Capital and Finance Limited
National Finance Ltd.
IPDC of Bangladesh Ltd.
IDLC Finance Limited

In Foreign Currency

The City Bank Limited
NRB Bank Limited
AB Bank Limited

	Amount in BDT	
	2019	2018
	8,315,569,609	5,906,344,808
	197,242,698	206,111,851
	8,512,812,307	6,112,456,658
	51,894	104,569
	2,437,672	1,228,013
	6,877,265	4,106,046
	-	-
	9,366,831	5,438,629
	5,007,253	9,633,952
	3,045,710	1,044,780
	35,431,317	66,349,291
	3,055,906	3,882,412
	76,564,784	11,593,521
	3,025,539	5,097,439
	72,269	35,904,784
	126,202,778	133,506,179
	500,000,000	-
	500,000,000	-
	700,000,000	200,000,000
	300,000,000	300,000,000
	-	500,000,000
	2,000,000,000	1,000,000,000
	-	-
	260,000,000	610,000,000
	1,100,000,000	450,000,000
	821,000,000	520,000,000
	810,000,000	700,000,000
	524,000,000	500,000,000
	-	30,000,000
	325,000,000	235,000,000
	800,000,000	350,000,000
	1,100,000,000	-
	60,000,000	100,000,000
	80,000,000	140,000,000
	-	50,000,000
	-	998,500,000
	300,000,000	-
	6,180,000,000	4,683,500,000
	-	-
	-	83,900,000
	-	-
	-	83,900,000
	8,315,569,609	5,906,344,808

5.2 Outside Bangladesh (NOSTRO Accounts)

Name of the Foreign Bank / Correspondent	Amount in BDT				2018 Amount in Taka
	2019				
	Currency	Amount In F.C	Conversion Rate	Amount in Taka	
AB Bank Ltd. (MUMBI)	ACU	423,655.62	84.9000	35,968,362	94,337
Sonali Bank (Kolikata)	ACU	244,654.85	84.9000	20,771,197	1,005,467
Masherq Bank, PSC, NY (OBU)	USD	442,721.47	84.9000	37,587,053	-
Masherq Bank, PSC, NY	USD	148,349.56	84.9000	12,594,878	151,399,038
Habib American Bank	USD	454,698.56	84.9000	38,603,908	-
Masherq Bank, PSC, (UK)	GBP			-	148,516
Banca Popolare DI Sondrio	GBP	6,169.29	111.3336	686,849	-
United Bank of India (KOLIKATA)	ACU	61,732.36	84.9000	5,241,077	1,661,233
State Bank of India (Sydney)	AUD	6,278.50	59.3281	372,491	146,662
MCB Bank Ltd. (Karachi)	ACU	9,471.10	84.9000	804,096	2,113,609
Masherq Bank, PSC, (EURO)	EURO			-	5,791,908
Institute Centrale Delle Banche Popolari Italiane	EURO	4,091.12	95.0583	388,895	-
Bank of Huzhou Co. Ltd. (CNY)	CNY	13,290.12	12.1595	161,601	-
National Bank of Pakistan (TOKYO)	YEN	168,555.00	0.7776	131,068	395,763
Axis Bank Ltd. Mumbai (ACU)	ACU	66,730.50	84.9000	5,665,419	25,727,063
Kookmin Bank, Seoul (USD)	USD	5,744.40	84.9000	487,700	1,333,716
Masherq Bank Mumbai, (ACU)	ACU	444,971.76	84.9000	37,778,102	16,294,540
Total				197,242,698	206,111,851

5.3 Maturity grouping of balance with other banks and financial institutions

On demand	206,609,528	341,550,479
Not more than three months	7,406,202,778	5,130,906,179
More than three months but not more than six months	900,000,000	770,000,000
More than six months but not more than one year	-	-
More than one year but less than five years	-	-
Above five years	-	-
	8,512,812,307	6,242,456,658

6 Money at call and on short notice

154,400,000

180,600,000

7 Investments

Government securities (Note-7.1)	12,615,028,126	4,982,615,418
Others (Note-7.2)	547,978,832	103,267,586
	13,163,006,958	5,085,883,003

7.1 Government Securities

91 days Treasury Bills	2,408,654,419	-
182 days Treasury Bills	842,347,348	-
364 days Treasury Bills	665,469,500	-
2 years BGTB Bond	2,954,811,022	-
5 years BGTB Bond	1,378,249,875	439,511,200
10 years BGTB Bond	1,729,044,243	1,998,645,855
15 years BGTB Bond	1,230,979,470	1,185,781,943
20 years BGTB Bond	1,404,829,949	1,358,309,420
Prize Bonds	642,300	367,000
	12,615,028,126	4,982,615,418
Add: Reverse repo with other banks	-	-
	12,615,028,126	4,982,615,418

7.2 Other Investment

Investment in Preference Shares (Note-7.2.1)	207,400,000	100,000,000
Investment in Shares (Note-7.2.2)	340,578,832	3,267,586
	547,978,832	103,267,586

	Amount in BDT	
	2019	2018
7.2.1 Investment in Preference Shares	2019	2018
	Market Price (BDT)	Cost Price (BDT)
Summit Narayangonj Power Limited	54,000,000	54,000,000
Summit LNG Terminal Co.(Pvt) Ltd.	123,400,000	123,400,000
Summit Barisal Power Limited	30,000,000	30,000,000
	207,400,000	207,400,000
		Cost Price (BDT)
		36,000,000
		-
		64,000,000
		100,000,000

	2019		2018
	Market Price (BDT)	Cost Price (BDT)	Cost Price (BDT)
7.2.2 Investment in Shares			
Quoted:			
Coppertech	111,414	47,410	-
NewLine	111,192	75,130	-
RINGSHINE	1,864,918	1,810,600	-
Grameen Phone	263,275,816	299,999,732	-
Bashundhara Paper	-	-	864,560
SK Trim	-	-	50,420
VSFTDL	-	-	35,200
Amman Cotton	-	-	235,400
SILVAPHL	110,504	36,470	91,930
Runner Auto	428,757	540,450	1,080,825
KTL	-	-	100,640
S.Steel Ltd.	-	-	134,910
AND Telecom	569,040	569,040	569,040
Genexil	-	-	104,660
	266,471,641	303,078,832	3,267,585
Unquoted:			
Investment in CCBL	37,500,000	37,500,000	-
	303,971,641	340,578,832	3,267,585

7.3 Investments classified as per Bangladesh Bank Circular		
Held for trading (HFT)	5,225,566,067	504,421,733
Held to maturity (HTM)	7,388,819,759	4,477,826,685
Other securities	642,300	367,000
	12,615,028,126	4,982,615,418

7.4 Maturity-wise grouping		
On demand	642,300	367,000
Not more than three months	3,251,001,767	-
More than three months but not more than one year	968,548,332	250,441,319
More than one year but not more than five years	5,038,087,553	439,511,200
Above five years	3,904,727,006	4,395,563,484
	13,163,006,959	5,085,883,003

7.5 Repo and Reverse-repo

7.5.1 Repo as on 31 December 2019

Counter party name	Agreement date	Reversal date	Amount	Amount
Bangladesh Bank	30/12/2019	1/1/2020	850,000,000	

7.5.2 Transactions of Repo and Reverse-repo during the year 2019

	Minimum outstanding BDT	Maximum outstanding BDT	Maximum outstanding BDT
Securities sold under repo			
i) With Bangladesh Bank	-	-	-
ii) With Other Bank & FIs	93,960,800	1,494,440,500	403,698,914
Securities purchase under reverse repo			
i) With Bangladesh Bank			
ii) With Other Bank & FIs	98,489,977	405,404,518	74,289,031

		Amount in BDT	
		2019	2018
8	Loans and advances		
	Loans, cash credit, overdrafts etc. (Note 8.1)	39,266,920,736	32,693,770,419
	Bills purchased and discounted (Note 8.13)	3,240,337,010	2,881,878,941
		42,507,257,746	35,575,649,360
8.1	Loans, cash credit, overdrafts etc.		
	In Bangladesh		
	Cash credit and overdrafts	17,567,758,666	14,060,871,690
	Loans (General)	17,329,049,216	14,097,520,323
	House building loan	838,073,151	860,372,160
	Loan against trust receipt	1,320,265,827	1,558,327,247
	Other Loans	2,211,773,877	2,116,678,999
		39,266,920,736	32,693,770,419
	Outside Bangladesh	-	-
		39,266,920,736	32,693,770,419
8.2	Performing loans and advances		
	Gross loans and advances	41,433,698,156	34,924,988,408
	Non-performing loans and advances	1,073,559,590	650,660,952
		42,507,257,746	35,575,649,360
8.3	Maturity-wise grouping		
	On demand	2,956,872,827	3,634,475,012
	Less than three months	8,481,654,203	5,015,153,030
	More than three months but less than one year	13,659,512,058	10,833,335,147
	More than one year but less than five years	12,438,780,743	9,753,104,235
	More than five years	4,970,437,915	6,339,581,936
		42,507,257,746	35,575,649,360
8.4	Loans and Advances on the basis of significant concentration		
	Advances to allied concerns of directors	-	-
	Advances to chief executive and other senior executives	20,012,755	27,558,962
	Advances to customers' group:		
	Advances to large and medium industries	25,399,949,378	29,388,094,939
	Advances to small and cottage industries	2,504,440,445	3,079,361,445
	Commercial Lending	13,196,660,519	2,079,590,039
	House Building Loan	838,073,151	619,493,473
	Consumer Credit Scheme	43,533,626	40,459,888
	Other Loans and Advances	504,587,873	341,090,614
		42,507,257,746	35,575,649,360
8.5	Sector-wise allocation of loans and advances		
		% of total loan	
	Agriculture, fishing, forestry and dairy firm	0.61%	146,115,449
	Industry (Other than working capital)	13.55%	6,008,352,887
	Working capital financing	22.51%	8,630,830,117
	Export credit	2.36%	1,492,472,949
	Import credit	3.31%	3,450,222,889
	Commercial credit	31.05%	3,079,361,445
	Constructions	18.99%	4,597,471,899
	Transport and Communication	1.63%	688,662,996
	Consumer Credit	1.14%	401,868,577
	Others	4.86%	7,080,290,153
		100.00%	35,575,649,360
		42,507,257,746	35,575,649,360

Amount in BDT

2019

2018

8.6 Details of large loans and advances

Number of clients with outstanding amount and classified loans exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 723.76 crore as at 31 December 2019 (Taka 677.07 crore in 2018).

Number of clients	77	67
Amount of outstanding loans and advances (BDT in crore)	3,565.28	2,632.01
Amount of classified loans and advances	-	-
Measures taken for recovery	-	-

Name of clients	Outstanding (BDT in crore)		Total BDT in crore	Total BDT in crore
	Funded	Non-Funded		
IFAD Autos Limited	40.61	-	40.61	65.09
IFAD Motors Limited	22.81	4.79	27.60	-
Hashem Foods Limited	89.54	1.59	91.13	90.53
A.K.M. Knit Wear Limited	26.11	196.80	222.91	65.90
Al Muslim Washing Limited	7.54	0.62	8.16	9.60
Pacific Blue Jeans Ltd	19.59	0.56	20.15	21.04
Mir Akhter Hossain Limited	89.52	142.47	231.99	102.55
Toma Construction & Co. Limited	29.49	530.11	559.60	401.06
Drug International Limited	-	53.28	53.28	56.04
ATI Ceramics Limited	-	37.90	37.90	-
Harnest Label Industries Limited	-	0.94	0.94	-
Afil Paper Mills Limited	59.73	10.89	70.62	93.09
Smart Technologies [BD] Limited	-	93.27	93.27	84.06
Smart Properties Ltd	3.05	-	3.05	-
AL-Mostafa Printing & Packaging Industries Ltd. Unit-1	-	-	-	6.08
AL-Mostafa Printing & Packaging Industries Ltd. Unit-2	0.77	-	0.77	4.81
Mercantile Color Print & Pack	7.79	-	7.79	-
Sunny Foils & Polymer Industries Ltd.	-	1.35	1.35	5.40
Meghna Star Cables & Electrical Appliances Ltd	91.71	57.03	148.74	76.99
Thai- Foils & Ploymer Industries Ltd	-	10.88	10.88	19.41
GAZI Satellite Television Ltd.	3.59	-	3.59	12.23
GAZI Pipes	26.28	0.87	27.15	40.02
GAZI Tanks	9.95	-	9.95	9.96
GAZI International	1.16	-	1.16	6.10
GAZI Infrastructure Development Company Limited	5.80	0.89	6.69	16.33
MAX Infrastruture Limited	-	-	-	-
Poton Traders	52.22	35.05	87.27	-
CLC Power Company Ltd.	-	-	-	-
Nitol Motors Limited	73.32	3.56	76.88	79.60
Abdul Monem Limited	51.98	69.51	121.49	63.18
Pran Dairy Limited	30.09	14.96	45.06	46.39
Sylvan Technologies Limited	31.01	31.70	62.71	42.05
Advance Personal Care Limited	10.31	-	10.31	9.78
Evince Textiles Limited	107.99	41.60	149.58	124.15
Evince Retail Limited	-	-	-	11.22
Libas Knitwear Ltd.	6.18	19.20	25.38	-
Lan-tabur Apparels Ltd.	11.78	5.41	17.19	-
Taqwa Fabrics Ltd.	17.96	10.24	28.20	-
Energypac Engineering Limited	21.69	3.37	25.06	23.44
ECPV Chitagong Ltd.	75.55	-	75.55	72.35
EPV Thakurgaon Ltd.	-	81.04	81.04	34.57
Patriot Spinning Mills Ltd.	54.53	41.95	96.48	59.85
Navana Construction Ltd.	35.52	5.40	40.92	36.25
Pratibha-Navana JV	2.53	-	2.53	2.85
Navana Batteries Limited	13.77	5.34	19.11	16.80
Navana Limited	-	-	-	5.68
Winter Dress Ltd.	-	-	-	20.01

Name of clients	Amount in BDT			
	2019		2018	
	Outstanding (BDT in crore)	Total BDT in crore	Total BDT in crore	Total BDT in crore
	Funded	Non-Funded		
A & A Fashion Sweater Industries Ltd.	-	-	-	18.89
American International University Bangladesh	71.56	-	71.56	83.12
The Fashion Ltd.	1.15	-	1.15	6.34
Knit City Ltd.	0.36	6.44	6.80	0.49
Riviera Resources Ltd.	-	-	-	-
Riviera Composite Industries Ltd.	39.60	1.01	40.61	32.11
Core Spun Apparel Ltd.	-	-	-	1.51
Purbachal Apparel Ltd.	-	-	-	18.39
Baraka Engineers Ltd.	76.18	6.41	82.59	85.98
Business Information Technology Ltd.	-	0.05	0.05	-
Baraka Renewable Energy	-	2.14	2.14	-
CMECC-BEL JV	-	18.33	18.33	-
BUCG-BEL JV	-	14.75	14.75	-
Abul Khair Tobacco Co. Limited	79.70	-	79.70	70.01
Clamoon Garments Limited	1.46	11.87	13.33	-
Crossline Woven Apparels Ltd.	2.81	37.05	39.86	-
Crossline Woven Garments Limited	2.04	7.04	9.08	-
Sonali Paper & Board Mills Limited	30.76	9.89	40.65	68.45
Sonali Dredger Ltd.	3.27	17.59	20.86	-
Younus Paper Mills Limited	43.55	2.19	45.74	52.43
YSR Logistics Ltd.	0.50	-	0.50	0.49
Five Star Ice & Cold Stroge (Pvt) Ltd.	4.32	-	4.32	4.86
Fly Glaxy Tours Travels	-	0.20	0.20	0.20
Srinagar Ice & Cold Stroge Ltd.	12.83	-	12.83	11.02
Western Engineering (Pvt.) Ltd.	87.98	75.86	163.84	160.59
Oversease Marketing Corp Ltd.	12.47	13.32	25.79	37.18
Global Instrument Supply Co.	-	3.81	3.81	-
Mahabub Brothers (Pvt) Ltd.	108.97	14.38	123.35	16.95
Mahabub Brothers (Pvt) Ltd & G.K.B & Company (Pvt) Ltd.	-	-	-	26.79
Ambient Steel (BD) Ltd.	-	27.53	27.53	12.57
Disney Sweater Ltd.	-	22.83	22.83	34.31
A. K. Oxygen Ltd.	17.33	0.23	17.56	24.22
Mittal Ispat Ltd.	31.49	-	31.49	30.65
Total	1,759.80	1,805.48	3,565.28	2,632.01

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

Service Sector	4,228,171,945	2,955,313,010
Trading Sector	959,432,745	1,366,502,491
Industrial Sector	1,956,420,154	3,509,234,432
	7,144,024,844	7,831,049,933

8.8 Geographical location-wise allocations of loans and advances

	% of total loan	Amount in BDT	
		2019	2018
Dhaka region	81.67%	34,714,194,531	30,439,998,674
Chittagong region	12.51%	5,316,181,021	3,975,045,225
Rajshahi region	0.53%	223,664,700	69,156,484
Sylhet region	0.25%	104,672,946	113,373,220
Khulna region	4.51%	1,916,293,853	743,855,660
Mymensing Region	0.11%	47,749,294	36,527,977
Rangpur region	0.35%	150,537,245	155,142,628
Barisal region	0.08%	33,964,157	42,549,493
	100.00%	42,507,257,746	35,575,649,360

Amount in BDT

2019

2018

8.9 Classification of loans and advances

Unclassified:

Standard including staff loan
Special Mention Account (SMA)

Classified:

Sub-standard
Doubtful
Bad and loss

2019		2018	
96.26%	40,915,775,355	94.08%	33,470,198,268
1.22%	517,922,801	4.09%	1,454,790,140
97.47%	41,433,698,156	98.17%	34,924,988,408
Classified:		Classified:	
0.83%	350,716,092	0.31%	111,950,247
0.15%	64,294,274	0.70%	248,124,419
1.55%	658,549,224	0.82%	290,586,286
2.53%	1,073,559,590	1.83%	650,660,952
100%	42,507,257,746	100%	35,575,649,360

8.10 Particulars of loans and advances

i) Debts considered good in respect of which the bank is fully secured;	35,963,624,015	31,074,366,730
ii) Debts considered good for which the bank holds no other security than the debtors' personal guarantee;	1,165,010,713	768,899,681
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal guarantee of the debtors;	5,226,295,117	3,597,156,955
iv) Debts adversely classified; provision not maintained thereagainst	-	-
v) Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;	152,327,900	135,225,994
vi) Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;	-	-
vii) Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons;	152,327,900	135,225,994
viii) 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; advances granted during the year to companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in case of private companies, as members;	-	-
ix) Due from banking companies;	-	-
x) Classified loans/investments for which interest has not been charged:		
(a) Increase/decrease of provision (specific)		
Amount of debts written off	-	-
Amount realized against the debts previously written off	-	-
(b) Provision against the debt classified as		
bad/loss at the date of balance sheet	383,439,041	69,359,818
(c) Amount of interest charged in suspense account	129,127,988	24,686,001
xi) Loans written off:		
- Current year	-	-
Cumulative to-date	-	-
- The amount of written off loans for which lawsuit filed	-	-

Amount in BDT

2019

2018

8.11 Particulars of required provision for loans and advances/investments

	2019				2018
	Outstanding Loans	Base for Provision	% of required provision	Required provision	Required provision
For loans and advances:					
Unclassified - General provision					
All unclassified loans (other than small enterprises, housing finance, Loan to MBs, loans for professional, consumer financing and special mention account)	32,969,518,227	32,969,518,227	1%	328,171,903	255,035,972
Small and medium enterprise financing	6,123,590,676	6,123,590,676	0.25%	15,347,938	15,817,956
Loan to BHs/MBs/SDs against shares	793,948,400	793,948,400	2%	15,878,968	16,219,715
Housing	283,431,613	283,431,613	1%	2,834,316	2,953,560
Loan for professional	-	-	2%	-	-
Consumer finance	484,516,581	484,516,581	5%	22,052,573	14,553,097
Agriculture finance	260,769,857	260,769,857	1.00%	2,607,699	646,819
Special Mention Account (SMA)	517,922,801	517,922,801	0.25%-5%	3,880,203	8,462,712
	41,433,698,156	41,433,698,156		390,773,600	313,689,831
Classified - Specific provision:					
Sub-standard	350,716,092	320,918,483	20%	64,183,697	10,335,455
Doubtful	64,294,274	45,378,791	50%	22,689,396	74,182,651
Bad and loss	658,549,224	383,439,041	100%	383,439,041	69,359,818
	1,073,559,590	749,736,315		470,312,133	153,877,924
Required provision for loans and advances				861,085,733	467,567,755
Total provision maintained				861,840,000	468,240,000
Excess provision at 31 December				754,267	672,245

8.12 Listing of assets pledged as security/collaterals

Nature of the secured assets

Gold & Gold Ornaments	-	-
Shares & Securities	39,939,143	444,264,017
Merchandise	2,470,892,128	6,044,369,660
Machinery with other Fixed Asset and Financial obligation	1,153,224,932	851,767,779
Real Estate with Financial obligation	20,553,656,006	14,144,462,670
Financial Obligation only (Insurance policies, Savings certificates, Bank deposit etc)	2,536,760,325	725,182,525
Miscellaneous;		
i) Crops/stock of crops hypothecations	200,307,699	-
ii) Guarantee of individuals/ Institutions	6,391,305,830	3,597,303,116
ii) Others	9,161,171,683	9,768,299,593
	42,507,257,746	35,575,649,360

8.13 Bills purchased and discounted

In Bangladesh	2,757,582,062	2,342,894,941
Outside Bangladesh	482,754,948	538,984,001
	3,240,337,010	2,881,878,941

8.13.1 Maturity-wise grouping

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

Amount in BDT	
2019	2018
91,694,223	89,718,891
414,318,567	155,151,701
2,734,324,220	2,637,008,350
-	-
-	-
3,240,337,010	2,881,878,941
9 Fixed assets including premises, furniture and fixtures	
Cost Price:	
Land	-
Building	-
Furniture and fixture	153,190,398
Computer and Computer peripheral	53,798,167
Electrical Equipments	121,668,525
Motor vehicles	34,980,000
Capital work in progress (CWIP)	-
473,847,330	363,637,089
Less: Accumulated depreciation:	
Land	-
Building	-
Furniture and fixture	45,148,733
Computer and Computer peripheral	28,120,447
Electrical Equipments	54,363,769
Motor vehicles	28,552,099
179,005,306	156,185,048
294,842,024	207,452,042
Leased Assets:	
Right-of-Use (ROU) Assets	-
Less: Accumulated depreciation on ROU Assets	-
557,284,683	-
Software:	
Computer Software	45,969,000
SWIFT Software	4,221,235
Capital work in progress (CWIP)	-
86,397,209	50,190,235
Less: Amortization during the year	41,857,981
39,789,074	8,332,254
891,915,781	215,784,296

9 Fixed assets including premises, furniture and fixtures

Cost Price:

Land	-
Building	-
Furniture and fixture	153,190,398
Computer and Computer peripheral	53,798,167
Electrical Equipments	121,668,525
Motor vehicles	34,980,000
Capital work in progress (CWIP)	-

Less: Accumulated depreciation:

Land	-
Building	-
Furniture and fixture	45,148,733
Computer and Computer peripheral	28,120,447
Electrical Equipments	54,363,769
Motor vehicles	28,552,099

Leased Assets:

Right-of-Use (ROU) Assets	-
Less: Accumulated depreciation on ROU Assets	-

Software:

Computer Software	45,969,000
SWIFT Software	4,221,235
Capital work in progress (CWIP)	-

Less: Amortization during the year

Written down value at the end of the year

Detail of fixed assets is presented in Annexure-A

Leased Assets: Accounting Policy:

The Bank assesses whether a contract is a lease, in accordance with the guidance stated in the IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than 12 months, unless the underlying asset is of low value. Office premises for which monthly lease rental is the amount not exceeding Taka 25,000, ATM Booths and other installations are considered as low value asset.

Where the Bank is a lessee and the lease is deemed in scope, it recognizes a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable in the economic environment of the lease. It is considered as 5%. The liability is recognized in 'Other liabilities'. A corresponding right-of-use (ROU) Asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognized in 'Property, plant and equipment'. The lease term includes any extension options contained in the contract that the Bank is reasonably certain, it will exercise.

Amount in BDT

2019

2018

The Bank subsequently depreciates the right-of-use (ROU) asset using the straight-line method over the lease term and measures the lease liability using the effective interest method. Depreciation of the asset is recognized in 'Depreciation and amortization', and interest on the lease liability is recognized in 'Interest expense'.

The judgements in determining lease balances are the determination of whether the Bank is reasonably certain that it will exercise extension options present in lease contracts. On initial recognition, the Bank considers a range of characteristics such as premises function, conditions mentioned in the lease contracts and the term remaining on the lease to determine whether it is reasonably certain that a contractual right to extend a lease will be exercised.

Existing lease liabilities may change in future periods due to changes in assumptions or decisions to exercise lease renewal or termination options, changes in payments due to renegotiations of market rental rates as permitted by those contracts and changes to payments due to rent being contractually linked to an inflation index. In general, the remeasurement of a lease liability under these circumstances leads to an equal change to the right-of-use asset balance, with no immediate effect on the income statement.

Prior period information is not restated, i.e. it is presented, as previously reported, under IAS 17 and related interpretations in which the Bank as lessee recognized lease payments in operating expenses on a straight-line basis.

The total rental expenses during the year 2019 for premises leases was Taka 161,250,721 out of which Taka 130,122,722 has been presented in accordance with the IFRS 16: Leases and remaining Taka 31,127,999 is presented as stated above as per IAS 17. Reconciliation of rental expense has been presented in Note 26.1 for detail.

The right-of-use asset balances and depreciation charges are disclosed in Note 9 & Note 31 respectively. The lease liability balance is disclosed in Note 13 and the interest expense on lease liabilities is disclosed in Note 21.

	2,599,603,240	1,846,668,543
10 Other assets		
10.1 Classification of other assets		
Interest Receivable (Accrued Interest Income)	421,676,243	198,349,129
Other receivable-Bangladesh Industrial Finance Company Ltd.	130,000,000	130,000,000
Stationery, stamps, printing materials, etc.	1,645,321	1,456,254
Advance rent	150,064,168	77,259,411
Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	3,437,011	5,558,366
Branch adjustment (Note 10.3)	-	-
Off-shore Banking Unit	670,710,000	847,390,000
Advance income tax (Note 10.2)	1,845,607,371	1,392,320,737
Others	47,173,126	41,724,646
	3,270,313,240	2,694,058,543
Less: Off-shore Banking Unit	670,710,000	847,390,000
	2,599,603,240	1,846,668,543
10.2 Advance income tax		
Opening balance	1,392,320,737	1,113,566,467
Paid during the year	720,077,577	523,058,338
	2,112,398,314	1,636,624,805
Less: Settlement/ Adjustment of previous year's tax liability	266,790,943	244,304,068
Closing balance	1,845,607,372	1,392,320,737
10.3 Branches' adjustment		
General accounts debit	-	-
	-	-
11 Borrowing from other banks, financial institutions and agents		
In Bangladesh (Note 11.1)	9,346,937,742	4,384,637,500
Outside Bangladesh (Note 11.2)	504,213,660	478,911,807
	9,851,151,402	4,863,549,307

11.1 In Bangladesh	Amount in BDT	
	2019	2018
A) Re-Finance from Bangladesh Bank:		
Re-finance for women entrepreneurs	5,200,000	1,187,500
Re-Finance for UBSP JICA FUND	174,967,742	-
Re-Finance scheme for small / micro enterprise holding 10 Taka Account	-	1,550,000
	180,167,742	2,737,500
B) Borrowing from Banks (In Local Currency):		
Janata Bank Limited	200,000,000	100,000,000
Eastern Bank Limited	520,000,000	-
United Commercial Bank Limited	250,000,000	-
Rupali Bank Limited	-	250,000,000
Uttara Bank Limited	620,000,000	-
Agrani Bank Limited	-	1,000,000,000
Community Bank Bangladesh Limited	100,000,000	-
Pubali Bank Limited	50,000,000	-
Sonali Bank Limited	1,400,000,000	500,000,000
Jamuna Bank Limited	-	550,000,000
Commercial Bank of Ceylon PLC.	160,000,000	80,000,000
Meghna Bank Limited	590,000,000	60,000,000
One Bank Limited	250,000,000	-
Midland Bank Limited	380,000,000	-
Bangladesh Development Bank Ltd.	420,000,000	-
Prime Bank Limited	80,000,000	-
Habib Bank Limited	130,000,000	-
Basic Bank Limited	300,000,000	-
AB Bank Limited	550,000,000	-
South Bangla Agriculture and Commerce Bank Ltd.	-	80,000,000
	6,000,000,000	2,620,000,000
C) Borrowing from Banks (In Foreign Currency):		
United Commercial Bank Limited	509,400,000	209,750,000
National Credit and Commerce Bank Limited	254,700,000	83,900,000
Rupali Bank Limited	-	1,132,650,000
NRB Bank Ltd.	339,600,000	83,900,000
South Bangla Agriculture and Commerce Bank Ltd.	-	83,900,000
Bank Asia Ltd.	764,100,000	167,800,000
Off-shore Banking Unit	670,710,000	847,390,000
One Bank Limited	169,800,000	-
NRB Global Bank Limited	254,700,000	-
Southeast Bank Limited	254,700,000	-
Pubali Bank Limited	169,800,000	-
Habib Bank Limited	67,920,000	-
Commercial Bank of Ceylon PLC.	84,900,000	-
Jamuna Bank Limited	297,150,000	-
	3,837,480,000	2,609,290,000
Less: Off-shore Banking Unit	670,710,000	847,390,000
	3,166,770,000	1,761,900,000
(A+B+C) In Bangladesh	9,346,937,742	4,384,637,500
11.2 Outside Bangladesh		
Symbiotics S.A	470,179,716	464,641,675
Value Port Ltd.	34,033,945	14,270,132
	504,213,660	478,911,807
	9,851,151,402	4,863,549,307

	Amount in BDT	
	2019	2018
11.3 Maturity grouping of borrowings		
Repayable on demand	4,090,000,000	1,040,000,000
Repayable within one month	2,446,720,000	1,842,400,000
Over one month but within six months	2,630,050,000	1,499,500,000
Over six months but within one year	-	-
Over one year	684,381,402	481,649,307
	9,851,151,402	4,863,549,307
12 Deposits and other accounts		
Current and other accounts		
Current deposits	1,592,174,475	2,131,436,371
Foreign currency deposits	590,459,336	347,419,370
Sundry deposits (Note 12.1)	2,523,939,745	2,308,625,593
	4,706,573,556	4,787,481,334
Bills payable		
Payment order issued	1,109,393,079	1,171,494,988
Demand draft	-	-
	1,109,393,079	1,171,494,988
Savings bank deposits	4,739,987,282	2,814,372,369
Term/Fixed deposits		
Fixed deposits Receipts (FDR)	27,144,231,292	20,912,260,080
Special notice deposits (SND)	3,722,884,004	3,378,602,792
Scheme deposits	7,892,306,153	4,161,447,522
Interest Payable on FDR/Scheme	805,569,295	518,252,437
	39,564,990,744	28,970,562,830
	50,120,944,660	37,743,911,522
12.1 Sundry deposits		
Margin deposits	1,274,885,442	1,087,647,097
Withholding Tax, VAT and Excise duty etc.	153,588,514	118,561,292
FC held against Export Development Fund (EDF)	577,873,052	643,161,557
BLO account -USD	412,945,456	372,342,485
Others	104,647,280	86,913,162
	2,523,939,745	2,308,625,593
12.2 Deposits and Other Accounts		
Deposits from Banks	200,000,000	-
Deposits from Customers	49,920,944,660	37,743,911,522
	50,120,944,660	37,743,911,522
12.3 Sector-wise break-up of Deposits and Others account		
Government	4,208,613,128	3,504,843,578
Deposit money banks	200,000,000	-
Other public	6,779,885,990	5,832,162,983
Foreign currency	590,459,336	347,419,370
Private	38,341,986,206	28,059,485,591
	50,120,944,660	37,743,911,522

	Amount in BDT	
	2019	2018
12.4 Analysis of residual maturity grouping of deposits		
Inter-bank deposits		
Repayable on demand	-	-
Repayable within 1 month	200,000,000	-
Over 1 month but within 6 months	-	-
Over 6 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
	200,000,000	-
Other Deposits		
Repayable on demand	1,005,841,487	1,138,261,368
Repayable within 1 month	4,397,193,271	2,125,467,627
Over 1 month but within 6 months	19,448,224,231	15,083,247,328
Over 6 months but within 1 year	9,992,294,503	11,046,351,813
Over 1 year but within 5 years	11,728,901,059	7,483,731,415
Over 5 years but within 10 years	3,348,490,109	866,851,971
	49,920,944,660	37,743,911,522
	50,120,944,660	37,743,911,522
12.5 Unclaimed Deposits and valuables	-	-
	-	-
13.00 Other liabilities		
Provision for loans and advances (Note 13.1)	861,840,000	468,240,000
Provision for Incentive of Good borrowers {Note 13.1 (a)}	4,500,000	1,500,000
Provision for diminution in value of investments {Note 13.1 (b)}	36,900,000	-
Provision for other assets {Note 13.1 (b)}	250,000	-
Lease Liability	563,810,345	-
Provision for Risk Coverage Fund {Note 13.1 (b)}	2,000,000	-
Provision for off-balance sheet exposures (Note 13.2)	250,500,000	198,300,000
Provision for taxation (Note 13.3)	2,479,534,589	1,947,973,636
Provision for incentive bonus	48,290,788	40,468,701
Interest Suspense Account (Note 13.4)	129,127,988	29,893,032
Accrued expenses	2,056,279	8,223,321
Interest payable on borrowings	75,619,445	16,905,461
Branch adjustment (Note-13.5)	621	-
Provision for audit fee	250,000	250,000
Others	100,608,518	116,619,064
	4,555,288,573	2,828,373,216
13.1 Provision for loans and advances		
A. General		
Provision held as on 1 January	291,240,000	230,840,000
Add: Provision made during the year	72,600,000	60,400,000
Provision held as on 31 December	363,840,000	291,240,000

	Amount in BDT	
	2019	2018
B. Specific		
Movement in specific provision on classified loans		
Provision held as on 1 January	154,000,000	12,100,000
Less: Fully provided debts written off during the year	-	-
Add: Specific provision made during the year for other accounts	316,500,000	141,900,000
Less: Provision no longer required	-	-
Add: Transferred from Provision for OBU	-	-
Provision held as on 31 December	470,500,000	154,000,000
C. Provision for Off-shore Banking Unit (OBU)		
Provision held as on 1 January	23,000,000	21,500,000
Less: Transferred to Specific Provision	-	-
Add: Provision made during the year	4,500,000	1,500,000
Provision held as on 31 December	27,500,000	23,000,000
Total provision on loans and advances (A+B+C)	861,840,000	468,240,000
13.1 (a) Provision for Incentive of Good borrowers		
Provision held as on 1 January	1,500,000	1,500,000
Add: Provision made during the year	3,000,000	-
	4,500,000	1,500,000
Less: Paid during the year	-	-
Provision held as on 31 December	4,500,000	1,500,000
Provision for incentive to the eligible good borrowers has been maintained as per Bangladesh Bank, BRPD Circular no. 6, dated March 19, 2015 and BRPD Circular letter no. 3 dated February 16, 2016 based on the criteria prescribed therein. For all types of loan, repayment behaviour of the borrowers during last three years time will be assessed against the conditions mentioned in the Sanction letter as well as aforesaid Circulars before allowing them the said incentive i.e. 10% Rebate on realised interest during third year (1 year's interest) which might be continued in subsequent years subject to compliance of terms & conditions.		
13.1 (b) Provision for others		
Provision for diminution in value of investments	36,900,000	-
Provision for other assets	250,000	-
Provision for Risk Coverage Fund	2,000,000	-
	39,150,000	-
13.2 Provision for off-balance sheet exposures		
Provision held as on 1 January	198,300,000	142,600,000
Add: Provision made during the year	52,200,000	55,700,000
	250,500,000	198,300,000
Less: Adjustments made during the year	-	-
Provision held as on 31 December	250,500,000	198,300,000
13.3 Provision for taxation		
Current tax (Note 13.3.1)	2,390,718,294	1,552,497,260
Deferred tax (Note 13.3.2)	88,816,295	6,761,866
	2,479,534,589	1,559,259,126

			Amount in BDT	
			2019	2018
13.3.1 Provision for current tax				
Provision				
	Balance at the beginning of the year		1,941,211,770	1,481,341,497
	Add: Provision made during the year		716,297,467	704,174,341
			2,657,509,237	2,185,515,838
	Less: Settlement/ Adjustment of previous year's tax liability		266,790,943	244,304,068
	Balance at the end of the year		2,390,718,294	1,941,211,770
Provision for current tax of Taka 716,297,467/- has been made @ 37.50% as prescribed by Finance Act 2019 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 1984".				
13.3.2 Provision for deferred tax				
	Balance at the beginning of the year		6,761,866	10,493,438
	Add : Provision made for deferred tax liabilities:			
	Charged/(credited) to profit and loss account		82,054,429	(3,731,572)
			88,816,295	6,761,866
	Adjustment made during the year		-	-
			88,816,295	6,761,866
	Less: Provision made for deferred tax assets		-	-
	Balance at the end of the year		88,816,295	6,761,866
13.4 Interest Suspenses Account				
	Balance at the beginning of the year		29,893,032	5,207,031
	Add: Amount transferred during the year		227,939,957	99,135,157
	Less: Amount recovered during the year		(128,705,001)	(74,449,156)
	Less: Amount written off during the year		-	-
	Balance at the end of the year		129,127,988	29,893,032
13.5 Branches' adjustment				
	General accounts debit		-	-
	General accounts credit		621	-
			621	-
14 Share capital				
14.1 Authorised capital:				
	2,000,000,000 ordinary shares of BDT 10 each		20,000,000,000	20,000,000,000
14.2 Issued, subscribed and paid up capital:				
	452,000,000 ordinary shares of BDT 10 each issued for cash		4,520,000,000	4,520,000,000
	22,600,000 ordinary shares of BDT 10 each issued for bonus share		226,000,000	-
			4,746,000,000	4,520,000,000
14.3 Share capital at a glance from inception				
<u>Year</u>	<u>Particulars</u>	<u>Number of shares</u>	<u>Capital amount</u>	<u>Capital amount</u>
2013	Opening Capital	452,000,000	4,520,000,000	4,520,000,000
2018	Bonus share Issued	22,600,000	226,000,000	-
		474,600,000	4,746,000,000	4,520,000,000

Amount in BDT

2019

2018

14.4 Name of the Directors and their shareholdings in the year 2019

SI	Name of the directors	Status	Number of Shares	
			At 31 December	At 31 December
			2019	2018
1	Mr. Humayun Kabir	Chairman	12,600,000	12,000,000
2	Mr. Shaikh Salahuddin	Vice- Chairman	18,900,000	18,000,000
3	Mr. Sheikh Fazle Noor Taposh	Director	42,000,000	40,000,000
4	Sharmin Apparels Limited Represented by Mr. Mohammad Ismail Hossain	Director	21,000,000	20,000,000
5	Sandhani Life Insurance Company Limited Represented by Mr. Nemaï Kumer Saha	Director	31,500,000	30,000,000
6	Mr. Salahuddin Alamgir	Director	21,000,000	20,000,000
7	Tanveer Oils Limited Represented by Mr. Mostafa Kamal	Director	21,000,000	20,000,000
8	Everest Power Generation Company Limited Represented by Mrs. Tanjima Binthe Mostafa	Director	21,000,000	20,000,000
9	Mr. Humayun Kabir Bablu	Director	21,000,000	20,000,000
10	Mrs. Shahana Yasmin	Director	21,000,000	20,000,000
11	Mrs. Sultana Jahan	Director	21,000,000	20,000,000
12	Mango Teleservices Limited Represented by Mr. A. Mannan Khan	Director	21,000,000	20,000,000
13	Azbal International Limited Represented by Mrs. Ferdousi Islam	Director	21,000,000	20,000,000
14	Anwar Jute Spinning Mills Limited Represented by Mr. Manwar Hossain	Director	10,500,000	10,000,000
15	Meghna Flour & Dal Mills Limited Represented by Mr. Tanveer Ahmed Mostafa	Director	12,600,000	12,000,000
16	Mona Financial Consultancy & Securities Limited Represented by Mr. Md. Mahbubur Rahman	Director	10,500,000	10,000,000
17	Mr. Didarul Alam	Director	8,400,000	8,000,000
18	Sharmin Fashions Limited Represented by Mrs. Syeda Sharmin Hossain	Director	8,400,000	8,000,000
			344,400,000	328,000,000

14.5 Classification of shareholders by holding

	Number of holders		% of total holding	
	2019	2018	2019	2018
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	-	9	-	1.99
Over 1,000,000 shares	41	32	100.00	98.01
	41	41	100.00	100.00

14.6 Capital to Risk weighted Asset Ratio (CRAR):

In terms of Section 13 (2) of the Bank Company Act 1991, the Guideline on Risk Based Capital Adequacy (RBCA) under Basel-III issued vide BRPD Circular No.18 dated December 21, 2014 (effective from January 01, 2015), BRPD Circular No.2 dated March 04, 2015, and BRPD Circular No. 5 dated May 31, 2016, the calculation of Capital to Risk Weighted Asset Ratio (CRAR) is done at the end of every quarter in a year. Calculation of minimum total capital plus capital conservation buffer of the Bank at the end of December 2019 against the regulatory requirement of 12.50% is presented as under:

1) Tier-1 -Core capital (Going Concern Capital)

a) Common Equity - Tier-1 (CET 1) Capital

	Amount in BDT	
	2019	2018
Paid up capital	4,746,000,000	4,520,000,000
Share premium	-	-
Statutory reserve (Note 14)	1,371,215,695	1,053,286,265
General reserve	-	-
Surplus in Profit and Loss account/ Retained earnings (Note 17)	478,537,232	683,171,408
	6,595,752,927	6,256,457,673
b) Additional Tier-1 Capital	-	-
Total Tier-1 Capital	6,595,752,927	6,256,457,673

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

General provision maintained against unclassified loan	391,340,000	314,240,000
General provision on off-balance sheet items	250,500,000	198,300,000
Asset revaluation reserve	-	-
Revaluation reserve (50% of Fixed Assets & Securities and 10% of Equities)	8,535,650	8,535,650
	650,375,650	521,075,650

Less: Regulatory Adjustment

Revaluation Reserve for Fixed Assets, Securities & Equity Securities
(deduction of 100% in 2019 as per Basel-III Guidelines)

	8,535,650	6,828,520
Total Tier-2 Capital	641,840,000	514,247,130
A) Regulatory Capital (1+2)	7,237,592,927	6,770,704,803

B) Risk weighted assets (RWA)

Credit Risk		
On-Balance Sheet	34,530,210,856	29,073,907,706
Off-Balance Sheet	13,312,334,272	12,664,553,112
	47,842,545,128	41,738,460,819
Market Risk Weighted Assets	1,466,152,933	971,062,977
Operational Risk Weighted Assets	2,702,928,884	2,298,912,061
Total RWA	52,011,626,945	45,008,435,857

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

	5,201,162,694	4,500,843,586
D) Surplus (A-C)	2,036,430,232	2,269,861,217

Capital to Risk weighted Asset Ratio (CRAR):

On Core Capital, i.e. CET 1 - (against standard of minimum 6%)	12.68%	13.90%
On Total Capital to Risk Weighted Asset Ratio (CRAR)- [against standard of minimum 10% plus Capital Conservation Buffer 2.50% (total 12.50%)]	13.92%	15.04%

Any Bank with a Common Equity Tier 1 (CET 1) Capital ratio below 7% is required to conserve a certain percentage of its earnings in the subsequent year. In that case, a restriction is imposed on dividend payout as stated in the Basel III guideline. Above Calculation reveals that CET 1 of Modhumoti Bank Limited (12.68%) is well above the required level.

Leverage Ratio (against standard of 3%):

7.86%	9.88%
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		Amount in BDT	
		2019	2018
15	Statutory reserve		
	Balance as at 1 January 2019	1,053,286,265	716,799,672
	Addition during the year (20% of pre-tax profit)	317,929,430	336,486,593
	Balance as at 31 December 2019	1,371,215,695	1,053,286,265
16	Revaluation gain/(loss) on investment		
	Revaluation reserve on HTM securities		
	Balance as at 1 January 2019	193,143	2,609
	Addition during the year	2,950,186	190,534
		3,143,329	193,143
	Adjustment of amortization/ revaluation gain against sale/maturity	-	-
	Balance as at 31 December 2019 CET 1 of Modhumoti Bank Limited	3,143,329	193,143
	Revaluation reserve on HFT securities		
	Balance as at 1 January 2019	150,064	3,948,845
	Addition during the year	509,676	(3,798,781)
		659,740	150,064
	Adjustment of amortization/ revaluation gain against sale/maturity	150,064	-
	Balance as at 31 December	509,676	150,064
		3,653,005	343,207
17	Foreign currency translation gain/(loss)		
	Balance as at 1 January 2019	105,706	690,199
	Addition during the year	148,369	105,706
	Disposal during the year	(105,706)	(690,199)
	Balance as on 31 December 2019	148,369	105,706
17 (a)	Surplus in profit and loss account/Retained earnings		
	Balance as at 1 January 2019	683,171,408	489,667,806
	Prior year adjustment	-	-
		683,171,408	489,667,806
	Add: Addition during the year	791,295,254	981,990,195
		1,474,466,662	1,471,658,001
	Less:		
	Transfer to Statutory reserve	317,929,430	336,486,593
	Issue of bonus shares	226,000,000	-
	Cash dividend paid	452,000,000	452,000,000
		995,929,430	788,486,593
	Balance as on 31 December 2019	478,537,232	683,171,408
18	Contingent liabilities		
18.1	Acceptances and endorsements		
	Acceptance under Letters of Credit -Cash (Foreign) Deferred	3,745,144,474	3,099,544,921
	Acceptance under Letters of Credit -BTB (Foreign) Usance	433,928,949	334,589,544
	Acceptance under Letters of Credit -BTB EPZ (Foreign) Usance	99,745,051	44,653,575
	Acceptance under Letters of Credit -BTB (Local) Usance	1,140,329,522	474,723,316
	Acceptance under Letters of Credit -BTB (Foreign) EDF	-	-
	Acceptance under Letters of Credit -Others	-	-
		5,419,147,997	3,953,511,356
	Less: Margin	-	-
		5,419,147,997	3,953,511,356

	Amount in BDT	
	2019	2018
18.2 Letters of guarantee		
Letters of guarantee (Local)	13,647,528,777	10,392,973,609
Letters of guarantee (Foreign)	1,217,031,087	2,104,079,006
Foreign counter guarantees	-	-
	14,864,559,864	12,497,052,615
Less: Margin	752,530,665	578,832,867
	14,112,029,199	11,918,219,748
Money for which the Bank is contingently liable in respect of guarantee issued favouring:		
Directors or officers	29,059,335	48,710,222
Government	-	-
Banks and other financial institutions	-	-
Others	14,835,500,529	12,448,342,393
	14,864,559,864	12,497,052,615
Less: Margin	752,530,665	578,832,867
	14,112,029,199	11,918,219,748
18.3 Irrevocable letters of credit		
Letter of Credit - Foreign	3,380,145,078	3,340,709,974
Letter of Credit - BTB Foreign	654,564,977	379,031,275
Letter of Credit - BTB - EPZ	74,086,830	39,514,173
Letter of Credit - BTB (Local)	1,169,792,985	588,001,448
Letter of Credit - EDF & Others	94,974,644	80,199,731
	5,373,564,514	4,427,456,601
Less: Margin	522,354,777	508,814,230
	4,851,209,737	3,918,642,371
18.4 Bills for collection		
Foreign bills for collection	1,069,864,813	602,661,613
Local bills for collection	1,376,064,381	1,391,837,479
	2,445,929,194	1,994,499,092
18.5 Other contingent liabilities		
Other contingent liabilities	678,235,200	128,535,600
	678,235,200	128,535,600
19 Income statement		
Income:		
Interest, discount and similar income	6,010,172,973	4,760,288,438
Dividend income	8,780,820	8,219,744
Fees, commission and brokerage	293,282,319	257,411,693
Gains less losses arising from dealing securities	-	-
Gains less losses arising from investment securities	24,143,806	(8,829,142)
Gains less losses arising from dealing in foreign currencies	239,765,305	229,149,031
Income from non-banking assets	-	-
Other operating income	89,531,264	62,227,387
Profit less losses on interest rate changes	-	-
	6,665,676,488	5,308,467,150

	Amount in BDT	
	2019	2018
Expenses:		
Interest, fees and commission	3,560,466,062	2,501,714,999
Losses on loans and advances	-	-
Administrative expenses	717,268,428	697,572,763
Other operating expenses	150,289,210	116,488,173
Depreciation on banking assets	160,055,638	50,758,251
	4,588,079,338	3,366,534,186
Income over expenditure	2,077,597,150	1,941,932,964
20 Interest income		
Interest on loans and advances	4,625,019,935	3,796,761,758
Interest on placement with other banks and financial institutions	767,211,796	580,326,669
Interest income from OBU	27,383,068	18,349,221
Interest on foreign currency balances	14,481,627	8,960,698
	5,434,096,426	4,404,398,345
Less: Interest income from OBU	27,383,068	18,349,221
	5,406,713,358	4,386,049,124
21 Interest paid on deposits and borrowings etc.		
Interest on deposits	3,104,796,811	2,139,880,832
Interest on borrowings	435,199,418	361,834,167
Interest expense on lease liability	20,469,834	-
Interest paid on borrowings (OBU)	27,383,068	18,349,221
	3,587,849,130	2,520,064,220
Less: Interest paid on borrowings (OBU)	27,383,068	18,349,221
	3,560,466,062	2,501,714,999
22 Investment income		
Interest income from Government Securities (Note-22.1)	601,297,301	368,862,077
Gain on sale of Government Securities (Note-22.2)	24,143,806	(8,829,142)
Dividend on shares	8,780,820	8,219,744
Other Investment Income	-	-
Gain on sale of shares	2,162,314	5,377,236
	636,384,241	373,629,915
22.1 Interest Income from Government Securities		
Interest on treasury bills	-	-
Interest on treasury bonds	915,601,885	466,988,372
	915,601,885	466,988,372
Interest Expenses on treasury bills/bonds	(314,304,584)	(98,126,295)
Interest Income from Government Securities	601,297,301	368,862,077
22.2 Capital Gain on Government Securities		
Capital Gain on treasury bills	-	-
Capital Gain on treasury bonds	24,143,806	(8,829,142)
	24,143,806	(8,829,142)

		Amount in BDT	
		2019	2018
23	Commission, exchange and brokerage		
	Commission on L/Cs	88,205,591	83,311,416
	Commission on L/Cs - EPZ	1,842,671	1,800,855
	Commission on Inland L/Cs	1,370,349	1,484,037
	Commission on L/Cs-back to back	32,708,960	21,212,897
	Commission on L/Gs	158,156,836	139,828,197
	Commission on Export L/C	2,601,884	1,137,436
	Commission on remittance	197,736	185,891
	Commission on collection on FDBP/ FDBC/ FDD	3,775,548	3,195,925
	Others Commission	4,422,745	5,255,039
	Exchange gain (Note-23.1)	239,765,305	229,149,031
		533,047,624	486,560,723
23.1	Exchange gain		
	Exchange gain from revaluation/trade of foreign currency	239,765,305	229,149,031
	Exchange loss from revaluation/trade of foreign currency	-	-
		239,765,305	229,149,031
24	Other operating income		
	Account Maintenance Charges	9,968,542	10,477,316
	Postage / SWIFT/ fax recoveries from Import L/Cs	17,563,371	13,888,249
	Postage / SWIFT/ fax recoveries from Export related L/Cs	7,716,406	4,620,030
	Fees on Share Transfer	-	5,000
	Cards Fees and Charges (Note 24.1)	7,360,851	5,923,272
	Other Fees and Charges	31,890,347	11,520,322
	Fees and Charges on Export related L/Cs	15,031,749	15,793,198
		89,531,264	62,227,387
24.1	Cards Fees and Charges:		
	Fees and Charges (debit and prepaid card)	4,107,750	2,279,850
	Credit Cards:		
	Annual Fees	821,959	444,625
	VISA POS Reimbursement charges	1,283,351	1,038,740
	Cash Advance Fees	389,556	269,632
	Late payment and overlimit fees	1,491,609	717,095
	Card Cheque Fees (Processing and Issues)	1,085,982	1,000,435
	Replacement Fees and Others	1,964,986	2,745,487
		11,145,194	8,495,863
	Cards Direct Expenses:		
	VISA POS Reimbursement Charges	68,499	58,458
	VISA Associated Membership Sponsor Charges	300,600	796,620
	Fees and Charges of Card	3,142,463	1,445,512
	ATM Expenses NPSB	272,781	272,001
		3,784,343	2,572,591
	Cards Fees and Charges (Net)	7,360,851	5,923,272
25	Salaries and Allowances		
	Basic salary	183,552,350	153,319,481
	Bonus	63,405,198	50,392,511
	Other Salary & Allowances	257,031,146	227,283,676
	Bank Contribution to Provident Fund	18,413,779	15,424,323
		522,402,473	446,419,992

		Amount in BDT	
		2019	2018
26	Rent, taxes, insurance, Electricity etc.		
	Rent, rates and taxes (26.1)	37,039,075	114,351,336
	Insurance	26,592,664	21,956,669
	Utilities (except telecommunication)	19,573,444	16,421,684
		83,205,183	152,729,689
26.1	Rent, rates and taxes		
	Rent for Office	27,146,005	95,532,174
	Rent for ATM Booth	2,224,543	1,609,728
	Rent for Garage	-	268,000
	VAT on Rent	3,981,994	14,342,283
	Rates and Taxes	3,686,535	2,599,151
		37,039,075	114,351,336
<p>Since 'IFRS 16: Leases' has been implemented for the very first time in Bangladesh to comply with the International Financial Reporting Standards, out of total rental expense of Taka 161,341,332 , an amount of rental expenses (office premises for head office & twenty four branches) of Taka 130,122,722 is converted into the Interest expense on lease liability and Depreciation expense on ROU Assets. The changes have been adopted only for disclosure purpose which are not affecting the payments of actual rental expense (there is no impact on cash outflow).</p>			
<p>Reconciliation of rental expense is presented as under:</p>			
<p>A) Total Rent expense incurred for office premises paid during 2019:</p>			
	Rent Expenses	140,296,198	-
	VAT on Rent	20,954,523	-
		161,250,721	-
<p>B) Rental expense converted into the Interest expense on lease liability & depreciation expense on ROU Assets:</p>			
	Rent Expenses	113,150,193	-
	VAT on Rent Expenses	16,972,529	-
		130,122,722	-
<p>C) = (A-B), Rent Expenses presented in Note 26.1:</p>			
	Rent Expenses	27,146,005	-
	VAT on Rent	3,981,994	-
		31,127,999	-
<p>D) Expenses charged during 2019 for adoption of IFRS 16- Leases:</p>			
	Interest Expenses on lease liability (Note 21)	20,469,834	-
	Depreciation Expenses on ROU Assets (Note 31)	116,178,550	-
	Total expenses charged for ROU Assets during the year	136,648,384	-
<p>E) = (D-B), Additional expense incurred for leases during 2019</p>			
		6,525,662	-
27	Postage, stamp, telecommunication etc.		
	Postage	3,807,033	3,108,202
	Telephone / Mobile	5,415,910	5,004,083
	Networklink, Internet, SWIFT, Reuters etc.	17,836,420	17,313,630
		27,059,363	25,425,915
28	Stationery, printing, advertisements etc.		
	Printing & security stationery	10,173,566	3,689,290
	Petty stationery	6,235,525	9,878,513
	Computer consumable stationery	1,486,654	2,088,782
	Publicity and advertisement	39,076,214	33,257,776
		56,971,959	48,914,360

		Amount in BDT	
		2019	2018
29	Managing Director's salary and fees		
	Basic Salary	4,916,129	4,200,000
	Bonus	1,400,000	1,400,000
	Other Salary & Allowance	3,741,994	3,496,927
	Bank Contribution to Provident Fund	491,613	420,000
		10,549,736	9,516,927
30	Directors' fees and expenses		
	Meeting attendance fees	1,808,000	1,464,000
		1,808,000	1,464,000

As per BRPD circular letter no. 11 dated 04 October 2015, Taka 8,000/- has been paid as Honorarium to the Directors, for attending per Board Meeting, Board Audit Committee Meeting and Risk Management Committee Meeting held during the year 2019.

31 Depreciation and repairs of Bank's assets

A) Depreciation on Fixed Assets:

Furniture and fixtures	12,040,570	11,467,924
Machinery & Equipment	16,485,596	15,245,264
Computer and Computer peripherals	6,706,500	6,422,908
Motor Vehicles	3,894,267	6,463,676
Software	4,750,154	11,158,479
	43,877,088	50,758,251

B) Depreciation on Right-of-Use Assets:

116,178,550

-

C) Repairs/ Replacements of the Bank's assets:

Furniture & Fixtures	270,970	67,770
Machinery & Equipment	4,098,158	1,113,916
Motor Vehicles	471,392	898,944
Software maintenance	10,431,194	11,021,250
	15,271,714	13,101,880

D) = (A+B+C), See Annexure - A for detail of Depreciation expense

175,327,352

63,860,131

As stated in note 26.1, in accordance with IFRS 16, lease rental are now capitalized and related depreciation on ROU Assets is shown above.

32 Other expenses

Security and cleaning	33,492,956	28,742,499
Salary of casual staff	16,381,114	14,357,013
Entertainment	8,108,544	8,992,091
Other Professional Service charges	253,750	250,000
Books and periodicals	362,515	402,523
Subscription	1,350,500	1,184,497
Donation	23,271,279	19,620,000
Travelling expenses	4,941,531	6,105,173
Conveyance	2,628,343	2,082,773
Gratuity expenses	24,000,000	4,200,000
Fuel	1,705,649	1,579,910
Leverage & Uniform	639,065	522,295
Training/seminar	3,427,076	2,051,749
Annual General Meeting (AGM)	2,574,981	879,429
Bank charges	6,785,072	5,970,678
Cash carrying charges	3,237,653	2,930,949
Amortization of prepaid expenses	-	693,986
VAT on expenditure	3,145,216	5,586,490
Miscellaneous Expenses	13,248,966	9,701,117
	149,554,210	115,853,173

		Amount in BDT	
		2019	2018
33	Tax expense		
	Current tax	716,297,467	704,174,341
	Deferred tax	82,054,429	(3,731,572)
		798,351,896	700,442,769
34	Cash received from other operating activities		
	Account Maintenance Charges	9,968,542	10,477,316
	Postage / SWIFT/ fax recoveries from Import L/Cs	17,563,371	13,888,249
	Postage / SWIFT/ fax recoveries from Export related L/Cs	7,716,406	4,620,030
	Gain on sale of shares	2,162,314	5,377,236
	Fees on Share Transfer	-	5,000
	Cards Fees and Charges	7,360,851	5,923,272
	Other Fees and Charges	31,890,347	11,520,322
	Fees and Charges on Export related L/Cs	15,031,749	15,793,198
		91,693,578	67,604,623
35	Payments for other operating activities		
	Rent, rates and taxes	156,009,940	152,729,689
	Postage	27,059,363	25,425,915
	Directors fees	1,808,000	1,464,000
	Repairs	15,271,714	13,101,880
	Legal expenses	485,000	385,000
	Audit fees	250,000	250,000
	Others expenses (Note 32)	125,554,210	111,653,173
		326,438,227	305,009,657
36	Earnings per share (EPS)		
	Net profit after tax for the year ended 31 December (BDT)	791,295,254	981,990,195
	Number of ordinary shares outstanding	474,600,000	474,600,000
	Weighted average number of ordinary shares	474,600,000	474,600,000
	Earnings per share (EPS) on closing number of share	1.67	2.07
	Earnings per share (EPS) - (Weighted Average)	1.67	2.07

Earnings per share (EPS) has been calculated in accordance with IAS - 33: "Earnings Per Share (EPS)". Previous year's figure (2018: Taka 2.17 per share) has been adjusted for the issue of bonus shares during the year.

37 General

37.1 Audit Committee

Audit Committee of the Board of Directors of the Bank has been reformed by the Board of Directors in their meeting held on 27 June 2019 following re-constitution earlier as on 28 July 2016. Its roles and responsibilities were defined in line with Bangladesh Bank's BRPD Circular No. 11 dated October 27, 2013. Composition of the Audit Committee and qualification of its members is presented below:

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

Role of the Bank's Audit Committee:

To oversee financial reporting process, the Audit Committee does the following tasks:

- 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 issued by Bangladesh Bank.

During the year 2019, there are 4 (four) meetings conducted by the Audit Committee. In these meetings, the Committee reviewed quarterly unaudited Financial Statements as well as audited Financial Statements for the year 2019 in presence of external auditors. They also reviewed Inspection Reports prepared by ICCD of the Bank from time to time and Bangladesh Bank Inspection Reports to become aware of the effectiveness of Internal Control System of the Modhumoti Bank Limited and overall status regarding compliance of Bangladesh Bank's guidelines & regulation. They advised the Bank Management for ensuring compliance of rules & regulation of the regulators and also for establishing an effective Internal Control and Audit System within the Bank which will ultimately ensure the sustainable growth.

37.2 Related party/(ies) disclosure

37.2.1 Related party transactions

During the year 2019, the Bank conducted business deals with the following organisations in which the directors has interest:

i) Loans and advances to directors and their related concern

Name of party	Name of Directors	Related by	Nature of Facilities	Outstanding as on 31.12.2019	Status
Everest CNG Re-Fuelling and Conversion Ltd.	Mr. Mostafa Kamal	Director	BG	6,288,600	Regular
Sonargaon Seeds Crushing Mills Limited	Mr. Mostafa Kamal	Director	BG	2,440,635	Regular
Meghna Container Terminal Ltd.	Mr. Mostafa Kamal	Director	BG	2,500,000	Regular
Meghna Edible Oils Refinery Limited	Mr. Mostafa Kamal	Director	BG	10,846,700	Regular
Meghna Pulp & Papers Mills Ltd.	Mr. Mostafa Kamal	Director	LC	2,981,800	Regular
United Sugar Mills Limited	Mr. Mostafa Kamal	Director	BG	1,983,400	Regular
M.S.A Services Limited	Mr. Md. Didarul Alam	Director	BG	5,000,000	Regular
Mr. Didarul Alam	Mr. Md. Didarul Alam	Director	SOD	2,553,865	Regular

ii) Significant contracts where Bank is a party and where in Directors have interest during the year 2019

a)

Amount in Taka

Name of Directors	Relationship with the Bank	Nature of transaction	Limit	Security Value	Outstanding as on 31.12.2019
Mr. Sheikh Fazle Noor Taposh	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	-
Mr. Mohammad Ismail Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	BDT. 68,600.40
		Credit Card	USD 50,000	Lien on ERQ A/c for USD 50,000	-
Mr. Salahuddin Alamgir	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	-
Mr. Manwar Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	-
Mrs. Syeda Sharmin Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	-
		Credit Card	USD 20,000	Lien on ERQ A/c for USD 20,000	USD. 18,650.00
Mr. Humayun Kabir	Director	Credit Card	2,100,000	Lien on DBSR for Tk. 25,00,000/-	BDT. 4,391.75
			USD. 5000		
Mr. Didarul Alam	Director	Credit Card	750,000	Lien on FDR for Tk. 7,50,000/-	-

b) Bank has rented a portion of 10,150 square feet of Bengal House located at House No.12/A, Road No.63 Gulshan-2, Dhaka-1212 at a monthly rent of BDT 1,600,000.00. The Bank has paid BDT 50,400,000.00 as advance against Office Rent. During the year, Bank has paid total rent of BDT 19,473,705.00 and outstanding balance of advance is zero as on 31 December 2019.

c) Related party transactions

Nature of Party/ Contract	Relationship	Amount
Information Technology Consultants Limited (ITCL)	Common Director	5,041,513
Bengal Media Corporation Ltd.	Common Director	8,327,500

37.3 Number of employees

The number of regular employees engaged for the whole year or part thereof who received a total remuneration of BDT 144,000 p.a. or above were 528 at the end of December 2019

37.4 Highlights on the overall activities of the Bank

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

37.5 Coverage of External Audit

The external auditor of the Bank, M/S MABS & J Partners, Chartered Accountants worked about in excess of 985 person hours. During their audit, they audited above 80% of the Bank's risk weighted assets as on the Balance.

37.6 Events after the Reporting Period

A) Covid 19

The COVID-19 (Corona Virus) pandemic has evolved rapidly in 2020 and it impacts how Banks & other business entities evaluate and disclose events after the reporting date ('subsequent events'). The World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19 after the Balance Sheet date of the Bank on 11 March 2020. To contain the spread of this disease, along with many other countries of the world, The Government of Bangladesh has also taken a number of necessary measures such as declaration of general holiday, enforcement of lock down, social distancing etc. This global pandemic has had an impact on the overall business and economic activities of the Banking industry in Bangladesh. The Bank Management considered COVID 19 as subsequent event and in accordance with IAS 10,


they have concluded that this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition that arose after the end of the reporting period) because the significant changes in business activities and economic conditions as a result of COVID 19 events took place well after the reporting date of 31 December 2019. Although the business operation and profitability of the Bank are impacted due to COVID 19, but as the situation is constantly changing and there is no certainty at present as to how long the situation will prevail, the potential impact of COVID 19 related matters on Bank's operation and financial result cannot be reasonably assessed.

B) Dividend

The Board of Directors in its 49th meeting decided to recommended payment of 4.5% Cash dividend and 5.5% Stock Dividend for the year 2019.



Chairman



Vice Chairman



Director



Managing Director & CEO

Schedule of Fixed Assets

As at 31 December 2019

Amount in BDT

Particulars	Cost				Rate of Dep.	Cost				Written down value as at 31.12.2019
	Opening balance as on 01.01.2019	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2019		Opening balance as on 01.01.2019	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2019	
Land	-	-	-	-		-	-	-	-	-
Building	-	-	-	-		-	-	-	-	-
Furniture and fixtures	153,190,398	24,382,518	-	177,572,916	10%	45,145,045	12,040,570	-	57,185,616	120,387,301
Computer and Computer peripheral	53,798,167	14,236,650	-	68,034,817	20%	28,120,447	6,706,500	-	34,826,947	33,207,870
Electrical Equipments	121,668,525	32,255,140	350,000	153,573,665	20%	54,367,457	16,485,596	206,677	70,646,376	82,927,289
Motor vehicles	34,980,000	9,950,000	16,099,999	28,830,001	20%	28,552,099	3,894,267	16,099,999	16,346,367	12,483,634
Right-of-Use (ROU) Assets	-	673,463,233	4,198,889	669,264,344	**	-	116,178,550	4,198,889	111,979,662	557,284,683
Capital work in progress (CWIP)	-	45,835,930	-	45,835,930		-	-	-	-	45,835,930
	363,637,090	800,123,472	20,648,888	1,143,111,674		156,185,049	155,305,484	20,505,565	290,984,968	852,126,707
Software	50,190,235	22,560,974	-	72,751,209	20%	41,857,981	4,750,154	-	46,608,135	26,143,074
Capital work in progress (CWIP)	-	13,646,000	-	13,646,000		-	-	-	-	13,646,000
	50,190,235	36,206,974	-	86,397,209		41,857,981	4,750,154	-	46,608,135	39,789,074
Total as at 31st December 2019	413,827,325	836,330,446	20,648,888	1,229,508,883		198,043,030	160,055,638	20,505,565	337,593,103	891,915,781
Total as at 31st December 2018	367,555,692	46,871,633	600,000	413,827,325		147,569,021	50,764,476	290,467	198,043,030	215,784,296

** Straight line method of depreciation is followed throughout the lease period as mentioned in the contracts.

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

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
1	Mr. Humayun Kabir	Chairman	Dhaka Ice Cream Industries Limited (POLAR)	Chairman
			Zest Agro Food Processing Limited	Managing Director
			Northern Hatcheries Limited (Deshi Meat)	Managing Director
			Northern Agri Science Limited	Managing Director
2	Mr. Shaikh Salahuddin	Vice Chairman	Islami Commercial Insurance Company Limited	Shareholder
			Ajmeer Navigation	Proprietor
			Fardin Fish (Deep Sea Fishing)	Proprietor
			Khulna Shipping Lines	Proprietor
3	Mr. Sheikh Fazle Noor Taposh	Director	Sheikh & Chowdhury	Partner
			Banglar Bani Films, Media and Publications Limited	Chairman
4	Mr. Mohammad Ismail Hossain Representing Sharmin Apparels Limited	Director	Sharmin Group	Managing Director
			Sharmin Apparels Limited	Managing Director
			Sharmin Fashions Limited	Managing Director
			Sharaf Apparels Limited	Managing Director
			Ishayat Apparels Limited	Managing Director
			Sharaf Washing & Dyeing Industries Limited	Managing Director
			Sharaf Embroidery & Printing Limited	Managing Director
			A.M. Design Ltd.	Managing Director
			A.M. Fashions Limited	Managing Director
			Limeeyat Apparels Limited	Managing Director
			Limeeyat Washing & Dyeing Industries Limited	Managing Director
Jaflong Velly Broading School	Director			
5	Mr. Nemai Kumer Saha Representing Sandhani Life Insurance Company Limited	Director	Sandhani Life Insurance Company Limited	DMD & CFO
6	Mr. Salahuddin Alamgir	Director	Labib Group	Chairman
			Matrix Sweaters Limited	Managing Director
			Starlight Sweaters Limited	Managing Director
			Raidha Collections Limited	Managing Director
			Sultana Sweaters Limited	Managing Director
			Starlight Knitters Limited	Managing Director
			Labib Fashions Limited	Managing Director
			Excel Sweaters Limited	Managing Director
			Sweater Cottage Limited	Managing Director
			Juthi Packaging Industries Limited	Managing Director
			Salma Packers Limited	Managing Director
			Labib Dyeing Mills Limited	Managing Director
			Nice Cotton Limited	Managing Director
			Excel Telecom (Pvt) Limited	Managing Director
			R & R Agro Complex Limited	Managing Director
			Labib Poultry & Fisheries Limited	Managing Director
Information Technology Consultants Limited (ITCL)	Director			
X- Telecom (pvt) Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
7	Mr. Mostafa Kamal Representing Tanveer Oils Limited	Director	United Feeds Limited	Managing Director
			United Mineral Water & Pet Industries Limited	Managing Director
			United Sugar Mills Limited	Managing Director
			Unique Cement Industries Limited	Managing Director
			Unique Power Plant Limited	Managing Director
			Unique Hatchery & Feeds Limited	Managing Director
			Tanveer Oil's Limited	Managing Director
			Tanveer Food Limited	Managing Director
			Tanveer Polymer Industries Limited	Managing Director
			Tanveer Steel Mills Limited	Managing Director
			Tanveer Paper Mills Limited	Managing Director
			Everest CNG Refueling & Conversion Limited	Managing Director
			Everest Power Generation Co. Limited	Managing Director
			G.Shipping Lines Limited	Managing Director
			Janata Flour & Dal Mills Limited	Managing Director
			Meghna Shipbuilders & Dockyard Limited	Managing Director
			Global Ad Star Bag Industries Limited	Managing Director
			Surma Mustard Oil Mills Limited	Managing Director
			Tasnim Chemical Complex Limited	Managing Director
			Sonargaon Salt Industries Limited	Managing Director
			Tasnim Condensed Milk Limited	Managing Director
			Dhaka Securities Limited	Managing Director
			Meghna Seeds Crushing Mills Limited	Managing Director
			Tanveer Printing & Packaging Industries Limited	Managing Director
			Meghna Edible Oils Refinery Limited	Managing Director
			Meghna Pulp & Paper Mills Limited	Managing Director
			A Class Builders Limited	Managing Director
USB International Lines Limited	Managing Director			
Meghna Tea Company Limited	Managing Director			
Titanic Shipping Lines Limited	Managing Director			
Talelink Bangladesh Limited	Managing Director			
IMEX Shipping Bangladesh Limited	Managing Director			
Meghna PVC Limited	Managing Director			
MPP Power Plant Limited	Managing Director			
Sonargaon Flour & Dal Mills Limited	Managing Director			
Meghna Beverage Limited	Managing Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
8	Ms. Tanjima Binthe Mostafa Representing Everest Power Generation Company Limited	Director	United Feeds Limited	Director
			United Mineral Water & Pet Industries Limited	Director
			United Sugar Mills Limited	Director
			Unique Cement Industries Limited	Director
			Unique Power Plant Limited	Director
			Unique Hatchery & Feeds Limited	Director
			Tanveer Oil's Limited	Director
			Tanveer Food Limited	Director
			Tanveer Polymer Industries Limited	Director
			Tanveer Steel Mills Limited	Director
			Tanveer Paper Mills Limited	Director
			Everest CNG Refueling & Conversion Limited	Director
			Everest Power Generation Co. Limited	Director
			G.Shipping Lines Limited	Director
			Janata Flour & Dal Mills Limited	Director
			Meghna Shipbuilders & Dockyard Limited	Director
			Global Ad Star Bag Industries Limited	Director
			Surma Mustard Oil Mills Limited	Director
			Tasnim Chemical Complex Limited	Director
			Sonargaon Salt Industries Limited	Director
			Tasnim Condensed Milk Limited	Director
			Dhaka Securities Limited	Director
			Meghna Seeds Crushing Mills Limited	Director
			Tanveer Printing & Packaging Industries Limited	Director
			Meghna Edible Oils Refinery Limited	Director
			Meghna Pulp & Paper Mills Limited	Director
			A Class Builders Limited	Director
			USB International Lines Limited	Director
Meghna Tea Company Limited	Director			
Titanic Shipping Lines Limited	Director			
Talelink Bangladesh Limited	Director			
IMEX Shipping Bangladesh Limited	Director			
Meghna PVC Limited	Director			
MPP Power Plant Limited	Director			
Sonargaon Flour and Dal Mills Limited	Director			
Meghna Beverage Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
9	Mr. Humayun Kabir Bablu	Director	Bengal Media Corporation Limited (RTV)	Managing Director
			Euphoria Apparels Ltd.	Managing Director
			Romania Food & Beverage Limited	Managing Director
			Linnex Electronics Bangladesh Limited	Managing Director
			Bengal Windsor Thermoplastics Limited	Managing Director
			Bengal Hotel & Resorts Limited	Managing Director
			Bengal Plastics Limited	Director
			Bengal Polymer Wares Limited	Director
			Bengal Plastic Pipes Limited	Director
			Bengal Poly and PaperSack Limited	Director
			Bengal Flexipack Limited	Director
			Bengal Adhesive & Chemical Products Limited	Director
			Bengal Cement Limited	Director
			Bengal Overseas Corporation Limited	Director
			Bengal Concept & Holdings Limited	Director
			Bengal Feed and Fisheries Limited	Director
			Bengal Corrugated Carton industries Limited	Director
			Bengal Renewable Engery Limited	Director
			Power Utility BD Limited	Director
Hemilton Metal Corporation Limited	Director			
10	Mrs. Shahana Yasmin	Director	Farzan Fising	Proprietor
			Farzan Navigation	Proprietor
11	Mrs. Sultana Jahan	Director	Labib Group	Vice Chairman
			X- Telecom (pvt) Limited	Managing Director
			Matrix Sweaters Limited	Director
			Starlight Sweaters Limited	Director
			Raidha Collections Limited	Director
			Sultana Sweaters Limited	Director
			Starlight Knitters Limited	Director
			Labib Fashions Limited	Director
			Excel Sweaters Limited	Director
			Sweater Cottage Limited	Director
			Juthi Packaging Industries Limited	Director
			Salma Packers Limited	Director
			Labib Dyeing Mills Limited	Director
			Nice Cotton Limited	Director
			Excel Telecom (Pvt) Limited	Director
R& R Agro Complex Limited	Director			
Labib Poultry & Fisheries Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
12	Mr. A Mannan Khan Representing Mango Teleservices Limited	Director	Mango Teleservices Limited	Chairman
			Mango Electronics Limited	Chairman
			CSL Distribution Limited	Chairman
			Mango Holdings Limited	Managing Director
			Playpen School	Managing Partner
			Clix Limited	Chairman
			Telefort Limited	Chairman
			Bangladesh Auto Industries Limited	Chairman
			Mango Technologies Limited	Chairman
			Bangladesh Lithium Battery Limited	Chairman
13	Mrs. Ferdousi Islam Representing Azbal International Limited	Director	China Bangla Ceramic Industries Limited	Chairman
			Bajnabo Textile Mills Limited	Chairman
			China Bangla Engineering & Technology Services Limited	Chairman
			Azbal International Limited	Chairman
			Trustee Securities Limited	Managing Director
			Northern General Insurance Co.Limited	Director
			Total Merchandising & Trims Limited	Director
			United Shipping Lines Limited	Director
			Bengal Tiger Cement Industries Limited	Director
14	Mr. Manwar Hossain Representing Anwar Jute Spinning Mills Limited	Director	Anwar Group of Industries	Group Managing Director
			BD Finance & Investment Company Limited	Chairman
			BD Finance Securities Limited	Chairman
			BD Finance Capital Holdings Limited	Chairman
			Anwar Landmark Limited	Vice Chairman
			Anwar Ispat Limited	Managing Director
			Anwar Integrated Steel Plant Limited	Managing Director
			Anwar Galvanizing Limited	Managing Director
			Anwar Cement Limited	Managing Director
			Anwar Cement Sheet Limited	Managing Director
			A-One Polymer Limited	Managing Director
			Anwar Silk Mills Limited	Director
			Mehmud Industries (Pvt) Limited	Director
			Hossain Dyeing and Printing Mills Limited	Director
			Anwar Jute Spinning Mills Limited	Director
			AG Automobiles Limited	Director
			City General Insurance Company Limited	Director
Commerce Bank Securities and Investment Limited	Director			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
15	Mr. Tanveer Ahmed Mostafa Representing Meghna Flour & Dal Mills Limited	Director	Meghna Flour & Dal Mills Limited	Managing Director
			Unique Power Plant Limited	Director
			United Sugar Mills Limited	Director
			Tanveer Paper Mills Limited	Director
			Meghna Shipbuilders & Dockyard Limited	Director
			Meghna Properties Limited	Director
			Global Ad Star Bag Industries Limited	Director
			Tasnim Condensed Milk Limited	Director
			Dhaka Securities Limited	Director
			Meghna Seeds Crushing Mills Limited	Director
			Tanveer Printing & Packaging Industries Limited	Director
			Meghna Milk Products Limited	Director
			Meghna Electricity Generation Co. Limited	Director
			Meghna Aviation Limited	Director
			Meghna Edible Oils Refinery Limited	Director
			Meghna Pulp & Paper Mills Limited	Director
			Meghna Chicks & Farms Limited	Director
			A Class Builders Limited	Director
USB International Lines Limited	Director			
Ekattur Media Company Limited	Director			
Meghna Tea Company Limited	Director			
16	Mr. Md. Mahbubur Rahman Representing Mona Financial Consultancy & Securities Limited	Director	Mona Financial Consultancy & Securities Limited	Company Secretary
17	Mr. Didarul Alam	Director	M.S.A. Services Limited	Chairman
			Golden Oxygen Limited	Managing Director
			T. R.Ship Breakers Limited	Managing Director
			T. R.Fishing Limited	Managing Director
			Taher & Company Limited	Managing Director
			Al Haj Mostafa Hakim Cement Industries Limited	Managing Director
			Al Haj Mostafa Hakim Housing Real Estate Limited	Managing Director
			Kumira Ship Breakers Limited	Managing Director
			Taseen Steels Limited	Managing Director
			Kadam Rasul Steel Ship Breaking Limited	Managing Director
			A. Razzak Dobush & Sons Limited	Managing Director
			S.B.Corporation	Managing Partner
			Golden Bricks Works Limited	Director
			M/s. Didarul Alam & Brothers	Proprietor
			Silk Line Travels	Proprietor
Amena Fishing	Proprietor			

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
18	Mrs. Syeda Sharmin Hossain Representing Sharmin Fashions Limited	Director	Sharmin Apparels Limited	Director
			Sharmin Fashions Limited	Director
			Sharaf Apparels Limited	Director
			Ishayat Apparels Limited	Director
			Sharaf Washing & Dyeing Industries Limited	Director
			Sharaf Embroidery & Printing Limited	Director
			A.M. Design Ltd	Director
			A.M.Fashions Limited	Director
			Limeeyat Apparels Limited	Director
			Limeeyat Washing & Dyeing Industries Limited	Director
19	Mr. Md. Shafiqul Azam	Managing Director & CEO	-	-

Highlights on the overall activities

Annexure-C

As at and for the year ended 31 December 2019

Sl. No.	Particulars		2019	2018
1	Paid-up capital	Taka	4,746,000,000	4,520,000,000
2	Total capital	Taka	7,237,592,927	6,770,704,803
3	Capital surplus	Taka	2,036,430,232	2,269,861,217
4	Total assets	Taka	71,126,938,936	51,692,740,630
5	Total deposits	Taka	50,120,944,660	37,743,911,522
6	Total loans and advances	Taka	42,507,257,746	35,575,649,360
7	Total contingent liabilities and commitments	Taka	28,781,436,770	23,001,055,263
8	Advance Deposit Ratio (ADR)	%	74.34%	88.59%
9	Percentage of classified loans against total loans and advances (NPL Ratio)	%	2.53%	1.83%
10	Net Profit after tax and provision (NPAT)	Taka	791,295,254	981,990,195
11	Amount of classified loans (NPL)	Taka	1,073,559,590	650,660,952
12	Provisions kept against Classified Loans	Taka	470,500,000	154,000,000
13	Provision surplus/(deficit) against classified loans	Taka	754,267	672,245
14	Cost of fund	%	8.60%	8.42%
15	Interest earning assets	Taka	64,130,867,482	46,743,038,543
16	Non-interest earning assets	Taka	6,996,071,454	4,949,702,087
17	Return on investment (ROI) [PAT/{Average Equity+Long Term Borrowings+Deposits-Non Cash Fund}]	%	1.32%	2.06%
18	Return on assets (ROA) [PAT/ Average assets]	%	1.29%	2.02%
19	Income from investment	Taka	636,384,241	373,629,915
20	Capital to Risk weighted Asset Ratio (CRAR)	%	13.92%	15.04%
21	Stock dividend		-	5.00%
22	Earnings per share (EPS)	Taka	1.67	2.07
23	Net income per share	Taka	1.67	2.07
24	Price Earning Ratio (PE Ratio)	Times	-	-

IFRS 8 Operating Segments, requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers.

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), or whose operating results are reviewed regularly by the entity's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance, and, for which discrete financial information is available. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments who have earned at least 10% revenue compared to the entity's total revenue, or, earned at least 10% profit/ (loss) compared to cumulative profit/ (loss), or, have at least 10% assets compared to total assets of all operating segments.

The Bank has not yet assessed its Operating Segments in terms of the criteria stated above as it is too early to identify. But, operating profit, assets & liabilities of main two operating segments i.e. on-shore banking business (main operation) and off-shore banking unit (OBU) are presented below:

Amount in BDT

Particular	Main Operation	OBU	Total
External Revenue			
Interest Income	5,876,403,470	131,607,189	6,008,010,659
Less: Interest Expense	3,458,189,382	102,276,680	3,560,466,062
Net Interest Income	2,418,214,088	29,330,509	2,447,544,597
Commission, exchange and brokerage	530,032,002	3,015,622	533,047,624
Capital gain	24,143,806	-	24,143,806
Other Income	100,474,398	-	100,474,398
Operating Income	3,072,864,294	32,346,131	3,105,210,425
Less: Administrative Expense	1,025,841,964	1,771,312	1,027,613,275
Profit	2,047,022,330	30,574,820	2,077,597,150
Inter-Segment Revenue	-	-	-
Total Segment profit before provision	2,047,022,330	30,574,820	2,077,597,150
Segment Assets	68,352,527,415	2,774,411,521	71,126,938,936
Segment Liabilities	61,783,696,302	2,743,688,333	64,527,384,635

Statement of Tax Position of the Bank

Annexure-E

As at December 31, 2019

Sl. No.	Income Year	Assessment year	Provision made for tax expense as per financial statements	Assessment Status
1	2013	2014-2015	46,223,473	Complete
2	2014	2015-2016	132,091,071	Complete
3	2015	2016-2017	204,508,433	Under process
4	2016	2017-2018	308,347,484	Under process
5	2017	2018-2019	545,866,968	Under process
6	2018	2019-2020	704,174,341	Under process
7	2019	2020-2021	716,297,467	Submission of Tax Return is not due
Total			2,657,509,237	

Off-shore Banking Unit

Balance Sheet

As at 31 December 2019

Particulars	Note	2019		2018	
		USD	BDT	USD	BDT
PROPERTY AND ASSETS					
Cash					
Cash in hand (including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its Agents Bank (including foreign currency)		-	-	-	-
Balance with other Banks and financial institutions	3	442,721	37,587,053	237,284	19,908,131
In Bangladesh		-	-	-	-
Outside Bangladesh		442,721	37,587,053	237,284	19,908,131
Money at call on short notice		-	-	-	-
Investments		-	-	-	-
Government securities		-	-	-	-
Other investments		-	-	-	-
Outside Bangladesh		-	-	-	-
Loans and advances	4	32,206,410	2,734,324,220	27,417,127	2,300,296,994
Loans, cash credits, overdrafts, etc.		-	-	-	-
Bills purchased and discounted	5	32,206,410	2,734,324,220	27,417,127	2,300,296,994
Fixed assets including premises, furniture and fixtures	6	3,219	273,307	3,878	325,339
Other assets	7	26,230	2,226,941	56,865	4,770,937
Non Banking Assets		-	-	-	-
Total assets		32,678,581	2,774,411,521	27,715,154	2,325,301,401
LIABILITIES AND CAPITAL					
Liabilities					
Borrowing from other banks, financial institutions and agents	8	32,138,912	2,728,593,660	27,308,126	2,291,151,807
In Bangladesh		26,200,000	2,224,380,000	21,600,000	1,812,240,000
Outside Bangladesh		5,938,912	504,213,660	5,708,126	478,911,807
Deposit and other accounts	9	58,235	4,944,148	58,235	4,885,913
Current deposits and other accounts		58,235	4,944,148	58,235	4,885,913
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
Other liabilities	10	119,559	10,150,524	84,528	7,091,861
Total liabilities		32,316,706	2,743,688,333	27,450,889	2,303,129,581
Capital / Shareholders' equity					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
Other reserve		-	-	-	-
Foreign currency translation gain		-	148,369	-	105,706
Surplus in Profit and Loss Account	11	361,875	30,574,820	264,265	22,066,114
Total shareholders' equity		361,875	30,723,188	264,265	22,171,820
Total liabilities and shareholders' equity		32,678,581	2,774,411,521	27,715,154	2,325,301,401

Off-shore Banking Unit

Balance Sheet

As at 31 December 2019

Particulars	Note	2019		2018	
		USD	BDT	USD	BDT
OFF BALANCE SHEET ITEMS					
Contingent liabilities	12				
Acceptances and endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
		-	-	-	-
Other Commitments:					
Documents credit and short term trade -related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-

Off-shore Banking Unit
Profit and Loss Account
For the year ended 31 December 2019

Particulars	Note	2019		2018	
		USD	BDT	USD	BDT
Interest income	13	1,557,666	131,607,189	1,324,462	110,592,551
Less: Interest paid on deposits, borrowings, etc.	14	1,210,518	102,276,680	1,074,626	89,731,281
Net Interest income		347,148	29,330,509	249,836	20,861,270
Income from investment		-	-	-	-
Commission, exchange and brokerage	15	35,692	3,015,622	36,489	3,046,847
Other operating income	16	-	-	320	26,720
Total operating income		382,840	32,346,131	286,645	23,934,837
Salaries and allowances	17	16,623	1,404,496	14,147	1,181,289
Rent, taxes, insurance, lighting and travelling	18	1,712	144,651	4,187	349,588
Legal expenses		-	-	-	-
Postage, stamp, telegram and telephone	19	4	302	6	481
Auditors' fee		-	-	-	-
Stationery, printing and advertisement	20	92	7,747	159	13,296
Charges on loan loss		-	-	-	-
Managing Director's salary		-	-	-	-
Directors' meeting fee		-	-	-	-
Repair, maintenance and depreciation of assets	21	659	55,640	697	58,170
Other expenses	22	1,876	158,476	3,184	265,899
Total operating expenses		20,965	1,771,312	22,380	1,868,722
Profit before provision		361,875	30,574,820	264,265	22,066,114
Provision for loans & advance, other assets & off BS items		-	-	-	-
Profit before taxation		361,875	30,574,820	264,265	22,066,114

Off-shore Banking Unit

Cash Flow Statement

For the year ended 31 December 2019

Particulars	Note	2019		2018	
		USD	BDT	USD	BDT
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received in cash		1,557,666	131,607,189	1,324,462	110,592,551
Interest payments		(1,210,518)	(102,276,680)	(1,074,626)	(89,731,281)
Dividend received		-	-	-	-
Fees and commission received in cash		35,692	3,015,622	36,489	3,046,847
Recovery of loans and advances in cash previously written-off		-	-	-	-
Cash paid to employees		(16,623)	(1,404,496)	(14,147)	(1,181,289)
Income tax paid		-	-	-	-
Cash received from other operating activities		-	-	320	26,720
Cash paid for other operating activities		(3,683)	(160,547)	(7,565)	(541,263)
Cash flows before charges in operating assets and liabilities		362,534	30,781,088	264,933	22,212,285
Increase / Decrease in operating assets and liabilities					
Loans and advances to customers		(4,789,283)	(434,027,226)	(1,447,857)	(152,638,367)
Other assets		30,634	2,543,996	32,423	2,613,168
Borrowing from Banks					
Deposits from other Banks					
Deposit from customers		-	58,235	(173,377)	(14,268,384)
Other Liabilities		35,031	2,904,426	(94,197)	(7,803,394)
		(4,723,617)	(428,520,569)	(1,683,009)	(172,096,978)
Net cash from operating activities		(4,361,084)	(397,739,480)	(1,418,076)	(149,884,693)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of securities		-	-	-	-
Cash payments for purchase of securities		-	-	-	-
Purchase/ Sale of property, Plant & equipment of fixed assets		-	-	-	-
Sales of fixed assets		-	-	-	-
Net cash from investing activities		-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing from other banks, financial institutions and agents		4,830,786	437,441,854	1,825,126	183,707,707
Net profit transferred to main operations		(264,265)	(22,066,114)	(362,671)	(29,283,564)
Net Cash from Financing activities		4,566,521	415,375,739	1,462,456	154,424,143
Net increase/(decrease) in cash and cash equivalent		205,437	17,636,259	44,380	4,539,449
Effects of exchange rate changes on cash and cash equivalents		-	42,663	-	(584,493)
Opening cash and cash equivalent		237,284	19,908,131	192,904	15,953,175
Closing cash and cash equivalent		442,721	37,587,053	237,284	19,908,131

Off-shore Banking Unit

Notes to the Financial Statements

As at and for the year ended 31 December 2019

1. Reporting entity

1.1 Status of the units

The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(124)/2015-2447, dated 02 April 2015. The Off-shore Banking Unit commenced its commercial operation on 23 September 2015. The Bank established its Offshore Banking Unit (OBU) with a view of catering the banking requirement of non-resident customers to increase foreign trade business at Export Processing Zones (EPZs). Over the years, OBU has become an important strategic business unit due to growing demand of cheaper foreign currency loan and Usance Payable at Sight (UPAS) Letter of Credit (L/C) from the clients.

1.1.1 Principal activities

Presently, the Bank has one Off-shore Banking Unit operating in Bangladesh. The principal activities of the Unit are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank. The Unit is governed under the rules and guidelines of Bangladesh Bank.

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

The Off-shore Banking Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991 (as amended in 2013), International Financial Reporting Standards and other applicable directives issued by Bangladesh Bank.

1.2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

1.2.3 Foreign currency transaction

a) Foreign currencies translation

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

b) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

c) Translation gains and losses

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

1.2.4 Cash flow statement

Cash flow statement has been prepared in accordance with the International Accounting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department (BRPD) of Bangladesh Bank.

1.2.5 Reporting period

These financial statements cover one calendar year from 1st January to 31st December 2019.

1.3 Assets and basis of their valuation

1.3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the unit management for its short-term commitments.

1.3.2 Loans, advances and lease / investments

- a) Loans and advances are stated in the balance sheet on gross basis.
- b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

1.3.3 Fixed assets and depreciation

- 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) Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets.

Category of fixed assets	Rate of depreciation
Furniture and fixtures	10%
Office equipments	20%

- c) For additions during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.

1.4 Basis for valuation of liabilities and provisions

1.4.1 Benefits to the employees

The retirement benefits accrued for the employees of the Unit as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Provident fund

Provident fund benefits are given to the permanent employees of OBU under the provident fund rule of the Bank. The Commissioner of Income Tax, National Board of Revenue, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from June 04, 2013. The Fund is operated by a Board of Trustees consisting six members (03 members from management and other 03 members from the Board of Directors) of the Bank. All confirmed employees of the Unit are contributing 10% of their basic salary as subscription to the Fund. The Unit also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on yearly basis.

b) Gratuity fund

The Bank operates a funded gratuity scheme on "Continuing Fund Basis", in respect of which provision will be made annually according to the recommendation based on Actuarial valuation covering all its permanent eligible employees in accordance with Bank's Service Rules. The Fund will be operating by a Board of Trustees consisting members from the Board of Directors and Management of the Bank. Actuarial valuation of gratuity scheme will be made to assess the adequacy of the liabilities provided for the scheme as per IAS-19 "Employees Benefit". Contributions to the fund shall be made by the Unit on the basis of actuarial recommendations.

c) Incentive bonus

Incentive bonus is given to the employees every year considering the overall performance of the Bank as well as individual's performance. This bonus amount is distributed among the employees based on their performance. The bonus amount is paid annually, normally first quarter of every following year and the costs is accounted for in the period to which it relates. Generally, a certain percentage of disclosed net profit is disbursed among the employees. The aforesaid percentage is approved in the Board meeting so that adequate provision can be made for Incentive Bonus as per IAS-37.

1.4.2 Provision for liabilities

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

1.5 Revenue recognition

1.5.1 Interest income

In terms of the provisions of the IAS-18 "Revenue", the interest income is recognised on accrual basis.

1.5.2 Fees and commission income

Fees and commission income arising on services provided by the Bank are recognised when those are realized. Commission charged to customers on letters of credit and letters of guarantee is credited to income at the time of transactions being recorded in the books of accounts.

1.5.3 Interest paid and other expenses

In terms of the provisions of BAS-1 "Presentation of Financial Statements", interest and other expenses are recognised on accrual basis.

2.00 General

- a) These financial statements are presented in BDT (Taka), which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest BDT (Taka).
- b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 84.90 (closing rate as at 31st December 2019) and Taka 84.49 (average rate which represents the year end).
- c) Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

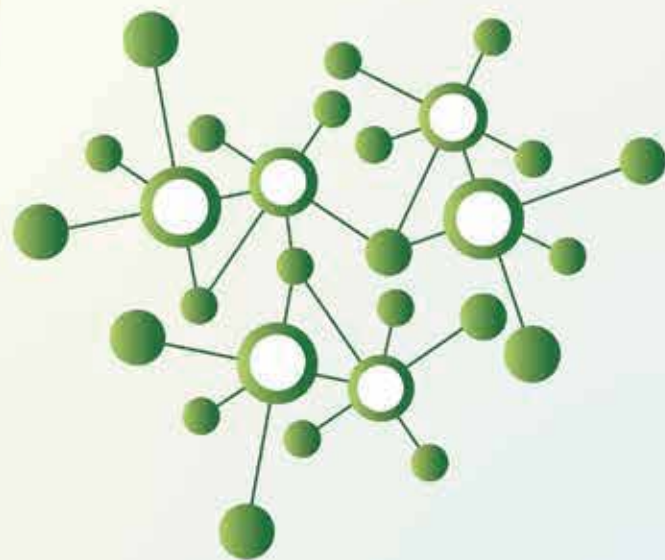
	2019		2018	
	USD	BDT	USD	BDT
3.00 Balance with other Banks and Financial Institutions				
In Bangladesh (Note -3.01)	-	-	-	-
Outside Bangladesh (Note -3.02)	442,721	37,587,053	237,284	19,908,131
	442,721	37,587,053	237,284	19,908,131
3.01 In Bangladesh	-	-	-	-
	-	-	-	-
3.02 Outside Bangladesh				
Current Account	442,721	37,587,053	237,284	19,908,131
	442,721	37,587,053	237,284	19,908,131
4.00 Loans and advances				
i) Loans, cash credits, overdrafts, etc				
Term Loan				
Lease Finance				
T.R. Loan				
	-	-	-	-
ii) Bills purchased and discounted (note-5)				
Inside Bangladesh				
Inland bills purchased and discounted	31,575,899	2,680,793,823	27,125,458	2,275,825,965
Outside Bangladesh				
Foreign bills purchased and discounted	630,511	53,530,397	291,669	24,471,029
	32,206,410	2,734,324,220	27,417,127	2,300,296,994
	32,206,410	2,734,324,220	27,417,127	2,300,296,994
4.01 Geographical location-wise Loans and Advances				
Dhaka	32,206,410	2,734,324,220	27,417,127	2,300,296,994
Chittagong Division	-	-	-	-
Sylhet	-	-	-	-
Rajshahi Division	-	-	-	-
Khulna	-	-	-	-
Barisal	-	-	-	-
	32,206,410	2,734,324,220	27,417,127	2,300,296,994
4.02 Classification of Loans and Advances				
Unclassified :				
(i) Standard	32,206,410	2,734,324,220	27,417,127	2,300,296,994
(ii) Special mention account	-	-	-	-
Classified :				
(i) Substandard	-	-	-	-
(ii) Doubtful	-	-	-	-
(iii) Bad / Loss	-	-	-	-
	32,206,410	2,734,324,220	27,417,127	2,300,296,994

	2019		2018	
	USD	BDT	USD	BDT
5.00 Bills purchased and discounted				
In Bangladesh	31,575,899	2,680,793,823	27,125,458	2,275,825,965
Outside Bangladesh	630,511	53,530,397	291,669	24,471,029
	32,206,410	2,734,324,220	27,417,127	2,300,296,994
6.00 Fixed assets including premises, furniture and fixtures				
Cost				
Furniture and fixtures	4,196	356,281	4,196	352,085
Electrical Equipments	1,452	123,294	1,452	121,842
	5,649	479,575	5,649	473,927
Less: Accumulated depreciation				
Furniture and fixture	1,436	121,899	1,047	87,811
Electrical Equipments	994	84,370	724	60,777
	2,430	206,269	1,771	148,588
	3,219	273,307	3,878	325,339
7.00 Other assets				
Advance deposits and advance rent	25,105	2,131,437	1,125	94,380
Other prepaid expense	1,125	95,505	55,740	4,676,557
Interest receivable on Bills discount				
	26,230	2,226,941	56,865	4,770,937
8.00 Borrowing from other banks, financial Institutions and its agents				
In Bangladesh:				
Modhumoti Bank Limited	7,900,000	670,710,000	10,100,000	847,390,000
Jamuna Bank Limited	1,500,000	127,350,000	-	-
Rupali Bank Limited		-	7,500,000	629,250,000
South Bangla Agriculture and Commerce Bank Ltd.		-	1,000,000	83,900,000
National Credit and Commerce Bank Limited	3,000,000	254,700,000	1,000,000	83,900,000
Bank Asia Limited	2,000,000	169,800,000	-	-
United Commercial Bank Limited	6,000,000	509,400,000	1,000,000	83,900,000
Southeast Bank Ltd.	2,000,000	169,800,000		
Pubali Bank Ltd.	2,000,000	169,800,000	-	-
Habib Bank Ltd.	800,000	67,920,000	-	-
NRB Global Bank Ltd.	1,000,000	84,900,000	-	-
NRB Bank Ltd.	-	-	1,000,000	83,900,000
	26,200,000	2,224,380,000	21,600,000	1,812,240,000
Outside Bangladesh	5,938,912	504,213,660	5,708,126	478,911,807
	32,138,912	2,728,593,660	27,308,126	2,291,151,807
9.00 Deposit and other accounts				
Current deposits and other accounts	58,235	4,944,148	58,235	4,885,913
Modhumoti Bank Limited				
Bangladesh Bank	-	-	-	-
	58,235	4,944,148	58,235	4,885,913
10.00 Other liabilities				
Interest payable on borrowings	111,353	9,453,876	68,594	5,755,056
Due to Head Office	8,206	696,649	15,933	1,336,806
Others	-	-	-	-
	119,559	10,150,524	84,528	7,091,861

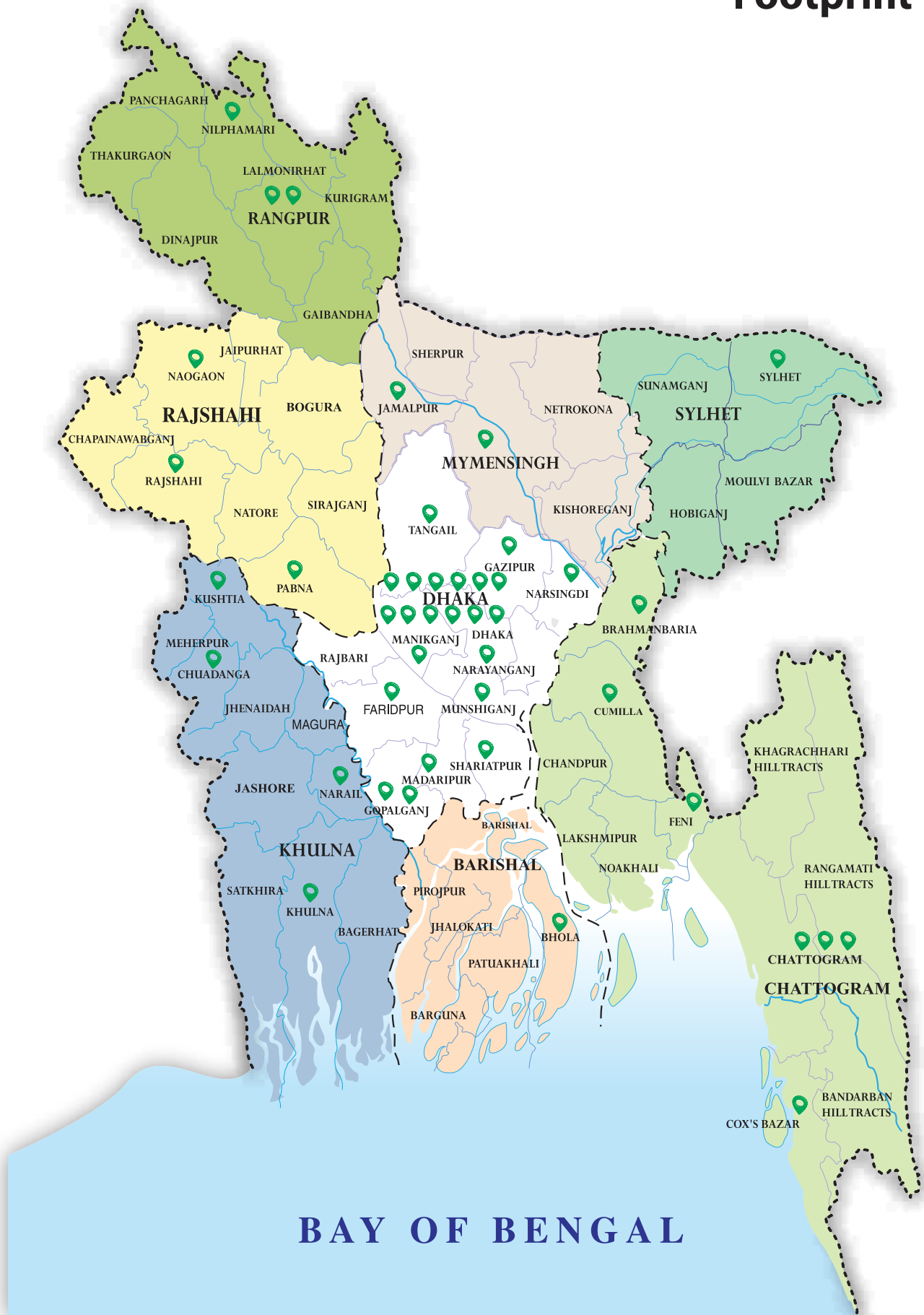
	2019		2018	
	USD	BDT	USD	BDT
11.00 Surplus in Profit and Loss Account				
Opening balance	264,265	22,066,114	362,671	29,283,564
Less: Adjustment/ payment for the year	(264,265)	(22,066,114)	(362,671)	(29,283,564)
Add: Addition during the year	361,875	30,574,820	264,265	22,066,114
	361,875	30,574,820	264,265	22,066,114
12.00 Contingent liabilities				
12.01 Acceptance & endorsement				
Back to Back bills	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
12.02 Letters of credits				
Letters of credits	-	-	-	-
Back to Back letter of credit	-	-	-	-
	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
12.03 Letter of guarantee				
Letters of guarantee (Local)	-	-	-	-
Letters of guarantee (Foreign)	-	-	-	-
Foreign counter guarantees	-	-	-	-
	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
12.04 Bills for collection				
Outward local bills for collection	-	-	-	-
Inward foreign bills for collection	-	-	-	-
	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
13.00 Interest income				
Term Loan				
LTR loan				
Bills discount	1,550,354	130,989,441	1,322,167	110,400,981
Others	-	-	-	-
Interest on loans and advances	1,550,354	130,989,441	1,322,167	110,400,981
Interest on balance with other banks and financial institutions	7,312	617,749	2,294	191,570
Interest received from foreign banks	-	-	-	-
	7,312	617,749	2,294	191,570
Total Interest income	1,557,666	131,607,189	1,324,462	110,592,551
14.00 Interest paid on deposits, borrowings, etc.				
Interest paid on borrowings, etc.	1,210,518	102,276,680	1,074,626	89,731,281
Interest paid on Bangladesh Bank				
	1,210,518	102,276,680	1,074,626	89,731,281

	2019		2018	
	USD	BDT	USD	BDT
15.00 Commission, exchange and brokerage				
Commission, exchange and brokerage	35,692	3,015,622	36,489	3,046,847
	35,692	3,015,622	36,489	3,046,847
16.00 Other operating income				
Postage / SWIFT/ fax recoveries from Others Business	-	-	320	26,720
	-	-	320	26,720
17.00 Salaries and Allowances				
Basic salary	6,422	542,579	4,324	361,088
Other Salary & Allowances	9,573	808,857	9,390	784,092
Provident Fund	628	53,060	432	36,109
	16,623	1,404,496	14,147	1,181,289
18.00 Rent, taxes, insurance, electricity etc.				
Rent, rates and taxes	1,495	126,313	3,588	299,598
Insurance	-	-	26	2,155
Electricity and lighting	217	18,339	573	47,835
	1,712	144,651	4,187	349,588
19.00 Postage, stamp, telecommunication etc.				
Postage	4	302	6	481
Telephone	-	-	-	-
	4	302	6	481
20.00 Stationery, printing, advertisements etc.				
Petty stationery	48	4,020	119	9,907
Publicity and advertisement	44	3,727	41	3,388
	92	7,747	159	13,296
21.00 Depreciation and repairs of Bank's assets				
Furniture and fixtures	389	32,882	395	32,948
Electrical appliance	269	22,758	273	22,805
Repairs of assets	-	-	29	2,417
	659	55,640	697	58,170
22.00 Other expenses				
Security and cleaning	1,639	138,453	2,636	220,074
Entertainment	74	6,220	218	18,231
Travelling expenses	-	-	-	-
Conveyance	22	1,887	62	5,160
Other expense	141	11,916	269	22,433
	1,876	158,476	3,184	265,899

Supplementary Information



Footprint



 Branch of Modhumoti Bank Limited

The Branch Network & Managers

Barishal Division 01 Branch

District: Bhola			
Branch Name/ Date of opening	Manager Details	Address	Phone
Charfassion 25 October 2015	Mr. Md. Rezaul Kabir Senior Executive Officer 01712643584	Zilla Parisad Market (1 st floor) Sadar Road, Charfassion, Bhola	(0492) 374067

Chattogram Division 07 Branches

District: Brahmanbaria			
Branch Name/ Date of opening	Manager Details	Address	Phone
Ashuganj 13 April 2017	Mr. Md. Ziaul Wahid Assistant Vice President 01717430466	Hazi Fazlul Huq Mansion (1 st floor) Kachari Road, Ashuganj Sadar Brahmanbaria	-

District: Chattogram			
Branch Name/ Date of opening	Manager Details	Address	Phone
Agrabad 27 November 2014	Mr. Shah Md. Humayun Kabir Vice President 01711566486	Daar-E-Shahidi (1 st floor) 69 Agrabad Commercial Area Chattogram	(031) 2520449 (031) 2520450
O. R Nizam Road 16 September 2018	Mr. Mohammad Abu Toyab Vice President 01823925323	Impulse City Center (1 st floor, B-1) O. R Nizam Road, Golpahar More Panchlaish, Chattogram	-
Mirsharai 06 August 2019	Mr. Aminul Islam First Assistant Vice President 01815599596	Alauddin Center (1 st floor) Abu Torab Bazar, Mayani Union Parishad, Mirsharai, Chattogram	-

District: Cox's Bazar			
Branch Name/ Date of opening	Manager Details	Address	Phone
Cox's Bazar 30 January 2020	Mr. Mohammad Kawsar Elahee Meah First Assistant Vice President 01977456456	Karim Barmiz Market (1 st floor) Main Road, East Bazar Ghata Cox's Bazar Pouroshova, Cox's Bazar	-

District: Cumilla			
Branch Name/ Date of opening	Manager Details	Address	Phone
Konkapoit 03 August 2017	Mr. Md. Jamal Hossain Senior Executive Officer 01714320018	Al-Mostafa Heritage (1 st floor) Konkapoit Bazar, Chouddogram Cumilla	-

District: Feni			
Branch Name/ Date of opening	Manager Details	Address	Phone
Chhagalnaiya 28 November 2018	Mr. Md. Firoz Ahmmed First Assistant Vice President 01914751809	A.N. Modhumoti Market (1 st floor) Haji B Zaman Road-1, Jamaddar Bazar, Chhagalnaiya, Feni	-

Dhaka Division	23 Branches
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District: Dhaka			
Branch Name/ Date of opening	Manager Details	Address	Phone
Aganagar 14 May 2015	Mr. S. M. Imran Alam First Vice President 01718238244	Alam Tower, East Aganagar Keraniganj, Dhaka	(02) 7761888 (02) 7762111
Ashulia 23 January 2014	Mr. Mohammed Monirul Haq Assistant Vice President 01911389803	Altaf Plaza (1 st floor) Alia Madrasa, Jamgora, Ashulia Savar, Dhaka	-
Banglamotor 28 November 2016	Mr. Noman Kabir Vice President 01716223007	Rupayan Trade Centre (1 st floor) 114 Kazi Nazrul Islam Avenue Banglamotor, Dhaka	(02) 55138544 (02) 55138545 (02) 55138546
Gulshan 30 January 2014	Mr. Mohammad Shanoor Siddique Senior Vice President 01729099654	75 Gulshan Avenue Gulshan-1, Dhaka	(02) 9860392 (02) 9860332 (02) 9860011 (02) 9860310
Mirpur 07 December 2017	Mr. Md. Kawsar Ali Molla First Vice President 01713487990	Mid Town Trade Centre (1 st floor) Main Road-3, Section-7, Pallabi Mirpur, Dhaka	(02) 58051128 (02) 58051129
Mitford 02 October 2014	Mr. Md. Kayum Zaman Vice President 01719632906	57-58 Mitford Road Dhaka	(02) 7343678 (02) 7343035
Motijheel 19 September 2013	Mr. Muhammad Amir Hossain Sarker Vice President 01715162664	DCCI Building (ground floor) 65-66, Motijheel C/A, Dhaka-1000	(02) 9586686 (02) 9586687 (02) 9583806
Sheikh Kamal Sarani 30 August 2016	Mr. Atiqul Islam Akhand Vice President 01713329380	24/C, Sheikh Kamal Sarani Road 27 (old), 16 (new) Dhanmondi R/A, Dhaka	(02) 9119405 (02) 9119406
Uttara 18 December 2014	Mr. Mohammad Omar Faruq Khan Vice President 01712262170	Singapore Plaza (1 st floor) House-17, Road-02, Section-03 Uttara Model Town, Dhaka	(02) 7914690 (02) 7914672 (02) 7914696
VIP Road 29 November 2018	Mr. Md. Kamruzzaman Vice President 01711906698	Sel Trident Tower, Suite-202 (1 st floor, East Side), 57 (old-66) Purana Paltan Line, Inner Circular (VIP) Road, Dhaka	-
Bangshal 26 December 2019	Mr. Mohammad Najib Ullah First Vice President 01713329470	Mahmud Tower (1 st floor) (Road side), 19 Siddique Bazar North South Road, Dhaka	(02) 9511415 (02) 9511416
Pragati Sarani 26 February 2020	Mr. Md. Al Amin Mian First Assistant Vice President 01916298299	Mysha Chowdhury Tower (1 st floor), Gha-30/B, Shahjadpur Pragati Sarani, Dhaka	-

District: Faridpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
Kanaipur 16 March 2014	Mr. Md. Asfakur Rahaman Assistant Vice President 01914948576	Kanaipur Bahumukhi Shomobay Somity Market (1 st floor) Kanaipur Bazar, Kanaipur, Faridpur	-

District: Gazipur			
Branch Name/ Date of opening	Manager Details	Address	Phone
Mawna 31 October 2016	Mr. Mohammad Almas Ali Principal Officer 01675289818	Haji A. Salam Fakir Super Market (1 st floor), Mawna Bazar, Sreepur Gazipur	-

District: Gopalganj			
Branch Name/ Date of opening	Manager Details	Address	Phone
Sheikh Fajilatunnessa Mujib Eye Hospital 05 June 2016	Mr. S M Md. Shahabuddin Senior Executive Officer 01710692242	Rental Hostel (1 st floor), Sheikh Fajilatunnessa Mujib Eye Hospital Ghonapara, Gopalganj	(02) 6681254
Muksudpur 12 April 2018	Mr. Md. Moshir Rahman First Assistant Vice President 01712602639	Monowara Shopping Complex (1 st floor) Chowrangi, Muksudpur Sadar, Gopalganj	-

District: Madaripur			
Branch Name/ Date of opening	Manager Details	Address	Phone
Shibchar 29 November 2015	Mr. Abdul Wadud Principal Officer 01948604206	Ilias Ahmed Chowdhury Pouro Super Market (1 st floor), Shibchar Madaripur	-

District: Manikganj			
Branch Name/ Date of opening	Manager Details	Address	Phone
Singair 30 January 2020	Mr. Premashish Das Principal Officer 01752338444	Bahadur Mollah Super Market (1 st floor), Singair, Manikganj	-

District: Munshiganj			
Branch Name/ Date of opening	Manager Details	Address	Phone
Shekharnagar 23 March 2016	Mr. Mohammad Sanowar Hossain Assistant Vice President 01712677460	Baitul Mamur Jame Masjid Market (1 st floor), Shekharnagar Sirajdikhan, Munshiganj	-

District: Narayanganj			
Branch Name/ Date of opening	Manager Details	Address	Phone
Kanchan 16 April 2015	Mr. Sheik Kamal Hossain First Assistant Vice President 01834300251	Chan Plaza (1 st floor), Kanchan Bazar, Rupganj, Narayanganj	-

District: Narsingdi			
Branch Name/ Date of opening	Manager Details	Address	Phone
Shibpur 27 December 2017	Mr. Enayet Hossain Robin Senior Executive Officer 01684915370	Holding No.135/1 (1 st floor) College Gate, Shibpur Sadar Narsingdi	-

District: Shariatpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
Bhedarganj 28 July 2019	Mr. Nasirul Amin First Assistant Vice President 01717784891	Maa Plaza (1 st floor), Tiringir More Bhedarganj Upazila, Shariatpur	-

District: Tangail			
Branch Name/ Date of opening	Manager Details	Address	Phone
Shakhipur 13 November 2014	Mr. Kazi Arifur Rahman First Assistant Vice President 01755566565	SMG Shopping Complex (1 st floor) Dhaka Road, Shakhipur Bazar Tangail	-

Khulna Division	04 Branches
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District: Chuadanga			
Branch Name/ Date of opening	Manager Details	Address	Phone
Jibannagar 27 March 2014	Mr. Kazi Shakhawat Hossain (CC) Principal Officer 01718770568	Eva Tower (1 st floor), Changkhali Road, Jibannagar, Chuadanga	-

District: Khulna			
Branch Name/ Date of opening	Manager Details	Address	Phone
Khulna 31 March 2016	Mr. Mohammad Anas Senior Vice President 01736242718	Islam Trade Centre (1 st floor) 18 KDA Avenue, Khulna	-

District: Kushtia			
Branch Name/ Date of opening	Manager Details	Address	Phone
Bheramara 02 February 2017	Mr. Zahirul Islam First Assistant Vice President 01716549220	Professor Para, Godown More Bheramara, Kushtia	-

District: Narail			
Branch Name/ Date of opening	Manager Details	Address	Phone
Kalia 30 July 2018	Mr. Sharif Abu Aslam Principal Officer 01914154493	778 Godown Road, Ramnagar Kalia Pouroshova, Kalia, Narail	-

Mymensingh Division**02 Branches**

District: Jamalpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
Melandaha 11 April 2019	Mr. Md. Mostafizur Rahman First Assistant Vice President 01818267237	Zinnah Super Market (1 st floor) Melandaha Bazar, Melandaha Jamalpur	-

District: Mymensingh			
Branch Name/ Date of opening	Manager Details	Address	Phone
Shambhuganj 10 October 2016	Mr. Mohammad Musabbir Hossan First Assistant Vice President 01912637937	Saha Market (1 st floor) Shambhuganj Bazar Shambhuganj, Mymensingh	-

Rajshahi Division**03 Branches**

District: Naogaon			
Branch Name/ Date of opening	Manager Details	Address	Phone
Naogaon 26 December 2017	Mr. Md. Anamul Haque Senior Executive Officer 01775508837	Time Square (1 st floor), Bazar Road, Naogaon Sadar Naogaon	(0741) 81481 (0741) 81482

District: Pabna			
Branch Name/ Date of opening	Manager Details	Address	Phone
Pabna 07 June 2018	Mr. G.M. Hasan Shahrion Principal Officer 01717462508	Omar Shopping Complex (1 st floor), 65 M. M Ali Road Shibrampur, Pabna Sadar, Pabna	-

District: Rajshahi			
Branch Name/ Date of opening	Manager Details	Address	Phone
Rajshahi 20 October 2015	Mr. Dipon Chandra Roy Assistant Vice President 01716690409	RCCI Chamber Building (1 st floor) Station Road, Rajshahi	(0721) 770428 (0721) 770429

Rangpur Division**03 Branches**

District: Rangpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
Pirganj 11 February 2016	Mr. Mohammad Jahidul Islam First Assistant Vice President 01746666620	Zaman Plaza (1 st floor), 653 Thana Road, Pirganj, Rangpur	(05227) 56208
Rangpur 03 October 2019	Mr. Md. Abul Kalam Azad First Assistant Vice President 01716337301	Ray Mansion (1 st floor) Holding-268, Central Road Rangpur	-

District: Nilphamari			
Branch Name/ Date of opening	Manager Details	Address	Phone
Saidpur 03 October 2019	Mr. Md. Mizanur Rahman Senior Executive Officer 01749905295	Loknath Tower, (1 st floor), Shahid Dr. Zikrul Hoque Road Saidpur, Nilphamari	-

Sylhet Division	01 Branch
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District: Sylhet			
Branch Name/ Date of opening	Manager Details	Address	Phone
Amberkhana 17 November 2013	Mr. Suman Kumar Paul Executive Officer 01718377849	Central Plaza, Holding -784 Airport Road, Kotwali, Sylhet	-

However, The Bank has already set up its own ATMs (total 42) as alternative delivery channel for the clients which are proving service through sharing Q-Cash branded largest Shared ATM/POS network in Bangladesh to provide services to its clients.

Foreign Correspondent Bank Network

Country	Bank Name
AUSTRALIA	MIZUHO BANK, LTD. SYDNEY BRANCH
	STATE BANK OF INDIA AUSTRALIA
BAHRAIN	KEB HANA BANK, BAHRAIN BRANCH
	MASHREQ BANK
	NATIONAL BANK OF PAKISTAN
BELGIUM	BELFIUS BANK SA/NV
	KBC BANK NV
CHINA	BANK OF COMMUNICATIONS
	BANK OF HUZHOU CO.,LTD CHINA
	BANK OF NINGBO
	BANK OF WENZHOU (FORMERLY WENZHOU CITY COMMERCIAL BANK)
	CHANGSHU RURAL COMMERCIAL BANK CHINA
	CHINA EVERBRIGHT BANK
	FUJIAN FUZHOU RURAL COMMERCIAL BANK COMPANY LIMITED
	INDUSTRIAL BANK CO.LTD.
	INDUSTRIAL BANK OF KOREA (CHINA) LIMITED
	JIANGSU JIANGNAN RURAL COMMERCIAL BANK CO.,LTD. (FORMALY JIANGSU WUJIN RURAL BANK)
	JIANGSU JIANGYAN RURAL COMMERCIAL BANK CO., LTD
	JIANGSU JINGJIANG RURAL COMMERCIAL BANK CO., LTD
	RURAL COMMERCIAL BANK OF ZHANGJIAGANG CHINA
	SHINHAN BANK
	YINZHOU BANK
	ZHEJIANG CHOUZHOU COMMERCIAL BANK, CHINA (CZCB)
	ZHONGSHAN RURAL COMMERCIAL BANK COMPANY LIMITED, CHINA
EGYPT	MASHREQ BANK
FRANCE	KBC BANK NV, FRANCE
	NATIONAL BANK OF PAKISTAN
	U.B.A.F (UNION DE BANQUES ARABES ET FRANCAISES)
GERMANY	ICICI BANK UK PLC
	MIZUHO BANK, LTD. DUESSELDORF BRANCH
	NATIONAL BANK OF PAKISTAN, FRANKFURT
	HSHNDEHH HAMBURG COMMERCIAL BANK AG GERMANY
HONGKONG	AB INTERNATIONAL FINANCE LTD (A SUBSIDIARY COMPANY OF AB BANK LIMITED, DHAKA, BANGLADESH)
	AXIS BANK LIMITED
	EBL FINANCE (HK) LIMITED
	MASHREQBANK PSC., HONG KONG BRANCH
	PBL FINANCE (HONG KONG) LIMITED
	THE BANK OF NEW YORK MELLON, HONG KONG BRANCH
	TORONTO DOMINION BANK
ICELAND	LANDSBANKINN HF
INDIA	AB BANK LIMITED- MUMBAI BRANCH
	AXIS BANK LIMITED
	ICICI BANK LIMITED
	INDUSIND BANK LIMITED
	MASHREQ BANK, INDIA
	HDFC BANK MUMBAI
	SONALI BANK KOLKATA
	UNITED BANK OF INDIA
ITALY	BANCA POPOLARE DELL'EMILIA ROMAGNA
	BANCA UBAE SPA
	CREDITO EMILIANO S.P.A. ITALY
	KBC BANK NV, ITALY

Country	Bank Name
JAPAN	KEB HANA BANK, JAPAN BRANCH
	MIZUHO BANK, LTD.
	NATIONAL BANK OF PAKISTAN
	U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES TOKYO BRANCH
KOREA	BUSAN BANK
	INDUSTRIAL BANK OF KOREA
	KEB HANA BANK
	KOOKMIN BANK
	SHINHAN BANK
	U.B.A.F.-UNION DE BANQUES ARABES ET FRANCAISES
KUWAIT	MASHREQ BANK
KYRGYZSTAN OR KYRGYZ REPUBLIC	KYRGYZ INVESTMENT AND CREDIT BANK
LATVIA	AS 'PRIVATBANK'
MALAYSIA	MIZUHO BANK (MALAYSIA) BERHAD
NETHERLAND	DEUTSCHE BANK A.G. AMSTERDAM
	KBC BANK NV, NETHERLAND
PAKISTAN	MCB BANK LIMITED
	NIB BANK LIMITED
POLAND	POWSZECHNA KASA OSZCZEDNOSCI BANK POLSKI SA POLAND
QATAR	MASHREQ BANK, QATAR
	UNITED BANK LIMITED, DOHA
RUSSIA	VOZROZHDENIE BANK RUSSIAN FEDERATION
SAUDI ARABIA	BANK AL-JAZIRA
	NATIONAL BANK OF PAKISTAN
SINGAPORE	AXIS BANK LIMITED
	ICICI BANK LIMITED, SINGAPORE BRANCH
	MIZUHO BANK, LTD. SINGAPORE BRANCH
	U.B.A.F. - UNION DE BANQUES ARABES ET FRANCAISES
SPAIN	CAIXABANK, S.A.
SRI LANKA	AXIS BANK LTD., COLOMBO
	COMMERCIAL BANK OF CEYLON PLC
SWITZERLAND	BSI S.A
	HABIB BANK AG ZURICH
	UBL (SWITZERLAND) AG/ UNITED BANK A.G., ZURICH
TAIWAN	MIZUHO BANK, LTD., TAIPEI BRANCH
THAILAND	BANK OF AYUDHYA PUBLIC COMPANY LIMITED
	MIZUHO BANK, LTD., BANGKOK BRANCH
TURKEY	DENIZBANK A.S.
UAE	AXIS BANK LIMITED, DIFC BRANCH (REGULATED BY DFSA)
	HABIB BANK AG ZURICH
	ICICI BANK LIMITED, UAE BRANCH
	MASHREQ BANK PSC.
	NOOR BANK P.J.S.C.
UK	ICICI BANK UK PLC
	KEB HANA BANK, LONDON BRANCH
	MASHREQ BANK PSC, LONDON BRANCH
	SONALI BANK (UK) LTD
UKRAINE	PJSC 'BANK CREDIT DNEPR'
USA	HABIB AMERICAN BANK, NY
	MASHREQ BANK PSC., NEW YORK BRANCH
	NATIONAL BANK OF PAKISTAN, NEW YORK

Division & District-wise Agent Details of Modhumoti Digital Banking Outlets

Barishal Division 04 Agent Centres

District: Bhola

Upazila: Charfassion		Monitoring Branch: Charfassion		Agent Centre: 04
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Aslampur Union Digital Centre 28-11-17	Minhazul Islam 01714868232	Aslampur Union Parishad Charfassion Upazila, Bhola	minhazul.up@gmail.com	
Jahanpur Union Digital Centre 28-11-17	Mohammad Omar Faruk 01741005087	Jahanpur Union Parishad Charfassion Upazila, Bhola	farukjahanpur01@gmail.com	
Hazariganj Union Digital Centre 28-11-17	Md. Hasnain (Al Amin) 01716607517	Hazariganj Union Parishad Charfassion Upazila, Bhola	hasnainhu@gmail.com	
Abu Bakarpur Union Digital Centre 28-11-17	Md. Jahirul Islam 01727 924531	Abu Bakarpur Union Parishad Charfassion Upazila, Bhola	jahirulislam7235@gmail.com	

Chattogram Division 09 Agent Centres

District: Chattogram

Upazila: Sitakundu		Monitoring Branch: O.R Nizam Road		Agent Centre: 09
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Barobkonda Union Digital Centre 17-07-19	Farjana Akter Ruby 01828026853	Barobkonda Union Parishad Sitakunda, Chattogram	uttam.baraiyadhala@gmail.com	
Baroidala Union Digital Centre 17-07-19	Uttam Kumar Dhe 01859751740	Baroidala Union Parishad Sitakunda, Chattogram	rubynaakterruby11@gmail.com	
Banshbaria Union Digital Centre 17-07-19	Md. Salauddin 01814181552	Banshbaria Union Parishad Sitakunda, Chattogram	robelctg782@gmail.com	
Kumira Union Digital Centre 17-07-19	Md. Abdus Salam 01670345411	Kumira Union Parishad Sitakunda, Chattogram	rana.kumira@gmail.com	
Muradpur Union Digital Centre 17-07-19	Gazi Md. Shahidul Alam 01811596964	Muradpur Union Parishad Sitakunda, Chattogram	muradpur4uisc@gmail.com	
Salimpur Union Digital Centre 17-07-19	Taslima Akter 01763490575	Salimpur Union Parishad Sitakunda, Chattogram	taslimactg575@gmail.com	
Sayedpur Union Digital Centre 17-07-19	Ferjana Akter 01830295965	Sayedpur Union Parishad Sitakunda, Chattogram	ferjanashemuluis@gmail.com	
Sonaichori Union Digital Centre 17-07-19	Md. Kurban Ali 01813302097	Sonaichori Union Parishad Sitakunda, Chattogram	ctgkurban@gmail.com	
Vatiary Union Digital Centre 17-07-19	Shampa Chowdary 01722082098	Vatiary Union Parishad Sitakunda, Chattogram	mitras585@gmail.com	

District: Dhaka

Upazila: Nawabganj		Monitoring Branch: Shekharnagar		Agent Centre: 04
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address		Email Address
Churain Union Digital Centre 30-08-16	Md. Monjurul Islam 01624940264	Churain Union Parishad Nawabganj, Dhaka		monjo69@gmail.com
Barha Union Digital Centre 30-08-16	Md. Sohel Rana 01918539221	Barha Union Parishad Nawabganj, Dhaka		sohel9221@gmail.com
Agla Union Digital Centre 23-11-16	Sazzadur Rashid 01821179444	Agla Union Parishad Nawabganj Upazila, Dhaka		sazzadur.rashid@gmail.com
Galimpur Union Digital Centre 23-11-16	Kona Akter 01912373222	Galimpur Union Parishad Nawabganj Upazila, Dhaka		kona.akter0199@gmail.com

District: Faridpur

Upazila: Bhanga		Monitoring Branch: Muksudpur		Agent Centre: 08
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address		Email Address
Hamirdi Union Digital Centre 30-09-18	Milu Miah 01927352916	Hamirdi Union Parishad Bhanga Upazila, Faridpur		hamirdiup47@gmail.com
Tuzarpur Union Digital Centre 30-09-18	Md. Arif Hossain 01756077147	Tuzarpur Union Parishad Bhanga Upazila, Faridpur		joy.arif23@gmail.com
Nasirabad Union Digital Centre 30-09-18	Tonmoy Goshal 01716757759	Nasirabad Union Parishad Bhanga Upazila, Faridpur		tonmoysoro@gmail.com
Chumurdi Union Digital Centre 30-09-18	Md. Sharif Molla 0174967337	Chumurdi Union Parishad Bhanga Upazila, Faridpur		rsharif77@gmail.com
Manikdha Union Digital Centre 30-09-18	Md. Prince Mahmud 01761535147	Manikdha Union Parishad Bhanga Upazila, Faridpur		princeuic@gmail.com
Kawlibera Union Digital Centre 30-09-18	Habibur Rahman 01703080842	Kawlibera Union Parishad Bhanga Upazila, Faridpur		habibur301@yahoo.com
Algi Union Digital Centre 30-09-18	Swapna Akter 01918-227602	Algi Union Parishad Bhanga Upazila, Faridpur		swapna.tuli@yahoo.com
Gharua Union Digital Centre 30-09-18	Shahin Molla 01729159976	Gharua Union Parishad Bhanga Upazila, Faridpur		uisc.shahin@gmail.com

District: Faridpur

Upazila: Faridpur Sadar		Monitoring Branch: Kanaipur		Agent Centre: 04
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address		Email Address
Kaijuri Union Digital Centre 15-11-16	Md. Romjan Khan 01713575727	Kaijuri Union Parishad Sadar Upazila, Faridpur		romjakhan.ku@gmail.com
Krishnanagar Union Digital Centre 15-11-16	Md. Omar Faruque 01717556772	Krishnanagar Union Parishad Sadar Upazila, Faridpur		omarfaruque24@gmail.com
Aliabad Union Digital Centre 30-09-19	Md. Razib Hasan 01721090180	Aliabad Union Parishad Faridpur Sadar, Faridpur		razib.aliabad@gmail.com
Ambikapur Union Digital Centre 30-09-19	Rokshana Parvin 01758814587	Ambikapur Union Parishad Faridpur Sadar, Faridpur		nira.uisc@gmail.com

Upazila: Modhukhali		Monitoring Branch: Kanaipur		Agent Centre: 04
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Jahapur Union Digital Centre 15-11-16	Md Abu Jafar 01711730154	Jahapur Union Parishad Modhukhali Upazila, Faridpur	jafar7891@gmail.com	
Raipur Union Digital Centre 15-11-16	Md. Rajon 01711448062	Raipur Union Parishad Modhukhali Upazila, Faridpur	uiscrajon@yahoo.com	
Dumain Union Digital Centre 30-09-19	Sahin Molla 01933478055	Kamarkhali Union Parishad Modhukhali Upazila, Faridpur	mdsahinmolla@gmail.com	
Dumain Union Digital Centre 30-09-19	Monogit Mondol 01705796444	Dumain Union Parishad Modhukhali Upazila, Faridpur	monogitmondol91@gmail.com	

Upazila: Saltha		Monitoring Branch: Kanaipur		Agent Centre: 08
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Atghor Union Digital Centre 05-08-18	Md. Tarek Islam 01714285346	Atghor Union Parishad Saltha Upazila, Faridpur	shovon.udc2014@gmail.com	
Sonapur Union Digital Centre 05-08-18	Md. Hannan Khan 01911564552	Sonapur Union Parishad Saltha Upazila, Faridpur	uics.titul52@gmail.com	
Jadunandi Union Digital Centre 05-08-18	Md. Abul Basar Jewel 0175766611	Jadunandi Union Parishad Saltha Upazila, Faridpur	juwelmollah.uisc@gmail.com	
Ramkantapur Union Digital Centre 05-08-18	Md. Anayet Hossain Molla 01720588479	Ramkantapur Union Parishad Saltha Upazila, Faridpur	anayetmollauisc@gmail.com	
Ballabadi Union Digital Centre 05-08-18	Sajedul Islam 01741392917	Ballabadi Union Parishad Saltha Upazila, Faridpur	sajedulislam77@gmail.com	
Bhawal Digital CentreCentre 05-08-18	Sonjoy Biswas 01716796672	Bhawal Union Parishad Saltha Upazila, Faridpur	s01716796672@gmail.com	
Majhardia Union Digital Centre 05-08-18	Md. Ripon Hossain 01757796889	Majhardia Union Parishad Saltha Upazila, Faridpur		
Gatti Union Digital Centre 28-01-19	Md. Robiul Islam 01794349410	Gatti Union Parishad Saltha Upazila, Faridpur	up3nogatti@gmail.com	

District: Gazipur

Upazila: Sreepur		Monitoring Branch: Mawna		Agent Centre: 05
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Barmi Union Digital Centre 08-01-17	Md. Mubarak Hossain 01717815037	Barmi Union Parishad Sreepur Upazila, Gazipur	uiscbarmi100@gmail.com	
Gazipur Union Digital Centre 08-01-17	Md. Sohorab Hossain 01728918418	Gazipur Union Parishad Sreepur Upazila, Gazipur	gazipur.uisc89@gmail.com	
Mawna Union Digital Centre 08-01-17	Razib Mollah 01740633093	Mawna Union Parishad Sreepur Upazila, Gazipur	razibhasan82@gmail.com	
Telihati Union Digital Centre 08-01-17	Mahotab Uddin 01914177156	Telihati Union Parishad Sreepur Upazila, Gazipur	uisc.telihati@gmail.com	
Kaoraid Union Digital Centre 08-01-17	Md. Monwar Hossain 01768602306	Kaoraid Union Parishad Sreepur Upazila, Gazipur	kaoraiduisc9999@gmail.com	

District: Gopalganj

Upazila: Gopalganj Sadar		Monitoring Branch: SFMEH		Agent Centre: 19
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Ulpur Union Digital Centre 30-10-16	Rasel Chowdhury 01721745843	Ulpur Union Parishad Gopalganj SadarUpazila Gopalganj	crasel176@yahoo.com	
Majhigati Union Digital Centre 30-10-16	Avisek Biswas 01737759881	Majhigati Union Parishad Gopalganj SadarUpazila Gopalganj	abisek2297@gmail.com	
Kajulia Union Digital Centre 30-10-16	Mukul Sheikh 01736420510	Kajulia Union Parishad Gopalganj SadarUpazila Gopalganj	mukulsheikh02@gmail.com	
Raghunathpur Union Digital Centre 30-10-16	Ashikol Islam 01728156981	Raghunathpur Union Parishad, Gopalganj Sadar Upazila, Gopalganj	raghunathpurudc@gmail.com	
Kati Union Digital Centre 30-10-16	Md. Shafiqul Alam 01712440338	Kati Union Parishad Gopalganj SadarUpazila Gopalganj	Kati.udc@gmail.com	
Chandradigholia Union Digital Centre 12-12-17	S M Touhidul Islam 01922802557	Chandradigholia Union Parishad, Sadar Upazila Gopalganj	touhidulalamch@gmail.com	
Nizra Union Digital Centre 12-12-17	Rabiul Islam 01734551919	Nizra Union Parishad Sadar Upazila, Gopalganj	udcnizra@gmail.com	
Sahapur Union Digital Centre 12-12-17	Ashok Sarkar 01728818585	Sahapur Union Parishad Sadar Upazila, Gopalganj	ashoksarker01@gmail.com	
Jalalabad Union Digital Centre 12-12-17	Md. Meherabul Islam 01714881747	Jalalabad Union Parishad Sadar Upazila, Gopalganj	uiccmeharab@gmail.com	
Satpar Union Digital Centre 26-04-18	Kamalesh Mandol 01719762405	Satpar Union Parishad Sadar Upazila, Gopalganj	mandolbulet@gmail.com	
Boultali Union Digital Centre 26-04-18	Iyamin Munsu 01721200071	Boultali Union Parishad Sadar Upazila, Gopalganj	boneeamine@gmail.com	
Latifpur Union Digital Centre 26-04-18	Md. Kabir Hossain 01719172719	Latifpur Union Parishad Sadar Upazila, Gopalganj	mmkabirshike10@gmail.com	
Gobra Union Digital Centre 26-04-18	Dulal Chandra Biswas 01711519817	Gobra Union Parishad Sadar Upazila, Gopalganj	udcgobra@gmail.com	
Paikkandi Union Digital Centre 26-04-18	Md. Sagar Sarder 01632122904	Paikkandi Union Parishad Sadar Upazila, Gopalganj	sagarnewsbd@gmail.com	
Karpara Union Digital Centre 26-04-18	Md. Osman Molla 01725609190	Karpara Union Parishad Sadar Upazila, Gopalganj	osman609190@gmail.com	
Borashi Union Digital Centre 26-04-18	Debashis Bairagy 01317897752	Borashi Union Parishad Sadar Upazila, Gopalganj	deba2bairagy@gmail.com	
Urfi Union Digital Centre 26-04-18	Md. Rana Khan 01757902780	Urfi Union Parishad Sadar Upazila, Gopalganj	rana.k6533@gmail.com	
Durgapur Union Digital Centre 07-10-18	Shofikul Islam 01812623756	Durgapur Union Parishad Sadar Upazila, Gopalganj	shofikul.islam77@yahoo.com	
Haridaspur Union Digital Centre 29-01-19	Pabitra Sarkar 01773399642	Haridaspur Union Parishad Sadar Upazila, Gopalganj	haridaspurup@gmail.com	

Upazila: Kashiani		Monitoring Branch: SFMEH		Agent Centre: 12
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Moheshpur Digital Centre 12-12-17	Azizur Rahman 01718448861	Moheshpur Union Parishad Kashiani Upazila, Gopalganj	ictkashiani@gmail.com	
Orakandi Union Digital Centre 12-12-17	Palash Chandra Tikader 01739571830	Orakandi Union Parishad Kashiani Upazila, Gopalganj	uisc1122@gmail.com	
Parulia Union Digital Centre 12-12-17	Sajol Molla 01948066175	Parulia Union Parishad Kashiani Upazila, Gopalganj	smsajolup0088@gmail.com	
Ratoil Union Digital Centre 12-12-17	Arifuzzaman Shichir 01712505196	Ratoil Union Parishad Kashiani Upazila, Gopalganj	smshishir39@gmail.com	
Sazail Union Digital Centre 12-12-17	Ibna Jabir Munshi 01928794581	Sazail Union Parishad Kashiani Upazila, Gopalganj	86ramjanali@gmail.com	
Kashiani Union Digital Centre 26-04-18	Rubiya Akhter 01706170301	Kashiani Union Parishad Kashiani Upazila, Gopalganj	islambristy685@gmail.com	
Bethuri Union Digital Centre 29-01-19	Kamal Biswas 01990325657	Bethuri Union Parishad Kashiani Upazila, Gopalganj	komolbiswas@gmail.com	
Fukra Union Digital Centre 29-01-19	Shah Alam 01736592133	Fukra Union Parishad Kashiani Upazila, Gopalganj	sahalamsha18@gmail.com	
Hatiara Union Digital Centre 29-01-19	Progga Sarkar 01727730207	Hatiara Union Parishad Kashiani Upazila, Gopalganj	sarkarprogga31@gmail.com	
Puisur Union Digital Centre 29-01-19	Murad Ali Sikder 01715621035	Puisur Union Parishad Kashiani Upazila, Gopalganj	murad.puisurup@gmail.com	
Nijamkandi Union Digital Centre 29-01-19	Liton Shekh 01981089525	Nijamkandi Union Parishad Kashiani Upazila, Gopalganj	litonshikh58@gmail.com	
Mahmudpur Union Digital Centre 29-01-19	Angshu Pati Mistry 01756453848	Mahmudpur Union Parishad Kashiani Upazila, Gopalganj	mistry.angshu86@gmail.com	

Upazila: Kotalipara		Monitoring Branch: SFMEH		Agent Centre: 11
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Amtail Union Digital Centre 12-12-17	Rumon Mia 01915595640	Amtali Union Parishad KotaliparaUpazila,Gopalganj	rumonmiah88@gmail.com	
Hiron Union Digital Centre 12-12-17	Md. Omar Faruk 01920205922	Hiron Union Parishad KotaliparaUpazila,Gopalganj	mir.omar34@yahoo.com	
Pinjuri Union Digital Centre 12-12-17	Sifat Ahmad 01934324702	Pinjuri Union Parishad Kotalipara Upazila, Gopalganj	sifatahmed111@gmail.com	
Ramshil Union Digital Centre 26-04-18	Dipankar Barai 0191378153	Ramshil Union Parishad Kotalipara Upazila, Gopalganj	dipankarbarai@gmail.com	
Kushla Union Digital Centre 26-04-18	Mohiuddin Fakir 01753445000	Kushla Union Parishad Kotalipara Upazila, Gopalganj	mohiuddinfokir@gmail.com	
Suagram Union Digital Centre 26-04-18	Subash Chandra Hazra 01933517702	Suagram Union Parishad Kotalipara Upazila, Gopalganj	subashhazra@yahoo.com	
Kalabari Union Digital Centre 26-04-18	Ramlal Barai 01966572000	Kalabari Union Parishad Kotalipara Upazila, Gopalganj	rambarai2013@gmail.com	
Sadullapur Union Digital Centre 26-04-18	Biplab Chakroborti 01710157104	Sadullapur Union Parishad Kotalipara Upazila, Gopalganj	bsc505050@gmail.com	
Bandhabari Union Digital Centre 26-04-18	Asadul Sheikh 01976229622	Bandhabari Union Parishad Kotalipara Upazila, Gopalganj	asadulsheikh@gmail.com	
Radhaganj Union Digital Centre 07-10-18	Anup Bagchi 01913950225	Radhaganj Union Parishad Kotalipara Upazila, Gopalganj	anupbagchi57@yahoo.com	
Kandi Union Digital Centre 28-05-19	Monimohan Barai 01713578889	Kandi Union Parishad KotaliparaUpazila, Gopalganj	Upennuttam2015@gmail.com	

Upazila: Muksudpur		Monitoring Branch: Muksudpur		Agent Centre: 17
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Bahugram Union Digital Centre 12-12-17	Rakibul Hasan Molla 01767499646	Bahugram Union Parishad Muksudpur Upazila, Gopalganj	rakibul.hasan2148@gmail.com	
Jalirpar Union Digital Centre 12-12-17	Sumon Mojumdar 01758689021	Jalirpar Union Parishad Muksudpur Upazila, Gopalganj	sumanmajumder966@yahoo.com	
Khandarpara Union Digital Centre 12-12-17	Nuralam Shaikh 01712325360	Khandarpara Union Parishad Muksudpur Upazila, Gopalganj	khandarparaudc@gmail.com	
Ujani Union Digital Centre 12-12-17	Sujit Mandal 01740595899	Ujani Union Parishad Muksudpur Upazila, Gopalganj	sujit.mandal87@gmail.com	
Poshargati Union Digital Centre 26-07-18	Ahasan Habib 01721312273	Poshargati Union Parishad Muksudpur Upazila, Gopalganj	ahasan_krish@yahoo.com	
Gobindopur Union Digital Centre 26-07-18	Gobinda Biswas 01717065987	Gobindopur Union Parishad Muksudpur Upazila, Gopalganj	gobindobiswas212@gmail.com	
Bashbaria Union Digital Centre 26-07-18	Sujit Kumar Bain 01724527223	Bashbaria Union Parishad Muksudpur Upazila, Gopalganj	sujitkumarbain@gmail.com	
Moharajpur Union Digital Centre 26-07-18	Fardous Rahman 01711309359	Moharajpur Union Parishad Muksudpur Upazila, Gopalganj	frtanu@yahoo.com	
Batikamari Union Digital Centre 26-07-18	Rafiqul Islam 01712984383	Batikamari Union Parishad Muksudpur Upazila, Gopalganj	islam.rafiqul036@gmail.com	
Dignagar Union Digital Centre 26-07-18	Kanchan Molla 01713577948	Dignagar Union Parishad Muksudpur Upazila, Gopalganj	kanchan.mollah78@gmail.com	
Gohala Union Digital Centre 26-07-18	Sujon Roy 01711514476	Gohala Union Parishad Muksudpur Upazila, Gopalganj	sujan11bd@gmail.com	
Kashalia Union Digital Centre 26-07-18	Mohammad Shahabuddin Shaikh 01710810490	Kashalia Union Parishad Muksudpur Upazila, Gopalganj	shahabuddinshaikh33@yahoo.com	
Nanikhir Union Digital Centre 26-07-18	Milton Chandra Mondal 01712471823	Nanikhir Union Parishad Muksudpur Upazila, Gopalganj	miltonmandal35@yahoo.com	
Rajpat Union Digital Centre 26-07-18	Nawsher Ali Molla 01717241121	Rajpat Union Parishad Muksudpur Upazila, Gopalganj	1234nows@gmail.com	
Vabrasur Union Digital Centre 28-01-19	Sakib Mia 01756251090	Vabrasur Union Parishad Muksudpur Upazila, Gopalganj	sima58482@gmail.com	
Mochna Union Digital Centre 28-01-19	Chandi Das 01774769488	Mochna Union Parishad Muksudpur Upazila, Gopalganj	chandidas50@gmail.com	
Raghdhi Union Digital Centre 28-01-19	Palash Chandra 01775607830	Raghdhi Union Parishad Muksudpur Upazila, Gopalganj	palashsaker401@gmail.com	

Upazila: Tungipara		Monitoring Branch: SFMEH		Agent Centre: 05
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Borni Union Digital Centre 30-10-16	Rinku Mia 01677720749	Borni Union Parishad TungiparaUpazila, Gopalganj	rinkuislam2020@gmail.com	
Patgati Union Digital Centre 30-10-16	Maynul Islam Opu 01711515003	Patgati Union Parishad TungiparaUpazila, Gopalganj	maynul_opu@gmail.com	
Kushli Union Digital Centre 26-04-18	Zahangir Alam 01716123403	Kushli Union Parishad Tungipara Upazila, Gopalganj	uisc2011.bd@gmail.com	
Dumria Union Digital Centre 26-04-18	Sohel 01712612225	Dumria Union Parishad TungiparaUpazila,Gopalganj	mollahsohel@yahoo.com	
Gopalpur Union Digital Centre 26-04-18	Asit Biswas 01728382551	Gopalpur Union Parishad Tungipara Upazila, Gopalganj	asit.biswas60@gmail.com	

District: Madaripur

Upazila: Madaripur Sadar		Monitoring Branch: Shibchar		Agent Centre: 15
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Bahadurpur Union Digital Centre 07-05-18	Saidur Rahman 01765423600	Bahadurpur Union Parishad Sadar Upazila, Madaripur.	uisc.bahadurpur@gmail.com	
Kalkapur Union Digital Centre 07-05-18	Md. Rubel 01777827038	Kalkapur Union Parishad Sadar Upazila, Madaripur	mahim.hossain7@gmail.com	
Kendua Union Digital Centre 07-05-18	Rifat Azad 01920740848	Kendua Union Parishad Sadar Upazila, Madaripur	rifatazad2015@gmail.com	
Shirkhara Union Digital Centre 07-05-18	Nazmul Rahman 01763319265	Shirkhara Union Parishad Sadar Upazila, Madaripur	upshirkhara@gmail.com	
Jhaoudi Union Digital Centre 07-05-18	Shafikul Isalm 01727922352	Jhaoudi Union Parishad Sadar Upazila, Madaripur	shafikjibon@gmail.com	
Khoajpur Union Digital Centre 07-05-18	Juel 01930658203	Khoajpur Union Parishad Sadar Upazila, Madaripur	jewelt222@gmail.com	
Chilarchar Union Digital Centre 07-05-18	Dulal Sarnokar 01742509267	Chilarchar Union Parishad Sadar Upazila, Madaripur	upchilarchar@gmail.com	
Ghatmajhi Union Digital Centre 07-05-18	Mohammad Alauddin Khan 01917459643	Ghatmajhi Union Parishad Sadar Upazila, Madaripur	alauddinkhan45@gmail.com	
Rasti Union Digital Centre 07-05-18	Md. Muhibullah 01761730408	Rasti Union Parishad Sadar Upazila, Madaripur	smnayemahmed@gmail.com	
Dhurail Union Digital Centre 07-05-18	Sharmin Akter 01758367933	Dhurail Union Parishad Sadar Upazila, Madaripur	smirity786@gmail.com	
Kunia Union Digital Centre 07-05-18	Emon 01765673246	Kunia Union Parishad Sadar Upazila, Madaripur	emonkhan1996@gmail.com	
Pearpur Union Digital Centre 07-05-18	Ariful Islam 01912761609	Pearpur Union Parishad Sadar Upazila, Madaripur	arifnil2021@gmail.com	
Mostafapur Union Digital Centre 11-02-19	Kazi Dalia 01864488695	Mostafapur Union Parishad Sadar Upazila, Madaripur	anisrahman170@yahoo.com	
Panch Khola Union Digital Centre 11-02-19	Sajib Matubber 01928789269	Panch Khola Union Parishad Sadar Upazila, Madaripur	sojibmatubber28@gmail.com	
Dudkhali Union Digital Centre 11-02-19	Tawfina 01924812005	Dudkhali Union Parishad Sadar Upazila, Madaripur	updudkhali@gmail.com	

Upazila: Rajoir		Monitoring Branch: Shibchar		Agent Centre: 10
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Ishibpur Union Digital Centre 07-05-18	Arafat Hosen 01711308444	Ishibpur Union Parishad Rajoir Upazila, Madaripur	arafathosen@gmail.com	
Badarpasha Union Digital Centre 07-05-18	Md. Arifur Rahman Miah 01712793917	Badarpasha Union Parishad Rajoir Upazila, Madaripur	badarpasaudc@gmail.com	
Paikpara Union Digital Centre 07-05-18	Md. Merajul Islam 01714799725	Paikpara Union Parishad Rajoir Upazila, Madaripur	paikparaudc@gmail.com	
Bajitpur Union Digital Centre 07-05-18	Md. Arifur Rahman Miah 01712793917	Badarpasha Union Parishad Rajoir Upazila, Madaripur	badarpasaudc@gmail.com	
Khalia Union Digital Centre 07-05-18	Habiba Akter 01765518928	Khalia Union Parishad Rajoir Upazila, Madaripur	khaliyaudc@gmail.com	
Kadambari union Digital Centre 07-05-18	Prokash Chandra Bhakta 01743549226	Kadambari Union Parishad Rajoir Upazila, Madaripur	kadambariudc@gmail.com	
Amgram Union Digital Centre 07-05-18	Kabir Hossain 01746681179	Amgram Union Parishad Rajoir Upazila, Madaripur	amgramup@gmail.com	

Upazila: Rajoir		Monitoring Branch: Shibchar		Agent Centre: 10	
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address		Email Address	
Hossenpur Digital Centre 07-05-18	Naima Akter 01768902389	Hossenpur Union Parishad Rajoir Upazila, Madaripur		naimalijue@gmail.com	
Horidasdi Union Digital Centre 07-05-18	Md. Easin Sheikh Tipu 01718437221	Horidasdi Union Parishad Rajoir Upazila, Madaripur		haridasdiudc@gmail.com	
Kabirajpur Union Digital Centre 07-05-18	Salma Khanom 01720097582	Kabirajpur Union Parishad Rajoir Upazila, Madaripur		kabirajpurudc@gmail.com	

Upazila: Shibchar		Monitoring Branch: Shibchar		Agent Centre: 11	
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address		Email Address	
Dattapara Union Digital Centre 08-03-16	Kawsar Munsu 01771111008	Dattapara Union Parishad ShibcharUpazila, Madaripur		dattaparaunionparishad@gmail.com	
Umedpur Union Digital Centre 08-03-16	Md. Rubayet Hussain 01735183853	Umedpur Union Parishad ShibcharUpazila, Madaripur		umedpurup@yahoo.com	
Kutubpur Union Digital Centre 30-03-16	Md. Karim Molla 01728613647	Kutubpur Union Parishad ShibcharUpazila, Madaripur		kutubpurup@yahoo.com	
Khathalbari Union Digital Centre 28-04-16	Md. Suruj Miah 01717459761	Khathalbari Union Parishad Shibchar Upazila, Madaripur		suruj.bwsdi@yahoo.com	
Banshkandi Union Digital Centre 28-04-16	Sahanaz Parvin 01621940577	Banshkandi Union Parishad ShibcharUpazila, Madaripur		sahanaakter4@gmail.com	
Madborerchor Union Digital Centre 30-06-16	Md. Shohidul Islam 01990733233	Madborerchor Union Parishad ShibcharUpazila, Madaripur		shakil.aahamed33@gmail.com	
Shiruil Union Digital Centre 30-06-16	Md. Ruhul Amin 01725362001	Shiruil Union Parishad ShibcharUpazila, Madaripur		shiruilup@gmail.com	
Bhadrason Union Digital Centre 30-06-16	Biplob Chandra Pal 01718518999	Bhadrason Union Parishad ShibcharUpazila, Madaripur		bhadrasonuisc21@gmail.com	
Sannasirchar Union Digital Centre 15-11-17	Aspreya 01791605511	Sannasirchar Union Parishad Shibchar Upazila, Madaripur		marathossain247@gmail.com	
Kadirpur Union Digital Centre 15-11-17	Abu Syid Miah 01729140809	Kadirpur Union Parishad Shibchar Upazila, Madaripur		abusyid2013@yahoo.com	
Panchar Union Digital Centre 15-11-17	Md. Simul Hossain 01752088000	Panchar Union Parishad Shibchar Upazila, Madaripur		shimull300@gmail.com	

District: Tangail

Upazila: Delduar		Monitoring Branch: Shakhipur		Agent Centre: 08	
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address		Email Address	
Pathrail Union Digital Centre 27-04-17	Asim Kumar Ghosh 01713562313	Pathrail Union Parishad Delduar Upazila, Tangail		asim.ghosh48@yahoo.com	
Atia Union Digital Centre 27-04-17	Palash Chandra Mondol 01714830346	Atia Union Parishad Delduar Upazila, Tangail		mpalash76@yahoo.com	
Dewli Union Digital Centre 27-04-17	Aklima Akter 01740016478	Dewli Union Parishad Delduar Upazila, Tangail		dewli_uisc@yahoo.com	
Dubail Union Digital Centre 27-04-17	LitonKumer Paul 01915428687	Dubail Union Parishad Delduar Upazila, Tangail		litonpaul533@yao.com	
Elasin Union Digital Centre 27-04-17	Shariful Islam 01733031466	Elasin Union Parishad Delduar Upazila, Tangail		sharifulislamamit@gmail.com	
Fazilhati Union Digital Centre 27-04-17	Zesmin Akter Talukder 01716240171	Fazilhati Union Parishad Delduar Upazila, Tangail		uiscjui@yahoo.com	

Upazila: Delduar		Monitoring Branch: Shakhipur		Agent Centre: 08
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Lauhati Union Digital Centre 27-04-17	Md. Jahangir Alam 01742634944	Lauhati Union Parishad Delduar Upazila, Tangail	lauhati_up@yahoo.com	
Delduar Union Digital Centre 27-04-17	Md. Jowel Miah 01671978840	Delduar Union Parishad Delduar Upazila, Tangail	jewel978840@gmail.com	

Upazila: Nagarpur		Monitoring Branch: Shakhipur		Agent Centre: 12
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Salimabad Union Digital Centre 17-10-17	Md. Imran Hossen 01716292937	Salimabad Union Parishad Nagarpur Upazila, Tangail	imranuiscsa@yahoo.com	
Gayhata Union Digital Centre 17-10-17	Md. Ariful Islam 01716222913	Gayhata Union Parishad Nagarpur Upazila, Tangail	ariful.uisc22@gmail.com	
Mokna Union Digital Centre 17-10-17	Md. Abdullah 01762358316	Mokna Union Parishad Nagarpur Upazila, Tangail	uiscmokna@gmail.com	
Dhubria Union Digital Centre 17-10-17	Md. Nazrul Islam 01734327110	Dhubria Union Parishad Nagarpur Upazila, Tangail	nazrul.rx33@yahoo.com	
Doptiar Union Digital Centre 17-10-17	Md. Babul Hossain 01722404026	Doptiar Union Parishad Nagarpur Upazila, Tangail	jakarulbabu@gmail.com	
Nagarpur Union Digital Centre 17-10-17	Aynal Kabir 01717992474	Nagarpur Union Parishad Nagarpur Upazila, Tangail	mdaoynal@gmail.com	
Bhadra Union Digital Centre 17-10-17	Md. Ahidur Rahman 01712898823	Bhadra Union Parishad Nagarpur Upazila, Tangail	ahidkhan01@gmail.com	
Bekra Atgram Union Digital Centre 17-10-17	Shahida Parvin 01714827426	Bekra Atgram Union Parishad Nagarpur Upazila, Tangail	shahidaparvin.uisc@gmail.com	
Shahabatpur Union Digital Centre 17-10-17	Md. Nur Alam Khan 01748069796	Shahabatpur Union Parishad Nagarpur Upazila, Tangail	junaed2008@gmail.com	
Mamudnagar Union Digital Centre 17-10-17	Md. Sariful Islam 01727583228	Mamudnagar Union Parishad Nagarpur Upazila, Tangail	soreful1010@yahoo.com	
Pakutia Union Digital Centre 17-10-17	Mohammad Amdad Hossen 01753560884	Pakutia Union Parishad Nagarpur Upazila, Tangail	uisc_pakutia@yahoo.com	
Bharra Union Digital Centre 17-10-17	Md. Razib Miah 01746792813	Bharra Union Parishad Nagarpur Upazila, Tangail	razibmiah01@gmail.com	

Upazila: Shakhipur		Monitoring Branch: Shakhipur		Agent Centre: 06
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Boheratoil Union Digital Centre 04-02-16	Md. Saddam Hosen 01748104633	Boheratoil Union Parishad ShakhipurUpazila, Tangail	saddam332@gmail.com	
Kakrajan Union Digital Centre 04-02-16	Habibur Rahman 01718291840	Kakrajan Union Parishad ShakhipurUpazila, Tangail	habib.kakrajan@gmail.com	
Jadobpur Union Digital Centre 07-03-16	Md. Rubel Rana 01725111025	Jadobpur Union Parishad ShakhipurUpazila, Tangail	rubelrana1025@gmail.com	
Hatibandha Union Digital Centre 26-07-16	Golam Mostafa 01724834830	Hatibandha Union Parishad ShakhipurUpazila, Tangail	hatibanda.up5@gmail.com	
Gazaria Union Digital Centre 31-08-16	Md. Liton 01737114566	Gazaria Union Parishad ShakhipurUpazila, Tangail	gazariaup@gmail.com	
Dariapur Union Digital Centre 31-08-16	Mohammad Masum 01713537347	Dariapur Union Parishad ShakhipurUpazila, Tangail	info@masum.us	

District: Bagerhat

Upazila: Chitolmari		Monitoring Branch: SFMEH		Agent Centre: 07
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Barabaria Union Digital Centre 26-09-17	Sujon Sheikh 01740947626	Barabaria Union Parishad Chitolmari Upazila, Bagerhat	sujanmodu506@gmail.com	
Kolatata Union Digital Centre 26-09-17	Mintu Sheikh 017322519015	Kolatata Union Parishad Chitolmari Upazila, Bagerhat	mintu01740@gmail.com	
Shibpur Union Digital Centre 26-09-17	Md. Abdullah Al Mamun 01934171217	Shibpur Union Parishad Chitolmari Upazila, Bagerhat	abdullaha137@gmail.com	
Santoshpur Union Digital Centre 26-09-17	Salma Akter 01700882846	Santoshpur Union Parishad Chitolmari Upazila, Bagerhat	salma.rima10@gmail.com	
Charbaniari Union Digital Centre 26-09-17	Mithun Biswas 01913348087	Charbaniari Union Parishad Chitolmari Upazila, Bagerhat	biswasmithun496@gmail.com	
Chitolmari Union Digital Centre 26-09-17	Md. Abul Hosen 01930361826	Chitolmari Union Parishad Chitolmari Upazila, Bagerhat	abul.hossen29@gmail.com	
Hizla Union Digital Centre 26-09-17	Gobinda Ray 01925382622	Hizla Union Parishad Chitolmari Upazila, Bagerhat	gobindaroy23@gmail.com	

Upazila: Fakirhat		Monitoring Branch: Khulna		Agent Centre: 08
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Fakirhat Union Digital Centre 28-09-17	Dalia Khatun 01783158970	Fakirhat Union Parishad Fakirhat Upazila, Bagerhat	fakirhatudc04@gmail.com	
Piljang Union Digital Centre 28-09-17	Mousumi Khatun 01787189026	Piljang Union Parishad Fakirhat Upazila, Bagerhat	mowshumi14@yahoo.com	
Shuvodia Union Digital Centre 28-09-17	Md. Mazharul Islam 01741418875	Shuvodia Union Parishad Fakirhat Upazila, Bagerhat	mdmazharulli606@gmail.com	
Lakhpur Union Digital Centre 28-09-17	Md. Deloar Hossain 01950643552	Lakhpur Union Parishad Fakirhat Upazila, Bagerhat	delwar3552gmail.com	
Naldha-Maubhogh Union Digital Centre 28-09-17	Abdullahil Mamun 01851672959	Naldha-Maubhogh Union Parishad, Fakirhat Upazila Bagerhat	naldhaup@gmail.com	
Betaga Union Digital Centre 28-09-17	Md. Iqbal Hossain 01920182262	Betaga Union Parishad Fakirhat Upazila, Bagerhat	iqbaluisc1@gmail.com	
Mulghar Union Digital Centre 28-09-17	Masura Khatun 01825478007	Mulghar Union Parisha Fakirhat Upazila, Bagerhat	msaurakhatunup@gmail.com	
Bahirdia Mansa Union Digital Centre 28-09-17	Farzana Khatun 01722467015	Bahirdia Mansa Union Parishad, Fakirhat Upazila Bagerhat	farjanakhatun1993@gmail.com	

Upazila: Mollahat		Monitoring Branch: SFMEH		Agent Centre: 07
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Kulia Union Digital Centre 31-10-16	Md. Shafikul Islam 01635176326	Kulia Union Parishad Mollahat Upazila, Bagerhat	shafikul.babu1992@gmail.com	
Gaola Union Digital Centre 31-10-16	Bodruzzaman 01723445307	Gaola Union Parishad Mollahat Upazila, Bagerhat	bzaman44@gmail.com	
Kudalia Union Digital Centre 31-10-16	Shamim Khan 01630181463	Kudalia Union Parishad Mollahat Upazila, Bagerhat	powermack.computer@gmail.com	

Upazila: Mollahat		Monitoring Branch: SFMEH		Agent Centre: 07			
Agent Centre Name/ Date of Opening		Entrepreneurs Details		Address		Email Address	
Atjuri Union Digital Centre 31-10-16		Md. Zillur Rahman 01718849675		Atjuri Union Parishad Mollahat Upazila, Bagerhat		zizimmurrahman@gmail.com	
Udaypur Union Digital Centre 31-10-16		Kishor Kumar Sarkar 01911579200		Udaypur Union Parishad Mollahat Upazila, Bagerhat		kishorkumarsarkar11@gmail.com	
Chunkhola Union Digital Centre 31-10-16		Sheikh Wobayedur Rahman 01912770775		Chunkhola Union Parishad Mollahat Upazila, Bagerhat		wobayedur.rahman@gmail.com	
Gangni Union Digital Centre 31-10-16		Shamirul Islam 01712174197		Gangni Union Parishad Mollahat Upazila, Bagerhat		shaikhshamirul@yahoo.com	

District: Khulna

Upazila: Batiaghata		Monitoring Branch: Khulna		Agent Centre: 06			
Agent Centre Name/ Date of Opening		Entrepreneurs Details		Address		Email Address	
Jalma Union Digital Centre 16-11-16		Sheuli Bachar 01912261158		Jalma Union Parishad Batiaghata Upazila, Khulna		sheulibachar@gmail.com	
Batiaghata Union Digital Centre 16-11-16		Prianka Biswas 01916485204		Batiaghata Union Parishad Batiaghata Upazila, Khulna		priankabiswas2012@gmail.com	
Gongarampur Union Digital Centre 16-11-16		Sumon Mondol 01952686165		Gongarampur Union Parishad Batiaghata Upazila, Khulna		sumonmondol87@gmail.com	
Amirpur Union Digital Centre 16-11-16		Md. Mahidul Islam 01717249489		Amirpur Union Parishad Batiaghata Upazila, Khulna		mahidulislam31@yahoo.com	
Bhanderkote Union Digital Centre 16-11-16		Md. Monirul Islam 01925216241		Bhanderkote Union Parishad Batiaghata Upazila, Khulna		monirul.b1982@gmail.com	
Baliadanga Union Digital Centre 03-10-19		S.M. Shohail Ajmir 01718100623		Baliadanga Union Parishad Batiaghata, Khulna		shohailajmir.1991@gmail.com	

Upazila: Dacope		Monitoring Branch: Khulna		Agent Centre: 09			
Agent Centre Name/ Date of Opening		Entrepreneurs Details		Address		Email Address	
Banishanta Union Digital Centre 25-07-18		Palash Roy 01946433481		Banishanta Union Parishad Dacope Upazila, Khulna		Palash.88roy@gmail.com	
Kamarkhola Union Digital Centre 25-07-18		Sanjib Banarjee 01943986532		Kamarkhola Union Parishad Dacope Upazila, Khulna		joybanerjee017@gmail.com	
Tildanga Union Digital Centre 25-07-18		Parikhit Bairagi 01911838323		Tildanga Union Parishad Dacope Upazila, Khulna		parikhitbairagi@gmail.com	
Dacope Union Digital Centre 25-07-18		Biswajit Raptan 01915516532		Dacope Union Parishad Dacope Upazila, Khulna		raptandacope@gmail.com	
Kailashgonj Union Digital Centre 25-07-18		Uttam Mondal 01918810740		Kailashgonj Union Parishad Dacope Upazila, Khulna		uttammon99@gmail.com	
Bajua Union Digital Centre 25-07-18		Pappu Saha 01918189989		Bajua Union Parishad Dacope Upazila, Khulna		shaha.pappu@gmail.com	
Loudob Union Digital Centre 25-07-18		Govinda Roy Raju Gazi		Loudob Union Parishad Dacope Upazila, Khulna		gobindaray420@gmail.com	
Shutarkhali Union Digital Centre 25-07-18		01951420793 Shibani Ray		Shutarkhali Union Parishad Dacope Upazila, Khulna		gaziraju1993@gmail.com	
Pankhali Union Digital point 03-10-19		01950774101		Pankhali Union Parishad Dacope Upazila, Khulna		shibaniudc01@gmail.com	

Upazila: Digholia		Monitoring Branch: Khulna		Agent Centre: 06
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Aranghata Union Digital Centre 27-09-17	Melon Ray 01911140398	Aranghata Union Parishad Digholia Upazila, Khulna	meelonr@gmail.com	
Barakpur Union Digital Centre 27-09-17	Md. Abdul Wahid Moral 01920504546	Barakpur Union Parishad Digholia Upazila, Khulna	wahidmorol@gmail.com	
Digholia Union Digital Centre 27-09-17	Hasib Israk Nayan 01925513695	Digholia Union Parishad Digholia Upazila, Khulna	hasibisrak@gmail.com	
Gazirhat Union Digital Centre 27-09-17	Uzzal Biswas 01732592876	Gazirhat Union Parishad Digholia Upazila, Khulna	ujjlbiswas1987@gmail.com	
Jogipal Union Digital Centre 27-09-17	Manira Akter 01914143840	Jogipal Union Parishad Digholia Upazila, Khulna	minusonali16@gmail.com	
Senhati Union Digital Centre 27-09-17	G.M Shariful Islam 01911399485	Senhati Union Parishad Digholia Upazila, Khulna	pcsurjo@gmail.com	

Upazila: Dumuria		Monitoring Branch: Khulna		Agent Centre: 11
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Kharnia Union Digital Centre 15-03-17	S Jahabur Rahman 01914652536	Kharnia Union Parishad Dumuria Upazila, Khulna	jahaburrahman@gmail.com	
Dumuria Union Digital Centre 15-03-17	Md. Abdul Kader Biswas 01713991636	Dumuria Union Parishad Dumuria Upazila, Khulna	kader.dumuria@gmail.com	
Rangpur Union Digital Centre 15-03-17	Lithu Mondal 01710147536	Rangpur Union Parishad Dumuria Upazila, Khulna	lithumondol1992@gmail.com	
Sharafpur Union Digital Centre 15-03-17	Bipradas Kundu 01712394155	Sharafpur Union Parishad Dumuria Upazila, Khulna	bipra6.sarafpur@gmail.com	
Sahas Union Digital Centre 15-03-17	Prokash Chandra Biswas 01713914988	Sahas Union Parishad Dumuria Upazila, Khulna	prokash1972@gmail.com	
Vandarpara Union Digital Centre 15-03-17	Lab Gain 01713920597	Vandarpara Union Parishad Dumuria Upazila, Khulna	labgain.bd87@gmail.com	
Atlia Union Digital Centre 27-09-17	Santo Kumer Mitra 01718780858	Atlia Union Parishad Dumuria Upazila, Khulna	meherun.shanto@gmail.com	
Gutudia Union Digital Centre 27-09-17	Shekhar Kumer Mondal 01915518565	Gutudia Union Parishad Dumuria Upazila, Khulna	shakarmondal11@gmail.com	
Dhamalia Union Digital Centre 03-10-19	Md. Jahangir Alom 01711210912	Dhamalia Union Parishad Dumuria Upazila, Khulna	tuledigital66@gmail.com	
Maguraghona Union Digital Centre 03-10-19	Motiar Rahman 01774907070	Maguraghona Union Dumuria Upazila, Khulna	uisc47@gmail.com	
Magurkhali Union Digital Centre 03-10-19	Nobodip Sarker 01716605372	Magurkhali Union Parishad Dumuria Upazila, Khulna	nobo.aladipur@gmail.com	

Upazila: Koyra		Monitoring Branch: Khulna		Agent Centre: 07
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Moharajpur Union Digital Centre 03-10-19	Md. Ahsan Habib 01916053089	Moharajpur Union Parishad Koyra Upazila, Khulna	moharajpurup@gmail.com	
Koyra Union Digital Centre 03-10-19	Md. Mehedi Hasan 01916053089	Koyra Union Parishad Koyra Upazila, Khulna	koyraup.05@gmail.com	
Amadi Union Digital Centre 03-10-19	Liton Ahmed 01920513076	Amadi Union Parishad Koyra Upazila, Khulna	litonamadiudc.01@gmail.com	
Bagali Union Digital Centre 03-10-19	Md. Akbar Hossain 01911232424	Bagali Union Parishad Koyra Upazila, Khulna	gm.akbar123@gmail.com	

Upazila: Koyra		Monitoring Branch: Khulna		Agent Centre: 07
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Moheswaripur Union Digital Centre 03-10-19	Sushanta Kumar Sana 01927475443	Moheswaripur Union Parishad Koyra Upazila, Khulna	sushantosw@gmail.com	
North Bedkashi Union Digital Centre 03-10-19	Md. Nuruzzaman 01915910728	North Bedkashi Union Parishad Koyra Upazila, Khulna	n.upbedkashi06@gmail.com	
South Bedkashi Union Digital Centre 03-10-19	Md. Nazmul Islam 01715864240	South Bedkashi Union Parishad Koyra Upazila, Khulna	mdnazmulislam741@gmail.com	

Upazila: Paikgacha		Monitoring Branch: Khulna		Agent Centre: 10
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Horidhali Union Digital Centre 27-09-17	Anamul Ahmed 01749090666	Horidhali Union Parishad Paikgacha Upazila, Khulna	udccana1995@gmail.com	
Laskar Union Digital Centre 27-09-17	Mohammad Osman Ali 01710643388	Laskar Union Parishad Paikgacha Upazila, Khulna	osmanali199270@yahoo.com	
Raruli Union Digital Centre 27-09-17	Sumon Debnath 01746159192	Raruli Union Parishad Paikgacha Upazila, Khulna	udcsumon1995@gmail.com	
Chandkhali Union Digital Centre 27-09-17	Md. Habibur Rahman (Habib) 01708636760	Chandkhali Union Parishad Paikgacha Upazila, Khulna	habiburbashar96@gmail.com	
Gadaipur Union Digital Centre 27-09-17	Kazi Hasnat Hossain 01708915805	Gadaipur Union Parishad Paikgacha Upazila, Khulna	kazinoyon12@gmail.com	
Lata Union Digital Centre 27-09-17	Bimanesh Sarkar 01761733397	Lata Union Parishad Paikgacha Upazila, Khulna	sbimanesh@gmail.com	
Kapilmuni Union Digital Centre 27-09-17	Md. Monirul Islam 01719032711	Kapilmuni Union Parishad Paikgacha Upazila, Khulna	monirul.kapilmuni@gmail.com	
Deluti Union Digital Centre 27-09-17	Sadananda Gain 01711272086	Deluti Union Parishad Paikgacha Upazila, Khulna	milongain86@gmail.com	
Soladana Union Digital Centre 27-09-17	Amirul Islam Gazi 01916682156	Soladana Union Parishad Paikgacha Upazila, Khulna	md.rajuuisc@gmail.com	
Garaikhali Union Digital Centre 27-09-17	Abu Hena Mostafa Kamal 01916002004	Garaikhali Union Parishad Paikgacha Upazila, Khulna	abuhena002004@gmail.com	

Upazila: Phultala		Monitoring Branch: Khulna		Agent Centre: 04
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Atra Gilatala Union Digital Centre 27-09-17	Md. Shanewas Sardar 01918606731	Atra Gilatala Union Parishad Phultala Upazila, Khulna	shahnawaz2012sardar@gmail.com	
Damodar Union Digital Centre 27-09-17	Md. Ilias Gazi 01916284398	Damodar Union Parishad Phultala Upazila, Khulna	issaggazi08@gmail.com	
Phultala Union Digital Centre 27-09-17	Muzahidul Islam 01913227117	Phultala Union Parishad Phultala Upazila, Khulna	mugahid2014islam@gmail.com	
Zamira Union Digital Centre 27-09-17	Md. Alamgir Hossain 01762473508	Zamira Union Parishad Phultala Upazila, Khulna	alamgirh553@gmail.com	

Upazila: Rupsha		Monitoring Branch: Khulna		Agent Centre: 05
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Noihati Union Digital Centre 17-11-16	Md. Al Mamun Sk. Shimul 01711928591	Noihati Union Parishad Rupsha Upazila, Khulna	mr.amssbd@gmail.com	
Tilok Salpo Bahirdia Union Digital Centre 17-11-16	Prodip Halder 01787464551	T.S Bahirdia Union Parishad Rupsha Upazila, Khulna	prodipt30@gmail.com	

Upazila: Rupsha		Monitoring Branch: Khulna		Agent Centre: 05
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Sreefaltala Union Digital Centre 17-11-16	Md. Easir Arafat 01911295220	Sreefaltala Union Parishad Rupsha Upazila, Khulna	arafat7@yahoo.com	
Ghatbhogh Union Digital Centre 17-11-16	Prodip Kumar Sharkar 01842953098	Ghatbhogh Union Parishad Rupsha Upazila, Khulna	prodipt20@gmail.com	
Aichgati Union Digital Centre 17-11-16	Md. Ahsan Ahmed 01913436403	Aichgati Union Parishad Rupsha Upazila, Khulna	ahsan.uisc@gmail.com	

Upazila: Terokhada		Monitoring Branch: Khulna		Agent Centre: 04
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Sachiadah Union Digital point 03-10-19	Lasker Sohanur Rahman 01689985988	Sachiadah Union Parishad Terokhada Upazila, Khulna	laskerpitu2017@gmail.com	
Chagladah Union Digital point 03-10-19	KaziAshikuzzaman 01719850487	Chagladah Union Parishad Terokhada Upazila, Khulna	ashikzaman2@gmail.com	
Ajagarah Union Digital point 03-10-19	Sumon Kumar Biswas 01913402967	Ajagarah Union Parishad Terokhada Upazila, Khulna	sumon.ku.bd@gmail.com	
Madhupur Union Digital point 03-10-19	ZasimUddin 01972971187	Madhupur Union Parishad Terokhada Upazila, Khulna	zasim1187@gmail.com	

District: Narail

Upazila: Kalia		Monitoring Branch: Kalia		Agent Centre: 12
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
1 No. Babra Hasla Union Digital Centre 31-03-19	Md. Abu Taher 01747816375	1 No. Babra Hasla Union Parishad, Kalia Upazila, Narail	babrahasla01@gmail.com	
2 No. Purulia Union Digital Centre 31-03-19	Md. Monirujaman 01686083909	2 No. Purulia Union Parishad Kalia Upazila, Narail	simlamoni083909@gmail.com	
3 No. Hamidpur Union Digital Centre 31-03-19	Md. Tutul Ali Meer 01944251598	3 No. Hamidpur Union Parishad, Kalia Upazila, Narail	meer.computer@gmail.com	
4 No. Mouli Union Digital Centre 31-03-19	Broja Kishore Das 01718847547	4 No. Mouli Union Parishad Kalia Upazila, Narail	broja1225@gmail.com	
6 No. Khasial Union Digital Centre 31-03-19	Md. Shaheen Chowdhury 01749850004	6 No. Khasial Union Parishad Kalia Upazila, Narail	nishicomputerCentre2009@gmail.com	
7 No. Joynagar Union Digital Centre 31-03-19	Md. Jashim Uddin 01719177256	7 No. Joynagar Union Parishad, Kalia Upazila, Narail	jasim.udc@gmail.com	
8 No. Kalabaria Union Digital Centre 31-03-19	S. M Shohag Rana 01712036993	8 No. Kalabaria Union Parishad, Kalia Upazila, Narail	shohag129@gmail.com	
9 No. Baisona Union Digital Centre 31-03-19	S. M. Nayeem Hosen 01761421494	9 No. Baisona Union Parishad, Kalia Upazila, Narail	nayeem_udc@yahoo.com	
11 No. Peroli Union Digital Centre 31-03-19	Md. Shamim Hossen 01949867591	11 No. Peroli Union Parishad Kalia Upazila, Narail	infoshamimudc@gmail.com	
12 No. Chanchuri Union Digital Centre 31-03-19	Md. Shamim Hossen 01725306708	12 No. Chanchuri Union Parishad, Kalia Upazila, Narail	shemudigital@gmail.com	
13 No. Barnal Eliasabad Union Digital Centre 31-03-19	Tisha Khatun 01980941013	13 No. Barnal Eliasabad Union Parishad, Kalia Upazila, Narail	tishakhatun013@gmail.com	
14 No. Panchgrame Union Digital Centre 31-03-19	Hossain Islam 01729360028	14 No. Panchgrame Union Parishad, Kalia Upazila, Narail	husainislam90@gmail.com	

District: Mymensingh

Upazila: Gouripur		Monitoring Branch: Shambhugonj		Agent Centre: 10
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Gouripur Union Digital Centre 08-09-17	Mst. Ripa Akter 01740846656	Gouripur Union Parishad Gouripur Upazila, Mymensingh	2nounionpsrshadgouripur31@gmail.com	
Mailakanda Union Digital Centre 08-09-17	Sudipta Sarker 01960122387	Mailakanda Union Parishad Gouripur Upazila, Mymensingh	malaikandaup@gmail.com	
Achintapur Union Digital Centre 08-09-17	Hasim Uddin 01714914162	Achintapur Union Parishad Gouripur Upazila, Mymensingh	hasimuddin14924@gmail.com	
Bokainagar Union Digital Centre 08-09-17	Hussain Ahmmed 01713593490	Bokainagar Union Parishad Gouripur Upazila, Mymensingh	bokainagarup@gmail.com	
Maoha Union Digital Centre 08-09-17	Md. Touhidul Islam 01736851706	Maoha Union Parishad Gouripur Upazila, Mymensingh	thouhidul8211@gmail.com	
Sahanati Union Digital Centre 08-09-17	Md. Golam Mahmud Faridi 01710738211	Sahanati Union Parishad Gouripur Upazila, Mymensingh	mahmudpiaus@gmail.com	
Sidhla Union Digital Centre 27-02-19	Md. Ziaur Rohman 01919808720	Sidhla Union Parishad, Gouripur Upazila, Mymensingh	sidhlauc10@gmail.com	
Ramgopalpur Union Digital Centre 27-02-19	Minara Akther 01988346382	Ramgopalpur Union Parishad Gouripur Upazila, Mymensingh	minashadek@gmail.com	
Dowhakhala Union Digital Centre 27-02-19	Abu Hanif Ahammad 01712046452	Dowhakhala Union Parishad Gouripur Upazila, Mymensingh	hanifudc786@gmail.com	
Bhangnamari Union Digital Centre 27-02-19	Abdullah Al Mamon 01735449428	Bhangnamari Union Parishad Gouripur Upazila, Mymensingh	almamun449428@gmail.com	

Upazila: Ishwarganj		Monitoring Branch: Shambhugonj		Agent Centre: 10
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Atharabari Union Digital Centre 11-08-17	Md. Saddam Hossain 01926268338	Atharabari Union Parishad Ishwarganj Upazila, Mymensingh	saddamhossain.shb@gmail.com	
Ishwarganj Union Digital Centre 11-08-17	Bilkis Akter 01740824452	Ishwarganj Union Parishad Ishwarganj Upazila, Mymensingh	bilkis.akter010198@gmail.com	
Jatia Union Digital Centre 11-08-17	Mohammad Mossarrof Hossen 01761526263	Jatia Union Parishad Ishwarganj Upazila, Mymensingh	mosarrofossen355@yahoo.com	
Magtula Union Digital Centre 11-08-17	Md. Atikur Rahman 01683420338	Magtula Union Parishad Ishwarganj Upazila, Mymensingh	mogtola.up7@gmail.com	
Maijbag Union Digital Centre 11-08-17	Anisuzzaman 01714707199	Maijbag Union Parishad Ishwarganj Upazila, Mymensingh	zaman01687@gmail.com	
Rajibpur Union Digital Centre 11-08-17	Md. Aktaruzzaman 01763579775	Rajibpur Union Parishad Ishwarganj Upazila, Mymensingh	md.aktaruzzaman641@yahoo.com	
Sarisha Union Digital Centre 11-08-17	Md. Mazharul Islam 01761915218	Sarisha Union Parishad Ishwarganj Upazila, Mymensingh	mazharul.uisc@gmail.com	
Sohagi Union Digital Centre 11-08-17	Shohel Rana 01725062988	Sohagi Union Parishad Ishwarganj Upazila, Mymensingh	sohel@gmail.com	
Tarundia Union Digital Centre 11-08-17	Siddiqur Rahman 01749300717	Tarundia Union Parishad Ishwarganj Upazila, Mymensingh	siddiqkajol@gmail.com	
Uchakhila Union Digital Centre 11-08-17	Md. Hamidur Rahman 01740873983	Uchakhila Union Parishad Ishwarganj Upazila, Mymensingh	uisc_uchakhila@yahoo.com	

Upazila: Mymensingh Sadar		Monitoring Branch: Shambhugonj		Agent Centre: 12
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Sirta Union Digital Centre 26-12-16	Md. Hasanul Islam 01727808443	Sirta Union Parishad, Sadar Upazila, Mymensingh	hasanuisc@gmail.com	
Poran Gonj Union Digital Centre 26-12-16	Delowar Hossain 01735711106	Poran Gonj Union Parishad Sadar Upazila, Mymensingh	arzuniloy@yahoo.com	
Borar Char Union Digital Centre 26-12-16	Mohammad Shirazul Islam 01740847194	Borar Char Union Parishad Sadar Upazila, Mymensingh	sirajul.islam.uisc1@gmail.com	
Char Nilaxmia Union Digital Centre 26-12-16	Abdul Jalil 01553913032	Char Nilaxmia Union Parishad Sadar Upazila, Mymensingh	fakirj362@gmail.com	
Boira Union Digital Centre 27-12-16	A K M Rezaul Karim 01710500787	Boira Union Parishad, Sadar Upazila, Mymensingh	rezaulkarim355@gmail.com	
Dapunia Union Digital Centre 27-12-16	Md. Ruhul Amin 01713515725	Dapunia Union Parishad Sadar Upazila, Mymensingh	mdruhul717@gmail.com	
Ghagra Union Digital Centre 27-12-16	Md. Kamruzzaman 01719377530	Ghagra Union Parishad Sadar Upazila, Mymensingh	sumon.mim@gmail.com	
Khagdahar Union Digital Centre 27-12-16	Md. Monirul Hoque Masud 01742717151	Khagdahar Union Parishad Sadar Upazila, Mymensingh	masud69.uisc@gmail.com	
Austadhar Union Digital Centre 27-12-16	Md. Nahid Hasan 01925028639	Austadhar Union Parishad Sadar Upazila, Mymensingh	nahidhasan1uisc@gmail.com	
Char Iswardia Union Digital Centre 27-12-16	Kamrul Hasan 01879360302	Char Iswardia Union Parishad Sadar Upazila, Mymensingh	kamrul.uisc2@gmail.com	
Bhabkhali Union Digital Centre 27-02-19	Md. Amdadul Haque 01734326822	Bhabkhali Union Parishad Sadar Upazila, Mymensingh	amdadul6@gmail.com	
Kustia Union Digital Centre 27-02-19	Mst. Selina Nasnin 01736815597	Kustia Union Parishad, Sadar Upazila, Mymensingh	salinanasnin@gmail.com	

Upazila: Tarakanda		Monitoring Branch: Shambhugonj		Agent Centre: 08
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Tarakanda Union Digital Centre 25-04-17	Manik Mia 01838352427	Tarakanda Union Parishad Tarakanda Upazila, Mymensingh	manik2427@gmail.com	
Kamaria Union Digital Centre 25-04-17	Juwel Mia 01831036355	Kamaria Union Parishad Tarakanda Upazila, Mymensingh	juwelmia018310@gmail.com	
Rampur Union Digital Centre 25-04-17	Md. Faruk Ahmed 01722907835	Rampur Union Parishad Tarakanda Upazila, Mymensingh	farukahmed.uisc@gmail.com	
Banihala Union Digital Centre 25-04-17	Md. Mozammel Hoq 01750722283	Banihala Union Parishad Tarakanda Upazila, Mymensingh	banihalaiup@gmail.com	
Galagaon Union Digital Centre 25-04-17	Md. Ruhul Amin 01737199541	Galagaon Union Parishad Tarakanda Upazila, Mymensingh	ruhulamin.uisc41@gmail.com	
Kamargaon Union Digital Centre 25-04-17	Md. Kamal Hossain 01718946088	Kamargaon Union Parishad Tarakanda Upazila, Mymensingh	kamalhossain217@gmail.com	
Biska Union Digital Centre 25-04-17	Md. Suzan Mia 01724372819	Biska Union Parishad Tarakanda Upazila, Mymensingh	suzan01912@gmail.com	
Kakni Union Digital Centre 27-02-19	Al Mamun 01920403094	Kakni Union Parishad Tarakanda Upazila, Mymensingh	mamunktmb@gmail.com	

District: Naogaon

Upazila: Manda		Monitoring Branch: Naogaon		Agent Centre: 07
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Vhalain Union Digital Centre 31-07-19	Md. Sirajul Islam 01736156672	Vhalain Union Parishad Manda Upazila, Naogaon	uisc.si@gmail.com	
Manda Union Digital Centre 31-07-19	Md. Saiful Islam 01734644721	Manda Union Parishad Manda Upazila, Naogaon	udcsaiful@gmail.com	
Gonespur Union Digital Centre 31-07-19	Nunnahar Khatun 01937490188	Gonespur Union Parishad Manda Upazila, Naogaon	nunnakanchan93@gmail.com	
Mainam Union Digital Centre 31-07-19	Milon Kumar Mondal 01717927449	Mainam Union Parishad Manda Upazila, Naogaon	milon01717927449@gmail.com	
Kusumba Union Digital Centre 31-07-19	Anamul Hossain Mridha 01724340451	Kusumba Union Parishad Manda Upazila, Naogaon	uisc.mah51@gmail.com	
Tentulia Union Digital Centre 31-07-19	Shah Md. Atikur Rahman 01771706262	Tentulia Union Parishad Manda Upazila, Naogaon	digitalpolli@gmail.com	
Prosadpur Union Digital Centre 31-07-19	Sohag Babu 01746334282	Prosadpur Union Parishad Manda Upazila, Naogaon	sohag.shishir96@gmail.com	

Upazila: Naogaon Sadar		Monitoring Branch: Naogaon		Agent Centre: 08
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Kirtipur Union Digital Centre 31-07-19	Md. Shaykat Bin Sultan 01751565715	Kirtipur Union Parishad Naogaon Sadar Upazila, Naogaon	shaykatt@gmail.com	
Boktarpur Union Digital Centre 31-07-19	Md. Shahadat Hossain 01750371405	Boktarpur Union Parishad Naogaon Sadar, Naogaon	reyad7711@gmail.com	
Tilakpur Union Digital Centre 31-07-19	Md. Abdul Hannan 01715484732	Tilakpur Union Parishad Naogaon Sadar Upazila, Naogaon	uisc.mah02@gmail.com	
Dubalhati Union Digital Centre 31-07-19	Md. Robiul Islam 01739038600	Dubalhati Union Parishad Naogaon Sadar Upazila, Naogaon	udc.robiul24@gmail.com	
Hasaigari Union Digital Centre 31-07-19	Md. Sumon Ahmed 01722711515	Hasaigari Union Parishad Naogaon Sadar Upazila, Naogaon	Sumonahmed70@gmail.com	
Chandipur Union Digital Centre 31-07-19	Md. Motaleb Hossein 01722705721	Chandipur Union Parishad Naogaon Sadar Upazila, Naogaon	uisc.mamh09@gmail.com	
Shikarpur Union Digital Centre 31-07-19	Md. Biplob Hossen 01738420756	Shikarpur Union Parishad Naogaon Sadar Upazila, Naogaon	uisc.biplob@gmail.com	
Sailgachi Union Digital Centre 31-07-19	Md. Salim Sardar 01771661446	Sailgachi Union Parishad Naogaon Sadar Upazila, Naogaon	selimsardar24@gmail.com	

Upazila: Porsha		Monitoring Branch: Naogaon		Agent Centre: 01
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Mosidpur Union Digital Centre 31-07-19	Md. Farhad Hossain 01736071882	Mosidpur Union Parishad Porsha Upazila, Naogaon	farhadh224@gmail.com	

District: Rajshahi

Upazila: Durgapur		Monitoring Branch: Rajshahi		Agent Centre: 06
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Naopara Union Digital Centre 18-04-19	Ayub Ansari 01751362037	Naopara Union Parishad Durgapur Upazila, Rajshahi	ayub82277@gmail.com	
Kismatgankoir Union Digital Centre 18-04-19	Md. Asaduzzaman Shekh 01737599516	Kismatgankoir Union Parishad Durgapur Upazila, Rajshahi	Asaduzzaman2ud@yahoo.com	
Pananagar Union Digital Centre 18-04-19	Md. Tawhid Hasan 01730501220	Pananagar Union Parishad Durgapur Upazila, Rajshahi	Sawonjts.uisc.3up@gmail.com	
Jhaluka Union Digital Centre 18-04-19	Md. Saddam Hosen 01744813481	Jhaluka Union Parishad DurgapurUpazila, Rajshahi	Saddamhosen999@gmail.com	
Maria Union Digital Centre 18-04-19	Mijanur Rahman 01740120980	Maria Union Parishad DurgapurUpazila, Rajshahi	Mizansagor120@gmail.com	
Joynagar Union Digital Centre 18-04-19	Md. Mehedi Al Imam 01712719070	Joynagar Union Parishad DurgapurUpazila, Rajshahi	mahedijudc@gmail.com	

Upazila: Godagari		Monitoring Branch: Rajshahi		Agent Centre: 07
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Deopara Union Digital Centre 09-03-17	Md. Mahafujul Haque 01713701435	Deopara Union Parishad Godagari Upazila, Rajshahi	sumon07dup@yahoo.com	
Godagari Union Digital Centre 31-07-18	Md. Maruful Haque 01740731373	Godagari Union Parishad Godagari Upazila, Rajshahi	marufhoq20@gmail.com	
Mohonpur Union Digital Centre 31-07-18	Md. Tohidul Islam 01750100348	Mohonpur Union Parishad Godagari Upazila, Rajshahi	uisc.2u.godagari.raj@yahoo.com	
Pakri Union Digital Centre 31-07-18	Md. Abul Kalam Azad 01735123465	Pakri Union Parishad Godagari Upazila, Rajshahi	uiscpakri@yahoo.com	
Matikata Union Digital Centre 31-07-18	Md. Maudud Hasan 01789551735	Matikata Union Parishad Godagari Upazila, Rajshahi	maudud.hasan@gmail.com	
Rishikul Union Digital Centre 31-07-18	Md. Saiful Islam 01820509319	Rishikul Union Parishad Godagari Upazila, Rajshahi	saifuljs123@gmail.com	
Bashudebpur Union Digital Centre 31-07-18	Md. Kamruzzaman 01719791200	Bashudebpur Union Parishad Godagari Upazila, Rajshahi	kamrulkamu08@gmail.com	

Upazila: Paba		Monitoring Branch: Rajshahi		Agent Centre: 08
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address	
Darsonpara Union Digital Centre 09-03-17	Md. Mostafizur Rahman 01741624495	Darsonpara Union Parishad Paba Upazila, Rajshahi	rana.uisc1u@gmail.com	
Huzuripara Union Digital Centre 09-03-17	Md. Ziaul Haque 01724450418	Huzuripara Union Parishad Paba Upazila, Rajshahi	ziaul.uisc@gmail.com	
Damkura Union Digital Centre 09-03-17	Md. Nur-A-Salam 01550009129	Damkura Union Parishad Paba Upazila, Rajshahi	uisc.damkura@gmail.com	
Horipur Union Digital Centre 09-03-17	Shariful Islam 01714228400	Horipur Union Parishad Paba Upazila, Rajshahi	4no.horipurup.pabaraj@gmail.com	
Horogram Union Digital Centre 09-03-17	Rakibul Islam 01728357040	Horogram Union Parishad Paba Upazila, Rajshahi	roniuisc5@gmail.com	
Harian Union Digital Centre 09-03-17	Md. Shahabuddin 01938700502	Harian Union Parishad Paba Upazila, Rajshahi	harianunion@gmail.com	
Parila Union Digital Centre 09-03-17	Md. Alomgir Hossain 01733294275	Parila Union Parishad Paba Upazila, Rajshahi	alomgirudc9@yahoo.com	

Upazila: Paba		Monitoring Branch: Rajshahi		Agent Centre: 08	
Agent Centre Name/ Date of Opening		Entrepreneurs Details		Address	
				Email Address	
Borogachi Union Digital Centre 03-09-17		Md. Razu Ahmed 01745931874		Borogachi Union Parishad Paba Upazila, Rajshahi	
				razuahmed11@yahoo.com	

Rangpur Division	14 Agent Centres
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District: Rangpur

Upazila: Pirganj		Monitoring Branch: Pirganj		Agent Centre: 14	
Agent Centre Name/ Date of Opening		Entrepreneurs Details		Address	
				Email Address	
Kumedpur Union Digital Centre 27-09-16		Md. Monowar Hossain 01784581767		Kumedpur Union Parishad Pirganj Upazila, Rangpur	
				kumedpurup.rang@gmail.com	
Bara Dargah Union Digital Centre 27-09-16		Md. Sanjidul Islam 01745183488		Bara Dargah Union Parishad PirganjUpazila, Rangpur	
				borodargahup2010@gmail.com	
Shanerhat Union Digital Centre 27-09-16		Md. Mofazzol Hossain 01738560200		Shanerhat Union Parishad PirganjUpazila, Rangpur	
				kholahati2011@gmail.com	
Ramnathpur Union Digital Centre 27-09-16		Md. Shariful Islam 01751205152		Ramnathpur Union Parishad PirganjUpazila, Rangpur	
				shariful2021@gmail.com	
Chatra Union Digital Centre 02-10-16		Md. Nur Habib Parvej 01732166770		Chatra Union Parishad PirganjUpazila, Rangpur	
				chatraup.rang@gmail.com	
Madankhali Union Digital Centre 02-10-16		Md. Rezaul Karim 01737720921		Madankhali Union Parishad PirganjUpazila, Rangpur	
				rezaulkarim877@gmail.com	
Bhendabari Union Digital Centre 02-10-16		Sumon Kumar Mahonto 01719463275		Bhendabari Union Parishad PirganjUpazila, Rangpur	
				sreesumon9@gmail.com	
Pirganj Union Digital Centre 12-05-17		Md. Rabiul Alam 01723271463		Pirganj Union Parishad Pirganj Upazila, Rangpur	
				rabiulalam1985@gmail.com	
Boro Alampur Union Digital Centre 12-05-17		Md. Shariful islam 01791841588		Boro Alampur Union Parishad Pirganj Upazila, Rangpur	
				boroalampurup.rang@gmail.com	
Mithipur Union Digital Centre 12-05-17		Md. Oyares Ali 01750684022		Mithipur Union Parishad Pirganj Upazila, Rangpur	
				udc.mithipur@gmail.com	
Tukuria Union Digital Centre 12-05-17		Md. Faijur Rahman 01727062072		Tukuria Union Parishad Pirganj Upazila, Rangpur	
				rebekasultana.faijur@gmail.com	
Roypur Union Digital Centre 12-05-17		Md. Helal Mia 01737524979		Roypur Union Parishad Pirganj Upazila, Rangpur	
				helalkhan1991@gmail.com	
Kabilpur Union Digital Centre 12-05-17		Md. Touhidul Islam 01764749200		Kabilpur Union Parishad Pirganj Upazila, Rangpur	
				touhidgion@gmail.com	
Chaitrakul Union Digital Centre 12-05-17		Md. Bakibillha All 01710727621		Chaitrakul Union Parishad Pirganj Upazila, Rangpur	
				bakibillhaallhasan1980@gmail.com	

Sylhet Division	07 Agent Centres
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District: Sylhet

Upazila: Sadar		Monitoring Branch: Amberkhana		Agent Centre: 02	
Agent Centre Name/ Date of Opening		Entrepreneurs Details		Address	
				Email Address	
Tuker Bazar Union Digital Centre 28-07-16		Md. Juned Ahmed 01734358158		Tuker Bazar Union Parishad Sylhet Sadar, Sylhet	
				uisc_juned@yahoo.com	
Kandi Gao Union Digital Centre 28-07-16		Md. Jahed Islam 01743076726		Kandi Gao Union Parishad Sylhet Sadar, Sylhet	
				jahedislam587@gmail.com	

Upazila: South Surma	Monitoring Branch: Amberkhana		Agent Centre: 05
Agent Centre Name/ Date of Opening	Entrepreneurs Details	Address	Email Address
Kamal Bazar Union Digital Centre 31-05-16	Md. Moin Uddin 01712302356	Kamal Bazar Union Parishad Dakshin Surma, Sylhet	moinuddinapu@gmail.com
Tetli Union Digital Centre 31-05-16	Sheikh Md. Emran Ahmed 01833071302	Tetli Union Parishad Dakshin Surma, Sylhet	mdemran.online@gmail.com
Jalalpur Union Digital Centre 31-05-16	Bimol Kanti Paul 01723236261	Jalalpur Union Parishad Dakshin Surma, Sylhet	bimolpaul23@gmail.com
Daudpur Union Digital Centre 28-06-16	Md. Mahbubur Rahman 01717926271	Daudpur Union Parishad Dakshin Surma, Sylhet	uisc.daudpur@gmail.com
Boroikandi Union Digital Centre 28-07-16	Biplob Malakar 01738111456	Boroikandi Union Parishad Dakshin Surma, Sylhet	biplob_456@yahoo.com



Registered Office: Banglar Bani Bhaban, 81 Motijheel C/A, Dhaka-1000, Bangladesh
Head Office: Khandker Tower (Level 8), 94 Gulshan Avenue, Dhaka-1212

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 Seventh Annual General Meeting of the
Bank to be held on Thursday, the 17th September 2020 at 3:30 p.m. at the Head Office of the Bank at Khandker
Tower (Level 8), 94 Gulshan Avenue, Dhaka-1212 and at any adjournment thereof and the poll that may be taken
in consequence thereof.

As witness my/our hand this day of 2020.

..... (Signature of the Proxy) Date :	<div style="border: 1px dashed black; padding: 5px; width: fit-content; margin: 0 auto;">Revenue Stamp</div> Signature of the Shareholder(s) Registered Folio : No. of Shares held : Date : Signature Verified Authorized Signature
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Notes:

1. A Shareholder entitled to attend and vote at the Seventh 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 Seventh Annual General Meeting of Modhumoti Bank Limited on
Thursday, the 17th September 2020 at 3:30 p.m. at the Head Office of the Bank at Khandker Tower (Level 8), 94
Gulshan Avenue, Dhaka-1212.

Name of Shareholder(s)/ Proxy :

Registered Folio No.:

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

HEAD OFFICE:

Khandker Tower (Level 7 & 8), 94 Gulshan Avenue, Dhaka-1212
Phone: +88-02-55068910 | Web: www.modhumotibankltd.com