

# ANNUAL REPORT 2020



**BREAKING BARRIERS**

# BREAKING BARRIERS

Who ever seen so many deaths earlier? Day after day, without any war, regardless borders!

Normal living has become an abnormal phenomenon that human being ever faced during Covid-19 pandemic situation! The countries declared lockdown, extended lockdown, first wave-second wave, throughout the world entail the life to stall! The outbreak of COVID-19 pandemic has nailed its pawn to the economy of the world as a whole, causing problems with all sorts of macroeconomic indicators including production demand, supply, foreign and local trade flows, savings, investments, and employment. Modhumoti Bank has also faced multifaceted barriers in all aspects in 2020.

The challenge of life be it personal life, business life of an entity or economic life of a country is to adopt with the changing situation and find its way to overcome the barriers. The Government of Bangladesh has declared several financial stimulus packages through Bangladesh Bank to revive the economy. Modhumoti Bank welcomed all the directives and actively played its vital role to overcome the barriers halting the normalcy and role the economy of the country towards achieving Sustainable Development Goals. The Bank continued its operations despite risks, may be at limited scale, but was not closed for a single day! Modhumoti Bank responded to the changing customer demands in the 'new normal'!

And the Bank will continue focusing on customers innovatively with upgraded products and services through digital channels, transforming the work process and environment, reducing the non-performing assets, boosting capital, managing and booking assets, complying governance to overcome all the barriers in the days to come. It is our endeavor to create value for our key stakeholders through net positive economic, environmental and social (EES) impacts. It's a commitment towards the stakeholders, the society and the earth!

ANNUAL REPORT  
2020



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# Letter of **Transmittal**

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

Subject: **Annual Report for the year ended December 31, 2020.**

Dear Sir(s),

We are pleased to present Annual Report 2020 together with the audited financial statements including balance sheet as at December 31, 2020 and profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended December 31, 2020 along with notes thereto of Modhumoti Bank Limited for your kind information and record.

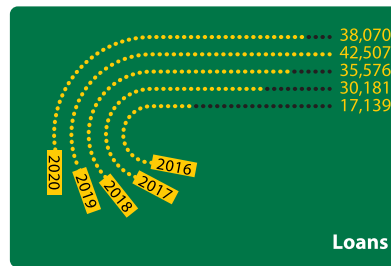
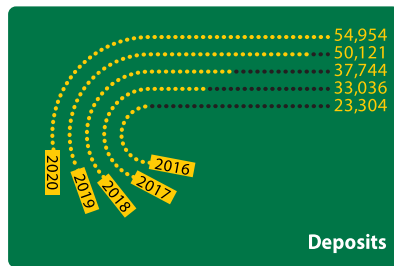
Yours truly,

Sd/-

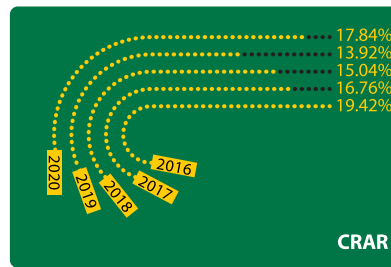
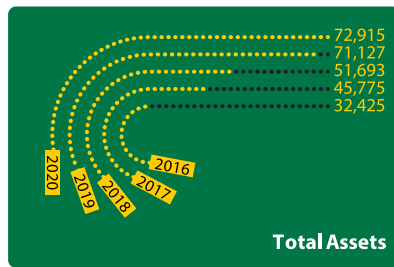
**Ashutosh Talukder**  
Company Secretary

# Highlights

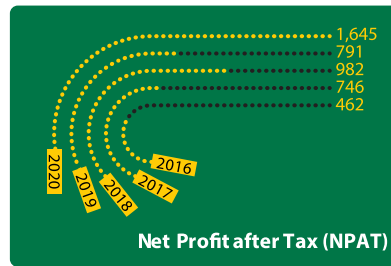
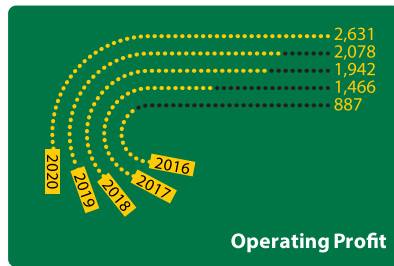
## Financial position & performance related information for the year 2020



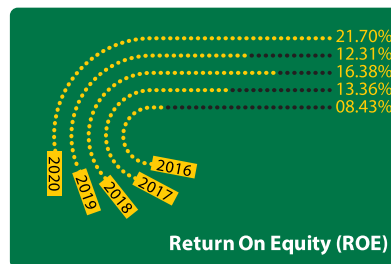
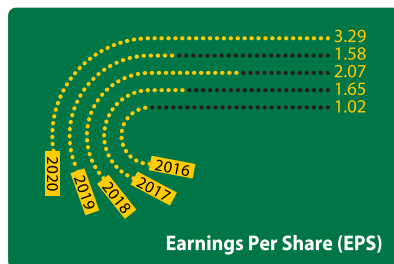
- Deposits increased by 9.64% with a favourable mix.
- Loans decreased by 10.44% because of adopting go-slow approach in Business level strategy in the year 2020.



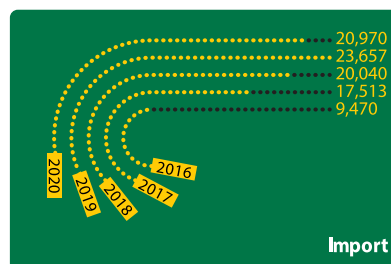
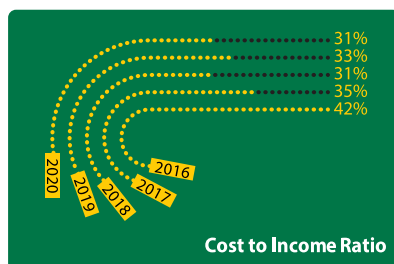
- Total Assets have a positive growth as increased by 2.51%.
- CRAR is stable and positively exceeding the regulatory limit of 12.50%.



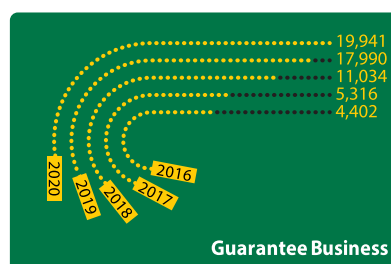
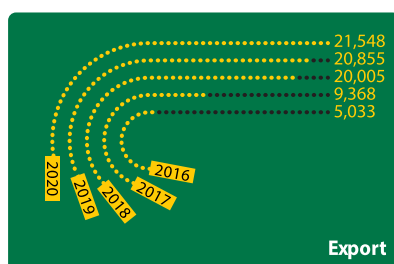
- Profit before Provision & Tax (PBPT) increased by 26.63%.
- Net Profit after Tax (NPAT) increased by 107.87%.



- EPS increased significantly due to increase of NPAT.
- ROE increased significantly due to increase of Retained Earnings.



- Cost to Income Ratio is 31% which is the lowest among the peer Banks.
- Import business decreased by 11%.



- Export business has a positive growth as increased by 3%.
- Guarantee business increased by 11%.

# 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 (Jinnahnagar Branch), 27 March 2014  
Mymensingh Division (Shambhuganj Branch, Mymensingh), 10 October, 2016  
Rajshahi Division (Rajshahi Branch, Rajshahi), 20 October 2015  
Rangpur Division (Pirganj Branch, Rangpur), 11 February 2016  
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

2017

**52,046** Deposit Accounts  
**2,190** Loan Accounts  
**1,260,152** Client Transactions  
**52,797** Total Customers  
**9,068** Agent Banking Accounts  
**12,894** Debit Cards  
**1,252** Credit Cards  
 Total Deposits Taka **33,036** million  
 Total Loans & Advances Taka **30,181** million  
 Transaction Amount Taka **204** million  
 Total Assets Taka **45,775** million  
**29** Branches  
**30** Own ATMs  
**200** Agent Points  
**547** Employees  
  
**Credit Rating** Long Term **A3**  
 Short Term **ST-2**

2018

**99,168** Deposit Accounts  
**2,803** Loan Accounts  
**1,868,837** Client Transactions  
**97,857** Total Customers  
**38,732** Agent Banking Accounts  
**16,146** Debit Cards  
**1,613** Credit Cards  
 Total Deposits Taka **37,744** million  
 Total Loans & Advances Taka **35,576** million  
 Agent Banking  
 Transaction Amount Taka **362** million  
 Total Assets Taka **51,693** million  
**35** Branches  
**32** Own ATMs  
**281** Agent Points  
**624** Employees  
  
**Credit Rating** Long Term **A2**  
 Short Term **ST-2**

2019

**165,430** Deposit Accounts  
**3,162** Loan Accounts  
**2,461,509** Client Transactions  
**79,913** Agent Banking Accounts  
**24,702** Debit Cards  
**2,127** Credit Cards  
 Total Deposits Taka **50,121** million  
 Total Loans & Advances Taka **42,507** million  
 Agent Banking  
 Transaction Amount Taka **890** million  
 Total Assets Taka **71,127** million  
**41** Branches  
**42** Own ATMs  
**366** Agent Centres  
**680** Employees  
  
**Credit Rating** Long Term **A2**  
 Short Term **ST-2**

2020

**229,765** Deposit Accounts  
**3,219** Loan Accounts  
**2,826,504** Client Transactions  
**131,592** Agent Banking Accounts  
**29,224** Debit Cards  
**2,496** Credit Cards  
 Total Deposits Taka **54,954** million  
 Total Loans & Advances Taka **38,070** million  
 Agent Banking  
 Transaction Amount Taka **332** million  
 Total Assets Taka **72,915** million  
**45** Branches  
**43** Own ATMs  
**366** Agent Points  
**700** Employees  
  
**Credit Rating** Long Term **A1**  
 Short Term **ST-2**

# Glimpse of the Seventh Annual General Meeting





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

Notice is hereby given to all Members of Modhumoti Bank Limited that the Eighth Annual General Meeting of the Members of the Company will be held on Tuesday, the 29<sup>th</sup> June 2021 at 12:30 p.m. at The Westin Dhaka, Main Gulshan Avenue, Plot-01, Road-45, Gulshan-2, 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 31<sup>st</sup> December 2020 together with Directors' Report and Auditors' Report thereon.
- b) To declare dividend for the year ended on 31<sup>st</sup> December 2020.
- c) To elect/re-elect Director(s).
- d) To appoint Auditor(s) for the term until conclusion of the next Annual General Meeting and to fix their remuneration.
- e) To transact any other business with the permission of the Chair.

By order of the Board of Directors

Sd/-

**Ashutosh Talukder**  
Company Secretary

June 14, 2021  
Dhaka

## Notes:

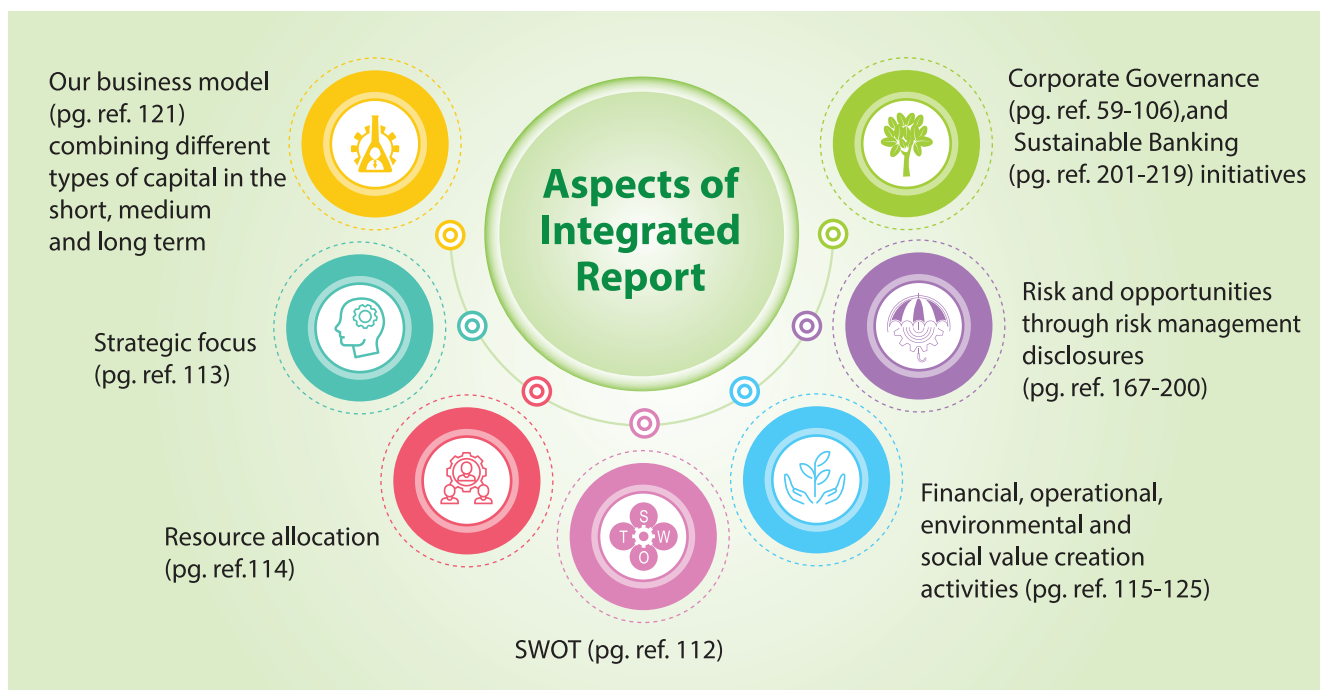
- a. The Register of Members and Share Transfer Books of the Company shall remain closed from 14 June 2021 to 29 June 2021 (both days inclusive). The Members whose names appear in the Register of the Company shall attend the AGM and qualify for dividend.
- b. Any Member of the Company entitled to attend 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 22.50% dividend, of which cash dividend @ 17.50%, i.e., at the rate of Tk.1.75 against per share of Tk.10.00 each and stock dividend @ 5.00%, i.e., 1 bonus share against holding of each 20 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.

# Our Approach to Integrated Report

Integrated Reporting aims to improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital and to support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term. Integrated Reporting primarily focus on establishing a correlation between a Bank's business activities and its impact on society in terms of 'value addition'.

We are gradually moving towards presenting our Annual Report in the form of an 'Integrated Report' for our stakeholders. The main objective of our integrated reporting approach is to enable our stakeholders, including investors, to make a more informed assessment of the value of Modhumoti Bank and its prospects as this report is organized around our story of value creation.

Our Integrated Report gives a clear indication of the following aspects:



Modhumoti Bank always follows the principles of good governance, responsible banking and values-based financial intermediation while operating its business model which ultimately help for attaining sustainable growth for all stakeholders. The key aspects of our value creation process which are the different forms of capital that provide the inputs, business domains and the value creating activities that result outputs, outcomes and impacts. It also covers risk and the aspect of conformance. In totality, this report 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.

## Scope and Boundaries of this Report

The report covers the period from January 01, 2020 to December 31, 2020, which encompasses the activities that have been carried out within the geographical boundaries of Bangladesh, as Modhumoti Bank does not have operation or subsidiary in other countries. We have referred to the guidelines of Integrated Report, issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the integrated reporting framework prototype issued by the International Integrated Reporting Council (IIRC). We are continuously expanding our sustainable business model to develop a value-based culture that enables us to

Standards, Relevant Regulations we follow	Laws &
» Integrated Reporting Framework of the International Integrated Reporting Council (IIRC).	Integrated Reporting
» Governance, Risk management and operations	
• Bank Companies Act 1991 (as Amended up to the date)	
• BSEC Ordinance 1969	
• Corporate Governance Code by BSEC in 2018	
• Bangladesh Bank's guideline	
» Financial Reporting	
• International Financial Reporting Standards (IFRS)	
• International Accounting Standards (IAS)	
• Bangladesh Bank Circulars & Guidelines	

serve our customers, to make a significant contribution to society, to reward shareholders and to protect the Bank from the reputational damage associated with both systematic & unsystematic risks.

In clarifying the Company's operations and financial performance we have extracted the financial information from the Audited Financial Statements for the calendar year ended 2020 with relevant comparative information. The financial statements consistently comply with the mandated requirements of the laws applicable in Bangladesh. There is no significant change regarding scope, boundary and reporting basis. The data & information presented in this report is on the same basis as the 2019 in terms of measurement methods, explanation of any restatement of information, time frames and entities.

- » Sustainability Reporting
  - GRI Standards
  - United Nations Sustainable Development Goals (SDGs)
- » Additional Reporting
  - International Standards on Auditing (ISAs)
  - The Income Tax Ordinance 1984
  - Relevant rules and regulations of Bangladesh Bank (The Central Bank)
  - VAT Act 2012
  - Other applicable rules and regulations of the land

**Guiding Principles of Integrated Report:**



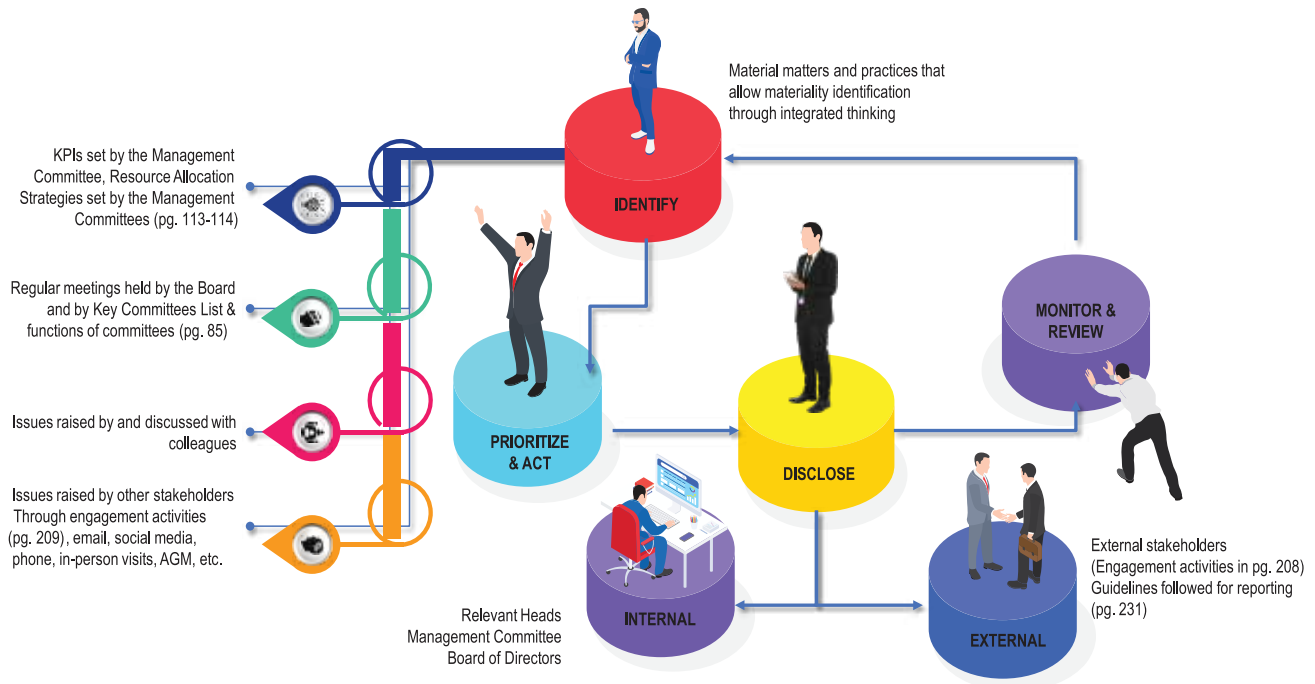
**External Assurance**

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

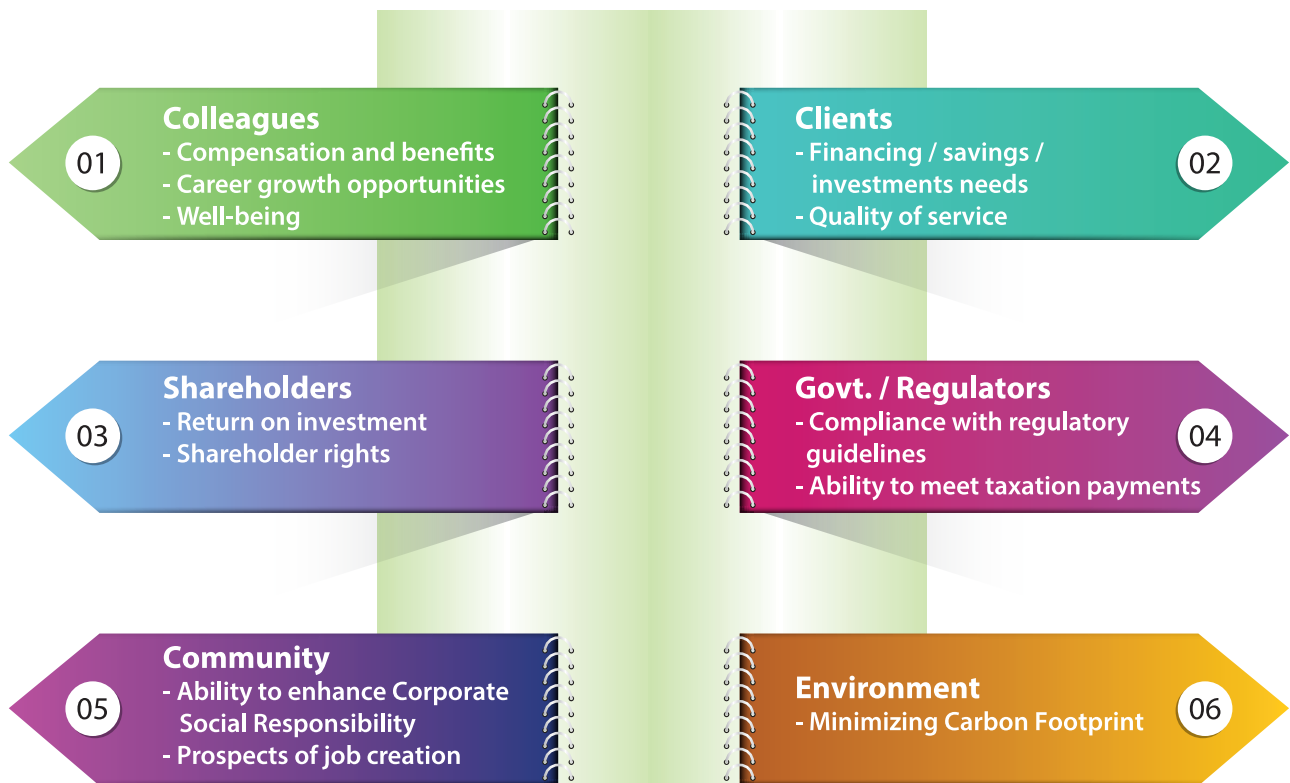
Sl. No.	Description of Report	External Assurance
1	Financial Statements Audit Report	MABS & J Partners, Chartered Accountants, an independent member firm of Nexia International, UK.
2	Provident Fund Financial Audit	MABS & J Partners, Chartered Accountants
3	Gratuity Fund Financial Audit	MABS & J Partners, Chartered Accountants
4	Credit Rating	Credit Rating Agency of Bangladesh Limited (CRAB)
5	Cash Incentive	MABS & J Partners, Chartered Accountants
6	Risk Management Assurance	Bangladesh Bank

## Materiality Determination

An integrated report always discloses information about matters that substantively affect the organization's ability to create value over the short, medium and long term. The materiality determination process at Modhumoti Bank begins with Integrated Thinking. We actively consider the relationships between our various operating and functional units and the capitals we use. As such, we are well-equipped to appropriately identify and disclose information on matters that substantively affect our ability to create value over the short, medium and long term, without affecting our competencies.



## Materiality determination for disclosures to various stakeholders



### **Availability of the Annual Report**

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

### **Responsibility and the Integrity of this Integrated Annual Report**

I, as Managing Director & CEO of Modhumoti Bank Limited acknowledge that reasonable care has been taken in preparation and presentation of this Integrated Annual Report to preserve the disclosure contained in the Report presented herewith which comprises the discussion, analysis and disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements for the year 2020. The role of stewardship brings upon it an obligation to be transparent and accountable, which is thoroughly recognized in this Integrated Annual Report. Furthermore, we agree that this Integrated Annual Report has been prepared in accordance with the Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and it addresses the material matter pertaining to the long term sustainability of the Modhumoti Bank and present fairly the integrated performance of the Bank and the impacts thereof.



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



## VISION



**SOLUTION**



**DEVELOPMENT**



**PERFORMANCE**



**INNOVATION**



**LEADING**

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



## MISSION

**Fast customer service**

**Maintain sustainable growth**

**Follow strong business ethics**

**Offer quality financial services with latest technology**

**Provide smooth return on shareholder's equity**

**Attract and retain qualified human resource**










**Maintain Corporate Social Responsibility**

**Explore un-banked areas**

## 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



**45**  
Branches

**366**  
Agent Points

**2.29+ Lac**  
Depositors

**551**  
Employees

**43**  
ATMs

**01**  
OBU

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 44 branches and 1 Off-shore Banking Unit as on 31 December 2020, (presently 45 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. Shafiul 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 5,007.03 million
Face Value of Each Share	Taka 10.00
No. of Outstanding Shares	500.70 million
Shareholding Pattern	Wholly owned by the Sponsors

## Deposit and other liabilities

In million Taka

Particulars	2020	2019
Deposit from Banks	1,120.00	200.00
Deposit from Customers	53,833.72	49,920.94
<b>Total</b>	<b>54,953.72</b>	<b>50,120.94</b>

## Capital to risk-weighted assets ratio (CRAR)

In million Taka

Particulars	2020	2019
Tier-I Capital	8,027.09	6,595.75
Tier-II Capital	839.04	641.84
Total Capital	8,866.13	7,237.59
Risk weighted assets	49,702.35	52,011.63
CRAR	17.84%	13.92%

## Rating Information

Particulars	2020	2019
Long-Term	A1	A2
Short-Term	ST-2	ST-2




## Human Capital

Gender	2020	Percentage	2019	Percentage
Male	456	83%	433	82%
Female	95	17%	95	18%
<b>Total</b>	<b>551</b>	<b>100%</b>	<b>528</b>	<b>100%</b>

## 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 2020

	<b>Head Office Relocated</b> Gulshan, Dhaka	February 11, 2020
	<b>Branch Opening</b> Cox's Bazar Singair, Manikganj Pragati Sarani, Dhaka	January 30, 2020 January 30, 2020 February 26, 2020
	<b>Celebration</b> 100 <sup>th</sup> Birth Anniversary of the Father of Nation Bangabandhu Sheikh Mujibur Rahman 'Mujib Corner' inaugurated in the Gulshan Head office premises 45 <sup>th</sup> Martyrdom Anniversary and National Mourning Day of the Father of Nation Bangabandhu Sheikh Mujibur Rahman	March 17, 2020 March 18, 2020 August 16, 2020



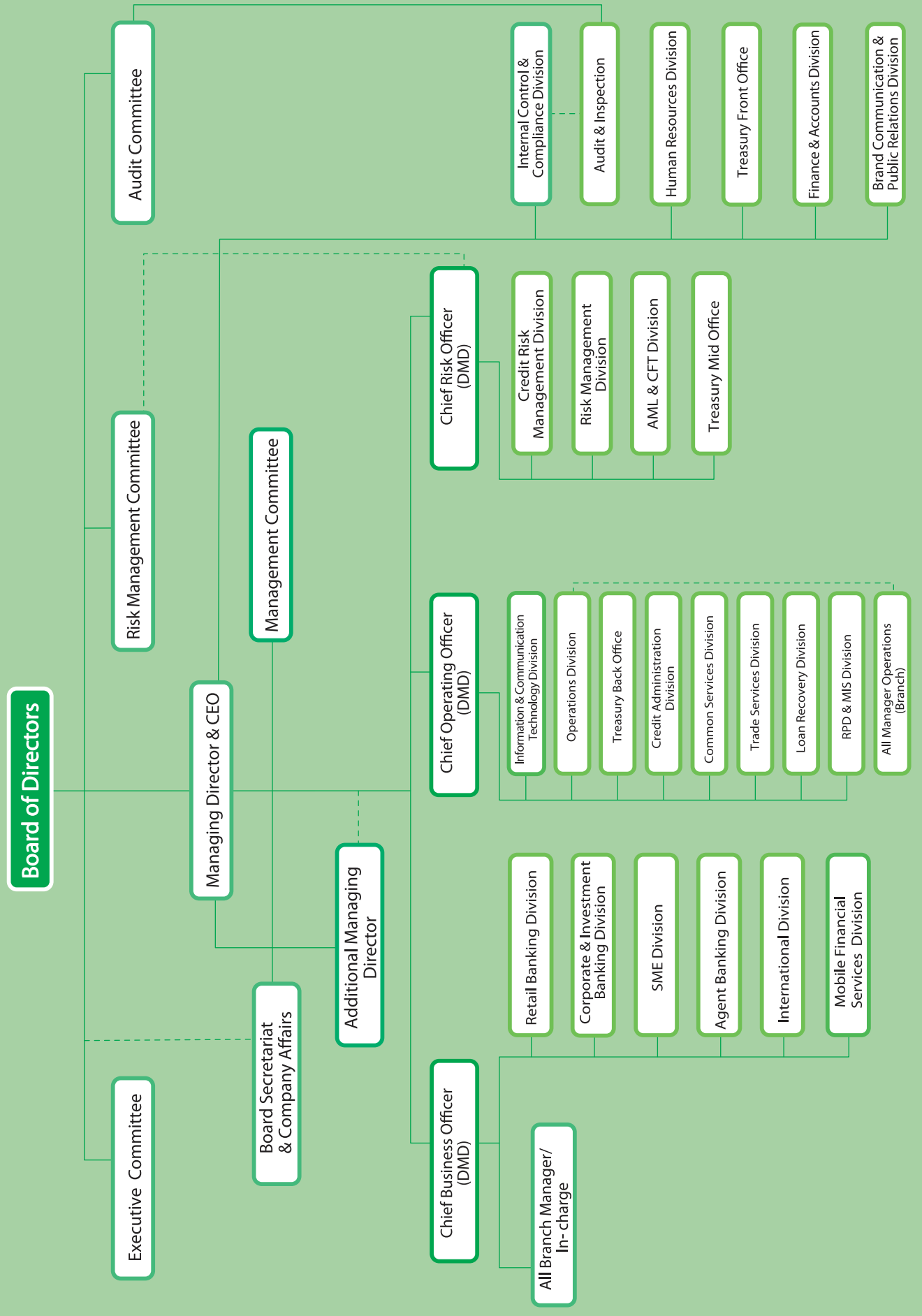
	<b>Significant Meeting</b> Annual Business Conference-2020 Annual Risk Conference-2020 Seventh Annual General Meeting	January 09, 2020 January 10, 2020 September 17, 2020
	<b>Significant Agreement</b> MoU with Sandhani Life Insurance MoU with Paywell for digital payments MoU with Digital Healthcare Solutions	October 05, 2020 November 11, 2020 November 17, 2020
	<b>Business Partnership</b> MoU with Innotel Hotel Dhaka MoU with Western Engineering(Pvt.) Limited MoU with Marinehouse Engineering & Construction Limited MoU with Dhaka North City Corporation MoU with Grand Palace Hotel & Resorts MoU with Anwar Landmark Limited MoU with Mitu Properties Limited MoU with GLG Assets Limited	February 18, 2020 February 24, 2020 March 03, 2020 March 09, 2020 March 10, 2020 September 17, 2020 November 08, 2020 November 17, 2020



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, 2020. The details of the rating are as under:

Surveillance Rating		Explanation
2019	2020	
Long Term <b>A2</b>	Long Term <b>A1</b>	Modhumoti Bank Limited has been rated in the category of A1 for long term indicating that the corporate entity has strong capacity to meet financial commitment/ obligations.
Short Term <b>ST-2</b>	Short Term <b>ST-2</b>	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 <b>Stable</b>	Outlook <b>Stable</b>	Stable outlook implies that the bank is on the consistent growth trajectory having prospect of further progression with sustainability.
<b>Date of Rating</b>		<b>June 10, 2021</b>
<b>Validity</b>		<b>Up to June 30, 2022</b>

# Corporate Organogram



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# 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	Director
Mr. Mohammad Ismail Hossain Representing Sharmin Apparels Limited	Director
Mr. Nemai Kumar Saha Representing Sandhani Life Insurance Company Limited	Director
Mr. Salahuddin Alamgir	Director
Mr. Mostafa Kamal Representing Tanveer Oils Limited	Director
Mrs. Tanjima Binthe Mostafa Representing Everest Power Generation Co. Limited	Director
Mr. Humayun Kabir Bablu	Director
Mrs. Shahana Yasmin	Director
Mrs. Sultana Jahan	Director
Mr. A. Mannan Khan Representing Mango Teleservices Limited	Director
Mrs. Ferdousi Islam Representing Azbal International Limited	Director
Mr. Manwar Hossain Representing Anwar Jute Spinning Mills Limited	Director
Mr. Tanveer Ahmed Mostafa Representing Meghna Flour & Dal Mills Limited	Director
Mr. Md. Mahbubur Rahman Representing Mona Financial Consultancy & Securities Limited	Director
Mr. Didarul Alam, MP	Director
Mrs. Syeda Sharmin Hossain Representing Sharmin Fashions Limited	Director
Advocate Yusuf Hussain Humayun	Independent Director
Mr. Shaheduzzaman Choudhury, FCA	Independent Director
Mr. Md. Shafiqul 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 Kumar Saha**  
Member



**Mr. Humayun Kabir Bablu**  
Member



**Mr. Manwar Hossain**  
Member

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



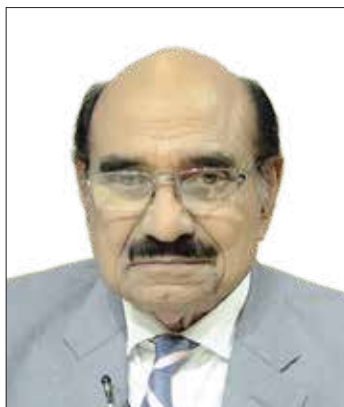
**Mr. Shaikh Salahuddin, MP**  
Chairman



**Mr. A Mannan Khan**  
Member



**Mr. Md. Mahbubur Rahman**  
Member



**Advocate Yusuf Hussain Humayun**  
Member



**Mr. Shaheduzzaman Choudhury, FCA**  
Member

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



**Mr. Mostafa Kamal**  
Chairman



**Mrs. Sultana Jahan**  
Member



**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 Limited, Kurmitola Golf Club, Dhaka and Club Shaheen. He is also a life member of Gulshan Society. Besides, he involves with different social welfare activities.

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**Shaikh Salahuddin, MP**  
Vice-Chairman

Mr. Shaikh Salahuddin was born in a respectable Muslim family in 1967 in Khulna. He 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. He is also a Member of Parliament in the Bangladesh National Parliament. Besides, he is the member of Standing Committee of the Parliament on Ministry of Road Transport and Bridge. 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 is the former President of Khulna Nou Paribahan Malik Group for long period earlier.

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**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'.

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**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 a life member of Gulshan Club limited, Uttara Club Limited, Kurmitola Golf Club Limited, Dhaka Boat Club Limited and India Bangladesh Friendship Club Dhaka 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 one of the few Bangladeshi entrepreneurs to receive 'Socrates Award' and Manager of the year for his contribution in RMG Sector.

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**Nemai Kumar 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. He obtained Master of Commerce in Accounting from Govt. Jagannath College under Dhaka University.

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

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Mr. Salahuddin Alamgir, CIP 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 Businesses 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 23 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 elected, nominated and associated with different Associations & Institutions and beside his respective businesses, Mr. Salahuddin Alamgir is involved in various social works & activities also. Presently, he is the Vice-President of FBCCI, an apex trade body of Bangladesh.

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 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.

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**Salahuddin Alamgir, CIP**  
Director



**Mostafa Kamal**  
Director

Mr. Mostafa Kamal, representing Tanveer Oils Limited, was born in a respectable Muslim family in 1955 at Chouddagram, 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.

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**Tanjima Binthe Mostafa**  
Director

Mrs. Tanjima Binthe Mostafa, representing Everest Power Generation Company Limited, is a Director of Meghna Group of Industries (MGI), one of the largest and leading business conglomerates of Bangladesh. She is the daughter of Managing Director of the Group, Mr. Mostafa Kamal, one of country's most prominent industrial entrepreneur and philanthropist.

Mrs. Tanjima obtained her Bachelor's degree from Babson College, Boston in 2009 in Marketing and Economics. After completing her degree she actively joined to the Board of the Directors of Meghna Group in 2009. 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. Her contributions have been instrumental in bringing efficiency as well as running everyday operation of the group smoothly 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.

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**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 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 (BABBBMA); 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.

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**Shahana Yasmin**  
Director

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

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

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**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 Businesses in Bangladesh like Textile, Sweater, Telecom, Bank, Lease Finance, IT, Agro etc. for last 23 years. She is a Member of the Risk Management Committee of the Board of Directors of the Bank.

Beside 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 is also a Member of Kurmitola Golf Club, Baridhara Society and Gulshan Society, Dhaka.

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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.

Recently Mr. Khan has initiated establishment of an electrical vehicle manufacturing plant in Bangladesh under name of Bangladesh Auto Industries Limited, which is first of its kind in the country jointly with Bangladesh Lithium-Ion Battery Limited. Mr. Khan is also the Chairman of HKGE Consortium Limited, who are implementing 35MW solar energy plant in the country.

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.



**A. Mannan Khan**  
Director



**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.

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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 180 years legacy. Largely shaped by his father, the legendary business philanthropist Al-Hajj Anwar Hossain, Anwar Group is now recognized and the 'Dun & Bradstreet' awarded most Diversified Business conglomerate in Bangladesh.

Mr. Manwar Hossain 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 a Director of City General Insurance Company Limited, BD Finance Securities Limited, BD Finance Capital Holdings Limited. He is also the Chairman of Bangladesh Finance & Investment Company Limited, a former Director of Bangladesh Commerce Bank Limited and Vice Chairman of City 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 'Steel Manufacturers of Association of Bangladesh' and Senior Vice President of Bangladesh Cement Manufacturers Association (BCMA).

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**Manwar Hossain**  
Director



**Tanveer Ahmed Mostafa**  
Director

Mr. Tanveer Ahmed Mostafa, representing Meghna Flour & Dal Mills Limited, is a director of Meghna Group of Industries (MGI), one of the country's most highly acclaimed business conglomerates.

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

He is a big believer in technological innovation-led development to increase efficiency within the work environment and the fostering of overall organizational growth. He is the leading force behind the implementation of IT-based solutions to modernize the business activities and process efficiency within the company, spearheading the Research, Development and Innovation department of MGI.

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**Md. Mahbubur Rahman**  
Director

Mr. Md. Mahbubur Rahman, representing Mona Financial Consultancy and Securities Limited, is an MBA, major in Finance & ITP. He is a member of Dhaka Tax's Bar Association. 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.

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**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., Taseen Steels Limited, Silk Line Travels, Kadam Rasul Steel Ship Breaking Limited, A Razzak Dobush & Sons Limited, Amena Fishing Limited, 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, Didarul Alam & Brothers and S.B. Corporation, 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 (CCI). 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.

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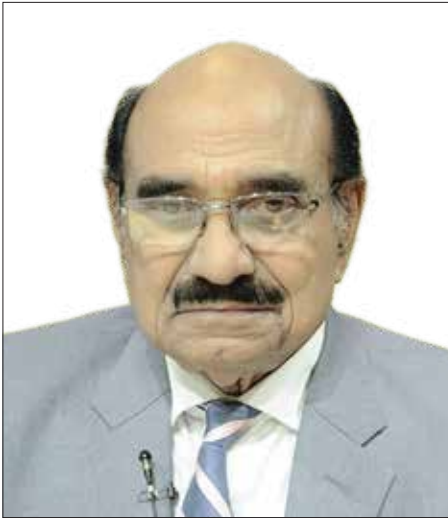


**Syeda Sharmin Hossain**  
Director

Mrs. Syeda Sharmin Hossain, representing Sharmin Fashions Limited, was born in a respectable Muslim family in 1984 at Dhaka. Mrs. Hossain is a Director of Sharmin Group, one of the largest 100% export oriented garments industry in the country. 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.

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**Yusuf Hossain Humayun**  
Independent Director

Mr. Yusuf Hussain Humayun, Senior Advocate, Supreme Court of Bangladesh was born in a respectable Muslim family in 1936. His father was a lawyer of Barishal Bar. He was enrolled as an Advocate in 1996. Initially he joined as an Advocate in Barishal Bar and he was the president of the Bar from 1983-1985. In 1992 he came back to Dhaka and became a regular practicing lawyer of Supreme Court. During his long professional life he became President of Bangladesh Supreme Court Bar Association in 2016. He is presently the Vice-Chairman of Bangladesh Bar Council. He has joined the Bank as an Independent Director in 2020 and is also a member of the Audit Committee of the Board.

Mr. Humayun obtained LL.B Degree from University of Dhaka, he obtained Master of Arts in Political Science. He was involved with politics since his student life and while studying in Dhaka University, as Secretary of Students League, D.U. Unit got close to Bangabandhu. Inspired by the spirit of independence, as a young lawyer in 1971, he organized people to participate war of liberation and formed public opinion in different villages of Barishal and worked to spread the spirit of independence among the Bengalis. He was elected as a Member of Parliament from Bhola-2 constituency in 1973 in the seat vacated by Bangabandhu. Presently he is also a member of the Advisory Council of Bangladesh Awami League. He used to write columns in newspapers, especially on contemporary issues.

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**Shaheduzzaman Choudhury, FCA**  
Independent Director

Mr. Choudhury has more than 25 years of experience in financial management and controllership function. He has diverse work experience in different organizations including the development sector, manufacturing and service industry. He joined the Bank as an Independent Director in 2020 and is also a member of the Audit Committee of the Board.

Mr. Choudhury is a Chartered Accountant with post-graduation in Finance and Entrepreneurship. He is experienced in building robust teams, process automation, business process reengineering and setting up ERP; specialized in setting up controls in both financial and operations processes. He worked in multi-cultural environments and led a regional Finance team also, established highly value adding FP&A function. He was involved in several acquisitions and a close out. Also experienced in setting up a new plant from scratch.

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**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 3<sup>rd</sup> 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 30 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.

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# The Sponsors



Mr. Humayun Kabir



Mr. Shaikh Salahuddin, MP



Barrister Sheikh Fazle Noor Taposh



Mr. Noor-E-Alam Chowdhury, MP



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Rep. by Mr. Nema Kumar Saha



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Mr. Humayun Kabir Bablu



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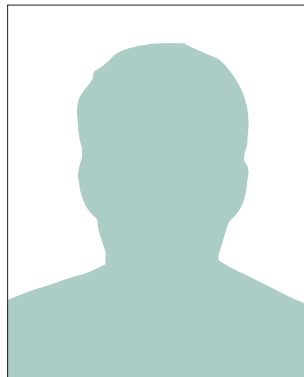
Azbal International Limited  
Rep. by Mrs. Ferdousi Islam



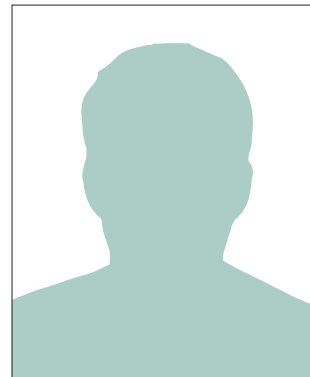
Sharmin Fashions Limited  
Rep. by Mrs. Syeda Sharmin Hossain



Mr. Hasanur Bari



Invicta Limited



Labib Dyeing Mills Limited

Include shareholders holding sponsor shares through transfer  
Exclude shareholders transferred entire holding

# The Senior Management & Committees



**Standing  
from left**

Mr. Shahnawaj Chowdhury, DMD & COO

Mr. Md. Shaful Azam, MD & CEO

Mr. Kazi Ahsan Khalil, DMD & CBO



**Standing  
from left**

Mr. Md. Shaheen Howlader, SEVP and Head of Corporate & Investment Banking Division

Mr. Shahnawaj Chowdhury, DMD & COO

Mr. Md. Shaful Azam, MD & CEO

Mr. Kazi Ahsan Khalil, DMD & CBO

# The Senior Management & Committees



**Standing  
from left**

Mr. Arif Hasan Khan

Mr. Kazi Ahsan Khalil

Mr. Shahnawaj Chowdhury

Mr. Mohammad Nazmul Hossain FCA

Mr. Md. Shafiqul Azam

## The Senior Management Team (SMT)

- Chairman : Mr. Md. Shafiqul 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/CFO

# The Senior Management & Committees



## Sitting from left

Mr. Md. Shaheen Howlader

Mr. Shahnawaj Chowdhury

Mr. Kazi Ahsan Khalil

Ms. Fahmida Saeed Saki

Mr. Md. Shafiqul Azam

## Standing from left

Mr. Mohammad Nazmul Hossain FCA

Mr. Biswas Arifur Rahman

Mr. Md. Emdad Hossain

Mr. Arif Hasan Khan

Mr. Ashutosh Talukder

Mr. Md. Shafiqur Rahman

Mr. Shaikh Mohammed Shoieb

## MANCOM

- Chairman : Mr. Md. Shafiqul 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. 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, SVP and Head of Treasury Front Office
  - : Mr. Mohammad Nazmul Hossain FCA, VP and Head of Finance & Accounts Division/CFO
  - : Mr. Md. Emdad Hossain, VP and Head of Internal Control & Compliance Division
  - : Mr. Ashutosh Talukder, FVP and Company Secretary

# The Senior Management & Committees



**Standing  
from left**

Mr. Md. Shafiqur Rahman

Mr. Md. Shaheen Howlader

Mr. Shahnawaj Chowdhury

Mr. Shaikh Mohammed Shoieb

Mr. Arif Hasan Khan

Mr. Kazi Ahsan Khalil

Ms. Fahmida Saeed Saki

Mr. Mohammad Nazmul Hossain FCA

Mr. Biswas Arifur Rahman

Mr. Md. Shafiu Azam

Mr. Md. Mojammel Hoque

## Asset Liability Committee (ALCO)

- Chairman : Mr. Md. Shafiu 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. 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, SVP and Head of Treasury Front Office, Member Secretary
  - : Mr. Mohammad Nazmul Hossain FCA, VP and Head of Finance & Accounts Division/CFO
  - : Mr. Md. Mojammel Hoque, FVP and Deputy Head of Risk Management Division

# The Senior Management & Committees



**Standing  
from left**

Mr. Mohammad Mahmud Hasan

Mr. Arif Hasan Khan

Mr. R.M. Sariful Islam

Mr. Kazi Ahsan Khalil

Mr. Md. Shaheen Howlader

Mr. Shaikh Mohammed Shoieb

## 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 Head of Credit Administration Division



# The Executives

## Managing Director & CEO

Mr. Md. Shafiul 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

Mr. Biswas Arifur Rahman

Mr. Muhammad Amir Hossain Sarker

Mr. Mohammad Omar Faruq Khan

## Vice President

Mr. Shah Md. Humayun Kabir

Mr. Atiqul Islam Akhand

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. 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. Mohammad Mahmud Hasan

Mr. Muhammad Imran Alam

Mr. Kazi Asif Mahbub

Mr. Md. Mojammel Hoque

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. 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

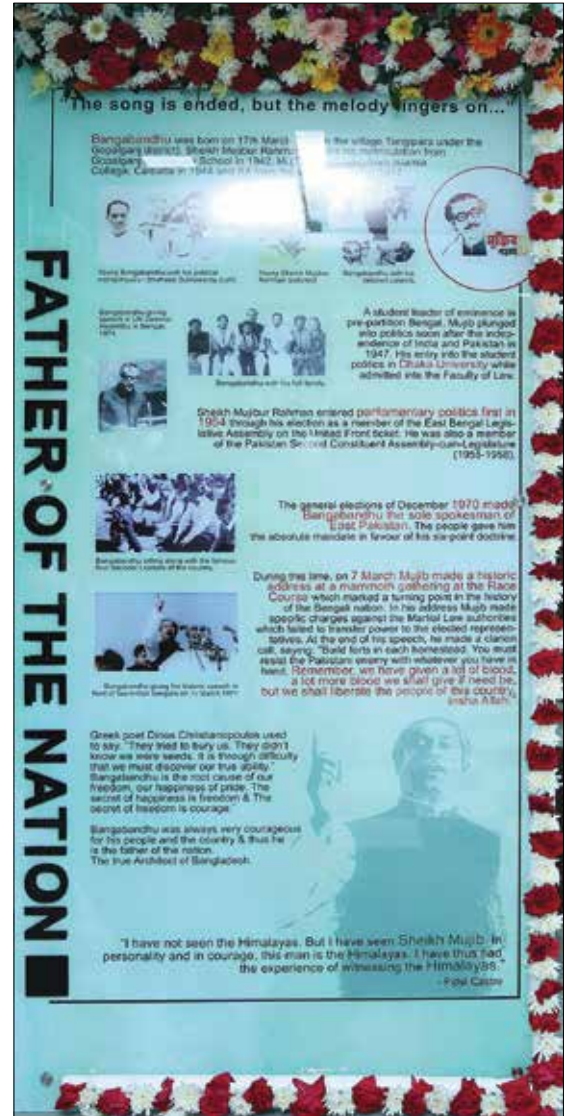
Mr. Md. Ziaul Wahid

Mr. Tapos Kumer Biswas

Mr. Bablu Khan

Mr. Shajedul Hasib Shadhin

# Establishment of Mujib Corner



The Bank established “Mujib Corner” to disseminate the Value, Vision and Ideology of the Great Leader.



Modhumoti Bank Limited inaugurated “Mujib Corner” on the occasion of 100<sup>th</sup> Birth Anniversary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman.

# Messages to the Shareholders



# Chairman's Message

Bismillahir Rahmanir Rahim

Dear Distinguished Shareholders,

Assalamu Alaikum,

It is my honor and privilege to welcome you to the 8th Annual General Meeting of Modhumoti Bank Limited and to present before the Annual Report and Audited Financial Statements of the Bank for the year 2020.

You all are aware that last year was quite an exceptional year for all of us because of the economic and health crisis induced by COVID-19 pandemic situation. This unprecedented global crisis has ruined many lives and businesses and brought immeasurable hardship. The country's economy was almost shut down for long days and many people lost their jobs and livelihood. The pandemic is still raging causing uncertainties in the economy.

Despite the gloomy environment, I am pleased to report that we have made notable progress in many areas of our business and achieved our objectives of delivering well to our valued shareholders. Thanks to able leadership of our Board of Directors and its Committees and all the members of the Management Team.

## Economic view

Despite the COVID-19 induced crisis, Bangladesh has been able to attain real Gross Domestic Products (GDP) growth of 5.2 percent i.e. highest growth rate in Asia due to its macroeconomic stability and fiscal prudence. The per capita income has stood at USD 2,227 in FY 2020-21 from previous per capita of USD 2,064 registering growth of 9 per cent. Bangladesh became one of the three large remittance-recipient countries that registered a rise in inward remittance in 2020. Last year, Bangladesh received about USD 19.8 billion in remittance, for which the country's foreign exchange reserves stood at USD 43.17 billion at the end of 2020 thanks to the upward trend of remittance and lower import payments.

Merchandise shipment declined 0.36 per cent year-on-year to USD 19.23 billion in July-December 2020. The country's export earnings in 2020 fell by 14.57 per cent to USD 33.60 billion from USD 39.33 billion in the previous year due to a lower shipment of readymade garment products as the COVID-19 outbreak has hit hard the global business. Headline CPI inflation (point-to-point) declined to a 47-months low of 5.29 per cent in December 2020, driven mainly by food inflation.

Looking forward, the Government of Bangladesh has taken various measures to mitigate and manage adverse socio-economic impact. The policy support of the government began to have positive effect in the second half of 2020. However, recovery has remained fragile as demonstrated by the second wave of COVID-19 infection and deaths in 2021. The rollout of vaccination program against COVID-19 throughout the country and reopening of businesses in export destination countries are likely to reinstate business confidence and thereby domestic and external demand. Besides, it may be assumed that prevailing expansionary monetary policy and fiscal stimulus would accelerate the recovery pace.



## Banking industry

The banking sector's performances continued its resilience in 2020 as reflected by a fall in non-performing loans (NPLs), a moderation in capital adequacy and profitability, an improvement in liquidity condition, and betterment in provision maintaining. The improvement of overall performance of the sector was helped by a decline in non-performing loans aided by moratorium facility, rise in capital adequacy, and enhanced provision maintained against classified loans, favored by the lower interest rate and ample liquidity in the banking sector.

Since the onset of COVID-19 in Bangladesh in early March 2020, households, businesses and financial intermediaries suffered from uncertainties. Because of this adverse environment, the growth of both assets and liabilities of banks declined in early 2020. However, the total amount of total assets in banking sector reached to BDT 18,124.6 billion which is 17.5% higher at the end December 2020. At end-December'20, the amount of loans and advances was BDT 12,087.4 billion. Total deposit began to pick up from June'20 onwards and reached at BDT 14,583.4 billion at end-December'20.

Capital to Risk-weighted Asset Ratio (CRAR) rose to 11.64 per cent at end-December'20. Relaxation in loan classification policy and switching of banks to lower-risk investments partly helped the banks maintaining higher CRAR during the pandemic period. Non-performing Loan (NPL) ratio declined to 8.06% in December 2020 from 9.32% in December 2019, partly attributable to relaxation in loan classification policy.

The profitability of the banking sector, measured by return on assets (ROA), was negative in March 2020. However, in the subsequent quarters, the ROA has increased to 0.30 per cent partly due to the reopening of economic activities as well as policy support provided by Bangladesh Bank and the Government.

### Bank's performance in 2020

I am very pleased to report that despite the acute challenges posed by COVID-19, Modhumoti Bank broke all barriers and continued to maintain strong growth trajectory in its bottom line and advance in its business activities. All the indicators are positive despite implementation of '9%-6%' of loan and deposit interest rate, strong competition and economic crisis induced by COVID-19 pandemic globally.

Since inception in 2013, we have been striving for excellence in banking through building our capacity to deliver better customer service and experience. To this end, we have introduced new services based on digital means 'Go-Smart' app. The Management of the Bank has been working on to provide services through the digit platform for maintaining COVID-19 safety protocols and convenience. Despite the unprecedented disruptions caused by the pandemic, we have managed to generate a positive impact for our clients, our people, and our investors with solid financial performance during 2020. I would take the opportunity to share with you the snapshot of our business results.

**Profitability:** The operating profit of the Bank has increased to BDT 2,631 million in 2020 from BDT 2,078 million in 2019 registering increase of 26.63 per cent. Net profit after tax increased to BDT 1,645 million in 2020, from BDT 791 million in 2019, logging growth of 107.87 per cent, for which EPS has increased to BDT 3.29 in 2020 from BDT 1.58 in 2019.

**Growing size of the balance sheet:** Despite the challenges faced by the Bank during the year 2020, the balance sheet size of the Bank continued to expand. Total balance sheet size (Assets) grew to BDT 72,915 million in 2020 from BDT 71,127 million in 2019 registering increase of 2.51 per cent, though Loans & Advances decreased to BDT 38,070 million, which was BDT 42,507 million in 2019, i.e. a decrease of 10.44 percent, while Deposit increased to BDT 54,954 million from BDT 50,121 million with an increase of 9.64 per cent.

**Increasing foreign exchange business:** The Bank facilitated import business of BDT 20,970 million in 2020 compared to BDT 23,657 million in 2019 recording a fall of 11.36%. But export business stood at BDT 21,548 million in 2020 with increase from BDT 20,855 million, recording growth of 3.32 per cent through its 5 AD branches and CTPU facility at Head Office. During the year, the Bank has also facilitated channeling NRB remittance of BDT 738 million.

**Non-funded business:** During the year, the Bank's non-funded Bank Guarantee business increased to BDT 19,941 million from BDT 17,990 million with an increase of 11 per cent 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 2020, total capital reached to BDT 8,866 million from BDT 7,238 million in 2019 with an increase of 22.49 per cent, for which the Capital Adequacy Ratio of the Bank was 17.84 per cent in 2020 against regulatory requirement of 12.50 per cent. Credit rating of clients plays a pivotal role in reducing capital requirement of the Bank which also enables the Bank to maintain quality assets.

**Credit rating:** The Bank is continuing marching ahead with superior credit rating of A1 based on financials as of 2020. This superior rating reflects improved resilience, innate strength and stability of the fundamentals of the Bank.

## Corporate Governance

The Bank continues to adhere best practices of corporate governance of the industry to protect its stakeholders' interests. The Management of the Bank has adopted and implemented internal control and compliance culture in the organization. We are adhering to the rules, regulations and guidelines of regulatory authorities. Many programs have been implemented to update the human resources of the Bank on the latest laws and practices to establish a sustainable bank and healthy relationships amongst stakeholders in a longer period.

During these trying times, the Bank has given efforts to take care of its employees. The bank took measures to keep employees safe and ensure their productivity. A new pay scale has been awarded to employees from 2021 unlike any other in the industry. The Bank continues to strive to hire and maintain a talented workforce, and always keep them motivated by offering a comprehensive career to them.

## Future prospect and outlook

Covid-19 pandemic will not go away any time soon. We will have to adopt to live with it. Despite government's efforts to roll out vaccines for the population, it will take long time to reach herd immunity. However, the economic policies of the government in the fiscal year 2020-21 have had positive effects. The stimulus packages also helped business to make a turnaround at the end of the year.

In 2021, we foresee the global and local economy and business conditions will still remain challenging. However, the recovery is under way in many sectors and domestic demand has been growing. It is expected that the economy will be able to maintain its macro-economic stability and growth. Economies of our export destinations have been recovering along with their management of COVID crisis. This will enable us to expand our exports. Because of this encouraging economic indicator and various policy supports of the government, we are hopeful that in 2021 we will be able to overcome challenges successfully for Modhumoti Bank Limited.

I would request the Management considering following approaches in setting priorities and focus for the Bank:

- 🌱 To continue investment and adopt in technology for better customer service;
- 🌱 To consolidate Bank's overall business position and to ensure 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;
- 🌱 To restrict NPLs within desired levels and review policies and processes to ensure portfolio quality in the backdrop of business growth objectives;
- 🌱 To implement Government stimulus packages within their prescribed framework for revival of the economy of the country after Covid-19 pandemic;

## 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, especially, the Chairman of the Executive Committee Barrister Sheikh Fazle Noor Taposh and also the members 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 Message

Bismillahir Rahmanir Rahim

The moment I am writing this, we are passing through a time that this world has ever seen in recent years. Not only the business environment has been hampered, this COVID-19 pandemic takes a lot of people to unprecedented death, stall of life alongside the stall of business, the halt of normal joy of life! The toughest struggle between managing lives and arranging food. But the truth of life is that life goes on to make the lives livable for the ones who are alive.

Dear Stakeholders,

As Salamualaikum.

2020 marks the 7<sup>th</sup> year of our remarkable, memorable journey, during which we have achieved multiple milestones. This would not have been possible without you. So, let me start by thanking each one of you for the immense faith and dedication you have shown in co-creating this great institution.

The year 2020 began with a cloud of uncertainty hanging over the horizon. The novel coronavirus was spreading in Europe, the destination of over 60 percent exports from Bangladesh, originated from China, our largest trading partner.

I am presenting the financial performance of the Bank for the year ended on December 31, 2020 along with for

the glimpse of upcoming activities of the Bank for the sixth time in a row. It's obviously an honor and immense pleasure for me to come once again before you and I feel thankful for that. Just to reiterate that like before, as well in 2020, we continued emphasizing on maintaining corporate governance culture and also focusing on sustainable operation with special concern in grabbing the ongoing lockdown situation during this pandemic time going throughout the world. Mentionable that commencing banking operation back in September 19, 2013, this time, once again, our Bank dedicatedly values 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 to work for value creation for the communities in which we operate our business.

In all sense, the year 2020 is different from all possible angles. The world economy faces such things that it could ever imagine to face. Our country has undergone strict lockdown period from March 26, 2020 to May 30, 2020. People stayed at home amid the threat of COVID-19 infection. Consequently, the economy was slowed down, as businesses were shut down for the threat of transmission of virus in strict lockdown period. Except for general and emergency services, all the business firms were shutdown. The main index of the stock market dropped by 15 percent in less than 10 days in

the second half of March. During the nationwide lockdown, millions lost jobs, poverty rate doubled, and many businesses folded up. Income of the vast majority of the population shrank. Exports hit rock bottom as the importing countries themselves were finding it difficult to keep their economies afloat.

Just prior to that our Bank's shifted major portion of its Head Office from Motijheel to Gulshan, the new banking hub of the country with all modern amenities and new promise to serve our customers better in all aspect. We have also revised the pay package of the Bank with a view to motivate the employees during this tough time.

Despite the uncertainty on markets and communities around the world by the global covid-19 pandemic, we have remained resolute and maintained a strong balance sheet. Indeed, the conviction, resilience and innovation in the Bank's response to these challenges have been highly encouraging. Having taken swiftly to implement a series of hygiene and safety measures, the Bank maintained continuity through a combination of onsite and remote working that safeguarded our customers. Throughout, we have sustained our service standards while effectively managing operational and information security risks. Ultimately, we have learned some valuable and enduring lessons from the events of 2020, developing an understanding of our priorities that will forever shape the way we live and work, while solidifying our path toward further digitization and cost efficiency.

To protect the people and the economy, the Government rolled out a massive Taka 120,000 crore stimulus package, one of the largest and quickest in the world. It capped bank interest rates at single digit to help firms and businesses borrow at a comparatively lower rate. Multilateral banks and bilateral partners extended their support to help running the economy of the country. But the hope of light and point to return emerges from farmers who continue to feed the country and the migrant workers who send a record amount of remittance at home. The robust flow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing. The reopening of the economy in June was a very bold move and proved to be a judicious one, as the virus did not go out of control. A country like ours could not afford such prolonged lockdown. The food production, remittance, the stimulus package, the reopening, and the uptick in domestic demand and exports put the country on the path of recovery.

Despite the pandemic, Bangladesh is set to post the third-highest growth in the world and the highest in Asia in 2020, according to the International Monetary Fund. In terms of growth, only Guyana and South Sudan are ahead of Bangladesh. As per Asian Development Bank (ADB), GDP Growth Rate was 3.8% in 2020, compared to 8.2% in 2019. They also projected GDP Growth in 2021 at 6.8% and 7.2% in 2022 for Bangladesh. India posted negative 8.0% in 2020 and

overall South Asia recorded at negative 6.0%. Inflation in 2020 was 5.7% in Bangladesh with the highest in Pakistan recorded at 10.7%, whereas inflation in 2020 was 6.2% in India. Data from IMF and World Bank also gave same results.

Under this situation, our main priority upon the declaration of lockdowns in March 2020 was to ensure continuity of operations and access to finances for our customers throughout the pandemic. The Bank's comprehensive Internet and Mobile Banking solutions for retail and corporate customers was a significant factor in our ability to ensure our customers have access to banking facilities. During this period, we invoked our Business Continuity Plan (BCP) under a committee headed by me, which has helped us to continue functioning in the 'new normal'.

In spite of the uncertainty on markets and communities around the world by the global covid-19 pandemic, we have remained resolute and maintained a strong balance sheet. However, the Bank's response to these challenges have been highly encouraging under the guidance of Bangladesh Bank. Having moved swiftly to implement a series of hygiene and safety measures, the Bank maintained continuity through a combination of onsite and remote working to safeguard our customers. Throughout, we have sustained our service standards while effectively managing operational and information security risks. Ultimately, we have learned some valuable and enduring lessons from the events of 2020, that will shape the way we live and work, while setting our priorities toward further digitization and cost efficiency.

### **Operating Environment**

The year under review was a difficult year for our business customers as both local and global measures to contain the pandemic compressed economic growth. In addition to providing moratoriums in Term loans and extended time to repay working capital liabilities as per the directives of Bangladesh Bank, the Bank also sought to restructure repayment plans to support customers who faced cash flow constraints. Similarly, the Bank facilitated eligible Micro, Small and Medium Enterprises (SME) to gain access to COVID-19 Loan Scheme to help them overcome the disruptions to the economy despite limited number of branches and resources of the Bank.

We understand that Technology has the potential to sustainably reduce the cost to serve a customer, allowing banks to offer better service and benefits to their customers. We see our Mobile Banking App (Go Smart) as a crucial component in our offering and continue to expand the features of the app, offering new solutions to customers to deliver a convenient banking experience. We especially see potential to utilize the QR technology to provide customers with a differentiated service. Recently, Payment Systems Department of Bangladesh Bank has issued a guideline on Guidelines for 'Bangla QR' Code Based Payments in this regard.



We also see the need to support value chain development, where there are opportunities to finance the different verticals of the supply chain, such as processing, storage and transport. The low interest loans will surely facilitate the development process. The Bank has also prioritized SME development, which is an important pillar for the growth of the economy. Measures taken to encourage local manufacturing should stimulate this sector.

We are also cognizant of our portfolio quality and have taken steps to improve portfolio performance. Thus far, we have seen a reduction of our NPL %. We will also continue to monitor and work with our customers to support their growth as the debt moratorium expire. Despite reduction in Total Loans & Advances of the Bank, we are able to record higher profit for the Bank by effectively and efficiently managing the Balance Sheet of the Bank. Of course, the directives of Bangladesh Bank also help the total banking sector in this regard by considering the pandemic situation due to outbreak of Covid-19.

We have opened 45 number of Branches and 366 Agent Points so far all-around the country. At present, with the establishment of Modhumoti Digital point (Agent Point), we have covered 16 districts, 45 Upazillas, 366 Unions bagged 131,592 number of customers, of which 70% is women account and 100% are rural customers.

Modhumoti Bank is doing Banking for All not for any Class. We have, by this time, been able to achieve the trust of more than 2.29 lac Customers throughout the country. Independent Rating Agency (CRAB) assigned A1 for Long Term and ST2 for Short Term after analyzing financial health of the Bank, which indicates better overall position of a Bank.

### Operational Highlights

Some notable Operational Efficiency parameters are as follows:

Earning Per Share (EPS)	:	Taka 3.29
Net Asset Value (NAV)	:	Taka 17.10
Return on Equity (ROE)	:	21.70%
Per Employee Profit	:	Taka 4.77 million
Cost to Income Ratio	:	31.06%
Administrative Cost	:	1.58%
Cost of Deposit	:	5.82%
Cost of Fund	:	7.40%
NPL	:	1.22%

### Some Major Financial Indicators of the Bank:

In million Taka

Parameters	2020	2019	Comments on Net Result
Total Deposits	54,954	50,121	Increased by 9.64%
Total Loans & Advances	38,070	42,507	Decreased by 10.44%. Mainly due to COVID-19 Pandemic
Total Assets	72,915	71,127	Increased by 2.51%
Total Shareholder's Equity	8,560	6,600	Increased by 29.70%
Paid up Capital	5,007	4,746	Increased by 5.50%
Retained Earnings	1,165	479	Increased by 143.22%
Operating Income	2,631	2,078	Increased by 26.61%
Net Profit After Tax	1,645	791	Increased by 107.96%
Import Business	20,970	23,657	Decreased by 11.36%. Due to ongoing Pandemic situation all over the world
Export Business	21,548	20,855	Increased by 3.32%
% of Classified Loans	1.22 %	2.53 %	Lower than previous year
Capital to Risk Weighted Asset Ratio	17.84%	13.92%	Higher than regulatory requirement (12.50%)
Dividend	22.50% (5% stock and 17.50% cash)	10.00% (5.5% stock and 4.5% cash)	Better than previous year (Highest in Bank's history) Increased by 27.42%
CSR Expenditure	29.65	23.27	

### Next Move:

Let me start by stating where we stand today. We as a Bank have:

- One of the cleanest balance sheets
- Higher Capital Adequacy Levels
- An excellent reputation in the Banking Community
- Technology that offers an omnichannel experience
- A team of dedicated people who have made us what we are
- Our commitment to society

By all this means, we are set to ride out the COVID-19 storm. We will continue to invest in technology, computing and think of artificial intelligence to provide ultra-personalized offerings/experiences to our customers.

### Our focus shall be continued on:

- Exerting our effort to keep the NPL Ratio at minimum level, especially after lifting of repayment benefits given by Bangladesh Bank
- Recovering the Stimulus Loans given to the customers and getting back the money to the economy for its propelling further
- Driving for arranging deposit at lower rate, especially to maintain cost-deposit ratio at its lowest possible value
- Increasing the number of Modhumoti Digital Points from 366 to 500 covering more remote place of the country and bringing more unbanked people to the banking net.
- Introducing some Lifestyle Banking Services e.g., Mobile Top-Up, settling Utility Bills, Insurance Premiums, etc.
- Making our Digital Points as Banking and Lifestyle Hub for the rural people of the country
- Emphasizing on Technology driven banking products and services with the security concern at the center.

### Profound Acknowledgments

We have an extremely strong Board of Directors with highly capable and reputed professionals who have run large businesses. Despite of the fact that one of our prime Directors took the charge of Dhaka South City Corporation back on May 16, 2020, we have detailed and rich discussions at the Board on all important matters. I thank every one of them for their thoughtfulness, wisdom, their active participation, and guidance at the Board. To each one of our employees, thank you for being with us and working so hard and risk their life to serve our customers during this pandemic time. I am extremely grateful and inspired by their commitment. I express my sincere thanks to our regulator who monitor us closely, guide us and support us particularly well. I thank the media for being with us during this journey. I thank our customers for their trust in our Bank. Finally, I thank all of our shareholders for their continued trust and confidence on us. The challenges we face ahead are still many, but with their support, we are assured to succeed, and in so doing, create a brighter and more sustainable future for our nation as a whole.

Finally, I also take this opportunity to thank Bangladeshis who engaged in essential services- from our frontline healthcare workers and law enforcement to the farmers, drivers, and many other essential individuals including bankers of the banking community who helped keep our country functioning in the face of an unprecedented moment of disruption in modern history.

With this, I am strongly hopeful to take Modhumoti Bank to a new height in the year 2021 and to make our footprint stronger in the economy of the country by serving our customers better.



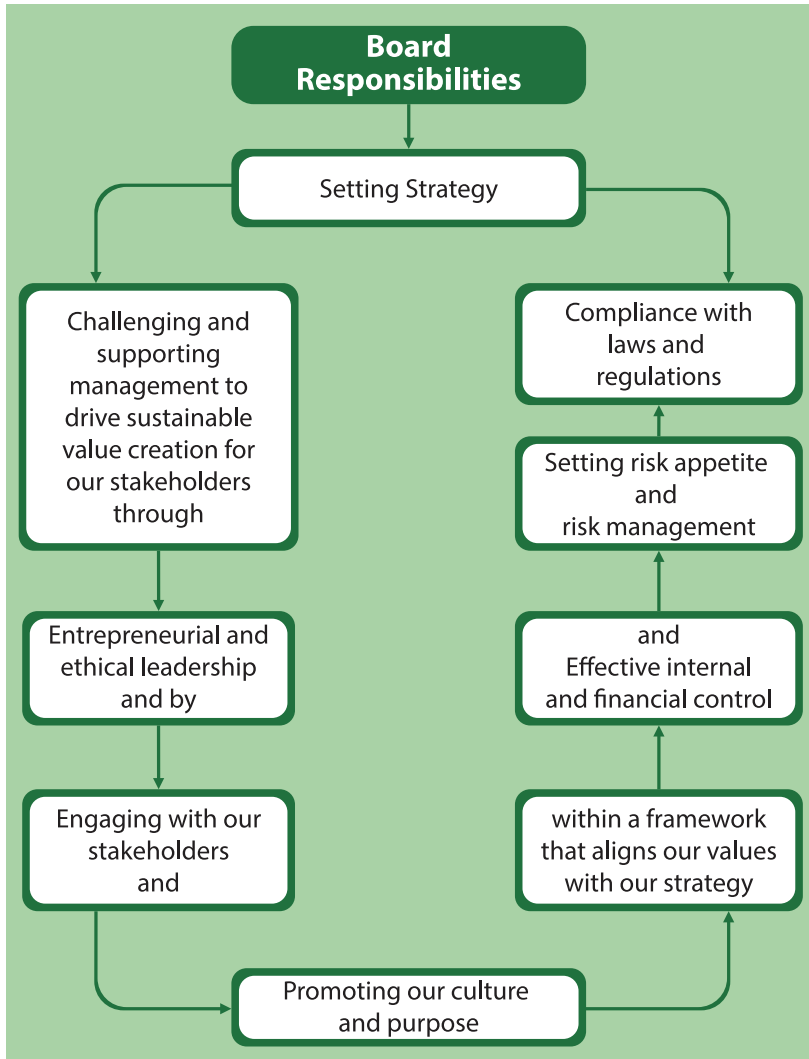
**Md. Shaful Azam**  
Managing Director & CEO



# Corporate Governance

# Directors' Report

The Board of Directors believes that effective governance facilitates the delivery of Bank's Purpose and strategy, particularly in challenging times. Throughout the COVID-19 pandemic, our Board has been keenly focused on protecting the health and wellbeing of our workforce and supporting our customers, clients and other stakeholders, while ensuring that Bank remains secure and resilient, both financially and operationally. The challenges created by the COVID-19 pandemic provided the Board with a unique opportunity to consider how to balance decisions in a way that optimizes Bank's purpose and takes into account the interests of all our stakeholders.



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 challenges presented by the COVID-19 pandemic reinforced the importance for the Board of our corporate purpose in everything we do and, in particular, embedding it in our response to the pandemic. We want to reinforce that clarity and conviction about our Purpose and our Values, and stay true to that way of thinking about how we take action at pace. Accordingly, during 2020, the Board approved the introduction of a new, extended narrative of the Bank's Purpose and the refreshed descriptions of our Values to make sure they are still relevant for the challenges ahead.

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, 2020 together with the Report of Auditors to the Shareholders in the occasion of the Eighth 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 2020 in highly complex environment, characterized by the Covid-19 pandemic and the measures to alleviate its economic impact. In addition, an overview of the key performances of the world and Bangladesh economy during 2020 and outlook for 2021 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.

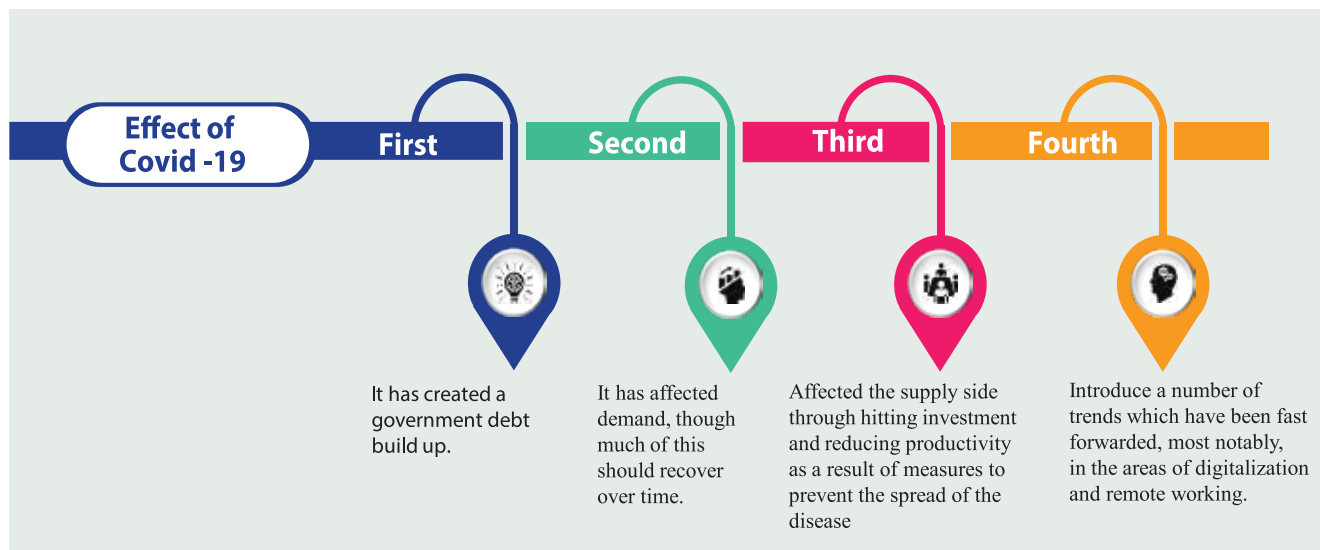
## **Global Economy**

When 2020 dawned, the global economy had just notched its 10th straight year of uninterrupted growth, a streak most economists and government finance officials expected to persist for years ahead in a 21st Century version of the "Roaring '20s." But within two months, a mysterious new virus first detected in China in December 2019 - the novel corona virus - was spreading rapidly worldwide, shattering those expectations and triggering the steepest global recession in generations. The International Monetary Fund estimates the global economy to have shrunk by 4.4 per cent this year i.e. 2020 compared with a contraction of just 0.1 per cent in 2009, when the world last faced a financial crisis. Government-mandated shutdowns of businesses and any non-essential activities in much of the world unleashed a wave of joblessness not seen since the Great Depression. Still, unemployment levels varied dramatically across the globe. In some countries, like China, COVID-19 infection levels were effectively suppressed through strict but relatively brief lockdowns, allowing unemployment rates to remain low. Others, such as Germany, deployed government-backed schemes to keep workers on company payrolls even as work dried up. Elsewhere, including in Brazil and the United States, the uncontrolled spread of the virus and patch-work government health and economic responses fueled rampant job losses. Some 22 million people in the United States were thrown out of work in March and April alone and the unemployment rate jumped to near 15 per cent. Most economists expect it to take a year or more for labor markets to return to something resembling the pre-pandemic era. The pandemic delivered a body blow to global trade, with export volumes dropping abruptly to their lowest in nearly a decade in March and April. The recovery since then has been led largely by China, which stands alone among major economies in seeing year-over-year growth in exports. Unprecedented levels of government stimulus prevented even larger damage to many economies but also added to a global mountain of sovereign debt amassed by governments, raising questions about whether a financial crunch is the next crisis the world must deal with.

The International Monetary Fund (IMF) raised its forecast for global economic growth in 2021 and said the corona virus-triggered downturn in 2020 would be nearly a full percentage point less severe than expected. It said multiple vaccine approvals and the launch of vaccinations in some countries in December 2020 had boosted hopes of an eventual end to the pandemic that has now infected nearly 100 million people and claimed the lives of over 2.1 million globally. But, the world economy is still continuing to face "exceptional uncertainty" and new waves of COVID-19 infections and variants posed risks, and global activity would remain well below pre-COVID projections made one year ago. Close to 90 million people are likely to fall below the extreme poverty threshold during 2020-2021, with the pandemic wiping out progress made in reducing poverty over the past two decades. Large numbers of people remained unemployed and underemployed in many countries, including the United States. In its latest World Economic Outlook, the IMF forecasts a 2020 global contraction of 3.5 per cent, an improvement of 0.9 percentage points from the 4.4 per cent slump predicted in October 2020, reflecting stronger-than-expected momentum in the second half of 2020. It predicted global growth of 5.5 per cent in 2021, an increase of 0.3 percentage points from the October 2020 forecast, citing expectations of a vaccine-powered uptick later in the year and added policy support in the United States, Japan and a few other large economies.

The US economy - the largest in the world - was expected to grow by 5.1 per cent in 2021, an upward revision of 2 percentage points attributed to carry over from strong momentum in the second half of 2020 and the benefit accruing from \$900 billion in additional fiscal support approved in December 2020. China's economy is expected to expand by 8.1 per cent in 2021 and 5.6 per cent in 2022, compared with IMF's October 2020 forecasts of 8.2 per cent and 5.8 per cent, respectively, while India's economy is seen growing 11.5 per cent in 2021, up 2.7 percentage points from the October 2020 forecast after a stronger-than-expected recovering in 2020. The IMF said countries should continue to support their economies until activity normalized to limit persistent damage from the deep recession of the past year. Low-income countries would need continued support through grants, low-interest loans and debt relief, and some countries may require debt restructuring.

**Looking forward, Covid-19 has affected long term GDP in four major ways:**



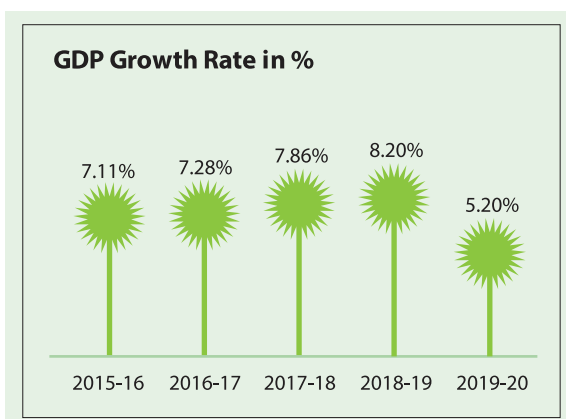
The increasingly widespread availability of various vaccines means that economies can start to move forward and abandon economic constraints put into place to limit the spread of the disease. By the end of 2021, we expect relatively few official constraints to be in place, though the economic hangover will last longer in many countries.

**Bangladesh Economy**

The year 2020 began with a cloud of uncertainty hanging over the horizon. The novel corona virus was spreading in Europe, the destination of over 60 percent exports from Bangladesh, after wreaking havoc in China, its largest trading partner. Bangladesh felt the heat of a looming global crisis though the virus had not yet made its way into the country. The bad news came a couple of months later. On March 8, the authorities confirmed the maiden case of Covid-19 infection in the country. A week later, the first death from the virus was reported. Soon, the country's economy, one of the shining stars in Asia, came almost to a halt as the government imposed countrywide lockdown to contain the spread of the virus.

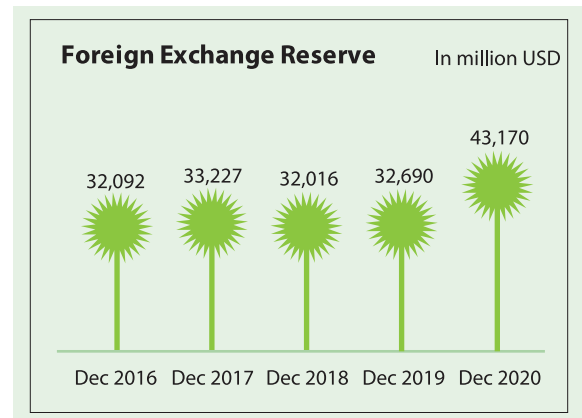
During the nationwide lockdown, millions lost jobs, poverty rate doubled and many businesses folded up. Income of the vast majority of the population shrank. Exports hit rock bottom as the importing countries themselves were finding it difficult to keep their economies afloat. The country was staring at an unprecedented three-pronged crisis: health, economic and food. To protect the people and the economy, the government rolled out a massive Taka 120,000 crore stimulus package, one of the largest in the world. It capped bank interest rates below single digit to help firms and businesses borrow at a record low rate. Multilateral banks and bilateral partners poured billions of dollars to cushion Bangladesh. But the biggest support came from farmers who continue to feed the country and the migrant workers who proved the grim forecasts wrong, sending home a record amount of remittance. The robust flow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing.

The reopening of the economy in June was a very bold move and proved to be a judicious one, as the virus did not go out of control. The food production, remittance, the stimulus package, the reopening, and the uptick in domestic demand and exports put the country on the path of recovery. "Despite the Covid-19 pandemic, Bangladesh was able to escape a contraction in 2020," UK-based Centre for Economics and Business Research said in early January 2021. Bangladesh's GDP growth is forecast by IMF to drop to 3.8 percent in 2020, compared to 8.2 percent in the previous year. The government debt as a percentage of the GDP rose to 39.6 percent in 2020, considered low as per the international standards. The government had a fiscal deficit of 6.8 percent in 2020, which allowed it to spend a huge amount of money to cushion the economy. According to provisional estimates, GDP growth in Bangladesh stood at 5.24 per cent in FY2020, as against 8.15 per cent in FY2019, which is the lowest growth since FY2009. Although the economic situation of the country seemed normal in the first eight months of FY2020, the global spread of the COVID-19 pandemic has had a huge negative impact on the economy of the country since March 2020.



Despite the pandemic, Bangladesh is set to post the third-highest growth in the world and the highest in Asia in 2020, according to the International Monetary Fund. In terms of growth, only Guyana and South Sudan are ahead of Bangladesh. India's GDP would contract by 10.3 percent and Pakistan's by 0.4 percent. Of the 190 IMF member countries, only 23 are forecast to post a positive growth in the outgoing year. The Government & its Authorities had taken effective measures that fuelled domestic demand and helped people survive the crisis. As a result, Bangladesh has been able to keep up the growth trajectory during the crisis.

Total imports into the country declined by 8.56 per cent, although at a much slower pace than exports. In contrast, remittance inflows expanded by 10.87 per cent to USD 16.42 billion, which helped reduce the current account deficit (CAD), while increase in capital and financial account inflows facilitated a surplus of USD 2.93 billion in the balance of payments (BoP) from USD 179 million in the previous fiscal year. Foreign exchange reserve stood at USD 35.85 billion in FY2020 compared to USD 32.72 billion in FY2019. Following the closure of the fiscal year, the foreign exchange reserves crossed the USD 41 billion mark on 28 October 2020; USD 42 billion mark on 15 December 2020; and a record high of USD 43.17 billion on December 31, 2020. Lower import payments, strong remittance inflows, and borrowing from multilateral organizations have particularly boosted the foreign exchange reserves of the country.



In order to combat the adverse effects of the pandemic, the Government announced a number of stimulus packages worth BDT 1.03 trillion/USD 12.2 billion, or 3.7 per cent of the GDP, for different economic units encompassing the following facets:

- 🌱 Wage support for export industries
- 🌱 Subsidies on interest payments for working capital loans
- 🌱 Strengthened export facilitation
- 🌱 Liquidity support for refinance schemes
- 🌱 Comprehensive support for agriculture
- 🌱 Support for health care, cash and food transfers to the vulnerable

These packages are being distributed to the public and other beneficiaries by the banking sector under the central bank's guidance to ensure economic revival.

Bangladesh Bank has also undertaken various policy measures, including repo rate reduction, cut in cash reserve requirement (CRR), ADR limit enhancement, special repo, bond repurchase, moratorium on loan repayments and extension of usance period to re-align the economy closer to the pre-pandemic growth path. In terms of the fiscal profile of Bangladesh, low government revenue to GDP remained a key weakness with a ratio of 12.4 per cent in FY2020, while it is 19.8 per cent for India, 14.7 per cent for Pakistan, 13.5 per cent for Sri Lanka, 23.9 per cent for Nepal and an average of 25.6 per cent for developing countries.

Moreover, introduction of new value-added-tax (VAT) law from July 2019 has seen little success. In addition to a weak revenue collection ratio, Bangladesh's recent increase in infrastructure expenditure has led to a rise in budget deficits from 4.8 per cent to 5.3 per cent of GDP in the revised budget of FY2020, while the actual number could be much higher. On the other hand, government debt-GDP ratio was relatively low at 40.3 per cent in FY2020, and almost half of the external debt is concessional, which mitigates refinancing risks and helps limit debt-servicing costs.

Bangladesh has been rated by three renowned global rating agencies with assigned credit profile of "stable" for over a decade. It has received 'Ba3' and 'BB-' ratings, respectively, from Moody's and Standard & Poor's (S&P). Fitch Ratings reaffirmed Bangladesh's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a "stable outlook" on November 11, 2020; while other South Asian economies either received a negative outlook or were assigned a lower rating. As a result, Bangladesh stands in a lucrative position ratings-wise. According to Fitch, Bangladesh has strengthened its external buffers despite the COVID-19 shock, with reserves crossing the USD 43 billion mark due to lower imports, higher remittances and increased borrowings from multilateral agencies. Remittances, which is an important driver of household consumption, has been surprisingly resilient, partly due to repatriation of savings by workers returning home and partly because of the government's 2 per cent cash incentive program for inward remittances through the formal channel. On the downside, the country's lower government revenue-to-GDP ratio of 12.4 per cent remains a key weakness in its fiscal profile, which is far below the 'BB' median of 29 per cent. Some of the other chief concerns include poor governance and high NPLs in the banking sector, one of the lowest ranking on the Ease of Doing Business index, as well as high debt-revenue ratio of 438.6 per cent in the 'BB' category.

The economy is recovering, but it is not yet back on track to a faster and sustainable growth with investments still depressed and external demand wavering. 2021 will get Bangladesh back to a sustainable growth track as the world economy and domestic demand turn around. Moving forward, the government should put more focus on creating jobs and bringing more poor people under social safety nets. There should be a more proactive and innovative role in extending stimulus packages to SMEs [small and medium enterprises]. Many vulnerable groups have become even more vulnerable. The government should support them. The finance minister is confident that Bangladesh's agriculture, manufacturing and service sectors will achieve more in the next six months than what they did in the last six months. It is expected that Bangladesh will not come under major stress due to the second wave of corona virus like it did in the first wave.

The government should keep supporting the economy like it has been doing since the pandemic hit the country in March 2020. We have to roll out vaccines to boost the morale of the people. A mass immunization program will help the economy rebound quickly. Getting a critical mass of the population vaccinated in 2021 will be the key to taming the virus locally. Optimism is in the air with the arrival of Pfizer, Moderna and AstraZeneca vaccines that promise a high degree of efficacy in debilitating the virus. Rejuvenating structural reforms, ensuring policy support to efficient enterprises faced with existential threat due to the pandemic, and strengthening the social protection system will be the key to accelerating recovery while leaving no one behind.

### **Banking Industry Outlook**

Banking sector of Bangladesh commenced its journey under the leadership of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman as part of his economic rebuilding movement in the newly independent Bangladesh in a situation of difficult economic and natural shocks. The newly independent nation inherited a fragile banking structure consisting of 2 Bangladeshi banks with 155 branches, 10 Pakistani banks with 920 branches, and 3 foreign banks with 14 branches. In such a circumstance, the foundation of the independent banking system of Bangladesh was laid through the establishment of the Bangladesh Bank - the central bank of the country by the Presidential Order No. 127 of 1972 that took effect from December 16, 1971. Bangladesh's banking sector started with 6 nationalized entities: Sonali, Agrani, Janata, Rupali, Pubali, and Uttara Bank under Bangladesh Bank Nationalization Order 1972. After that, to ensure adequate credit facilities to the industry and agriculture sector, the then government set up three specialized institutions - Bangladesh Shilpo Bank, Bangladesh Shilpo Rin Songstha, and Bangladesh Krishi Bank. Foreign banks, functioning at that time, were also allowed to operate. By this time, the banking industry of the country has been restructured into a setup with 61 scheduled banks of which 43 are private commercial banks, 6 state-controlled commercial banks, 3 specialized banks, and 9 foreign bank branches.

The operating profit of majority of the private commercial banks (PCBs) shrunk in the year 2020 mainly due to the impact of Covid-19 and implementation of the single-digit interest rate. Except for a few, most of the PCBs witnessed lower operating profit in 2020 amid a falling trend in both private sector credit growth and interest rate spread that persisted almost throughout the year. Private sector credit growth has maintained a falling trend in the recent months as fresh demand for loans dropped due to the second wave of Covid-19 pandemic. The private sector credit growth fell to 8.21 per cent (year-on-year) in November 2020 from 8.61 per cent a month ago. This growth was 3.29 percentage points lower than the Bangladesh Bank's target of 11.50 per cent for the first half (H1) of the current fiscal year (FY2020-21). Such growth was 9.20 per cent in January 2020.

The net interest income has dropped significantly as the Banks brought down the lending rate to 9.0 per cent as part of a government move to bring down the rate to single digit from April 01, 2020. Meanwhile, the weighted average spread between the lending and deposit rates offered by the commercial banks came down to 2.98 per cent in November from 3.97 per cent in January 2020. Actually, the interest rate spread dropped significantly to 2.92 per cent in April from 4.07 per cent a month before, following implementation of the single-digit interest rate in the country's banking sector. Besides, lower foreign trade particularly import businesses has pushed down the operating profit of the Banks. The import growth dropped because Letters of Credit (LCs) particularly for importing capital machinery were not opened during the pandemic situation. Most of the businesses are still maintaining a 'wait-and-see policy' for expansion of their businesses due to the pandemic. The 66-day shutdown starting from March 26 last amid the pandemic had hit the overall banking businesses hard.

Banks had a crucial role to play in implementing Covid-19 related stimulus packages announced by the government (Taka 121,353 crore) since the major portion of these packages is in the form of liquidity support through the commercial banks. This is indeed a huge responsibility on the banks since the banking sector has been in weak condition during the pre-pandemic period. Indeed, the situation of the banking sector has been deteriorating steadily which are reflected in the high volume of non-performing loans (NPL), escalation of loan write-offs, major scams, irregularities and heists in banks. Under the existing regulations, the Banks have to keep 0.25 per cent to 2.0 per cent provisions against loans under general category, 20 per cent against substandard category, 50 per cent against doubtful loans, and 100 per cent against bad or loss category. But, that regulation has been waived with an aim of diluting the effect of Covid-19 on Banks' profitability. All the scheduled Banks were supposed to keep additional 1.0 per cent general provisioning against loans, which have enjoyed deferral/ time extension facilities, instead of all unclassified loans earlier.



In the early months of the pandemic, Bangladesh Bank undertook a number of measures to ensure adequate liquidity in the financial system to support the operations of financial institutions. It announced to buy treasury bonds and bills from banks ; lowered REPO rates from 6 per cent to 5.75 per cent effective from March 24, 2020 and further reduced them to 5.25 per cent effective from April 12, 2020 ; reduced Cash Reserve Ratio (CRR) from 5.0 per cent to 4.5 per cent (daily-basis) and from 5.5 per cent to 5.0 per cent (bi-weekly basis) , and again reduced it to 3.5 per cent and 4 per cent, respectively from April 15, 2020; increased advance-deposit ratio (ADR) for all the conventional banks from 85 per cent to 87 per cent, effective from April 15, 2020 ; increased investment deposit ratio (IDR) for Islami Shariah-based banks and the conventional banks operating under Islamic Shariah rules from 90 per cent to 92 per cent, effective from April 15, 2020 . Data from Bangladesh Bank show that excess liquidity in the banking sector has nearly doubled from Taka 1.03 trillion in January 2020 to Taka 2.05 trillion in December 2020. During the same period, excess liquidity has more than doubled in state-owned commercial bank (SCBs) and more than tripled in Islamic banks (IBs). Excess liquid assets comprised of 49 per cent of the total liquid assets of the banking sector in December 2020. Excess liquidity in the banking system led to a fall in the interest rates, which were already quite low even prior to 2020. Generally, Banks want to hold enough liquidity to make payments and convert excess liquidity into assets that provide returns. Excess liquidity in the banking system may induce commercial banks to behave in ways which may jeopardize the stability of the financial system and make it difficult for the central bank to achieve its monetary policy goals.

However, during 2020, banks have also increased their holdings of unencumbered approved securities, which are zero risk rated assets issued or guaranteed by the government. The decision of commercial banks to hold excess liquidity in the form of unencumbered approved securities instead of funds for lending shows that commercial banks perceive that the yields on risk free unencumbered approved securities are better than the risk adjusted returns on interest-bearing loans that come with default risk. This implies that commercial banks are hesitant to lend, as they probably believe that economic activity is yet to pick up and so their loans may have a high probability of turning bad. Alternatively, excess liquidity is also a sign that the demand for loans is low, which is likely since the real economy is still experiencing the repercussions of the Covid-19 shock. The advance-deposit ratio of all banks fell to a three-year low of around 80% level at the end of 2020.

The central bank's decision to allow loan defaulters to access two of the largest liquidity support packages may lead to a rise in NPLs in the post-Covid-19 period. Due to the year-long moratorium on loan classification in 2020 by the central bank, it is not possible to understand the real situation of NPLs in the banking sector at present. As of September 2020, the ration of NPL was 8.9 per cent. The NPLs shrank by more than 6.0 per cent or Taka 60.49 billion to Taka 882.82 billion, excluding offshore banking operations, as of December 31 from Taka 943.31 billion a year ago. The suspension of the usual practice of classifying loans that had been put into effect by the BB in March 2020 following the outbreak of Covid-19 had been largely responsible for the shrinking of the classified loans in the country's banking sector. This may not be the real picture due to the central bank's moratorium on loan classification. Since the greatest share of Covid-19 related liquidity support has been offered to large industries, wilful defaulters may take this opportunity to default once again. Therefore, commercial banks have to use their own judgment while disbursing the stimulus packages declared by the Govt. The capital base of the country's Banks improved marginally in 2020 mainly due to the 'decline' in the volume of their non-performing loans (NPLs). The capital-to-risk weighted-asset ratio (CRAR) of all the scheduled banks rose to 11.64 per cent as on December 31, 2020 from 11.57 per cent on the same day of the year before, according to the latest statistics of the Bangladesh Bank (BB).

It is observed that the falling trend in the private sector credit growth is still continuing as businesses are following a 'go-slow' policy to avert possible risks which is ultimately decreasing the interest rate spread and have had a negative impact on the Banks' profitability.

### Challenges for the banking industry

Fundamental structural reforms are very much essential in our banking sector. Following uncertainties may persist:

- 🌱 Businesses are still following a 'go-slow' policy to avert possible risks which is not creating any credit demand and ultimately resulting excess liquidity and lower Advance Deposit Ratio. Excess liquidity is costly for any Bank and has had an impact on Banks' profitability.
- 🌱 Excess liquidity in the banking system led to a fall in the interest rates. The negative real interest rate on bank deposits means that the value of savings of ordinary people was being depleted away during the pandemic time when they needed to utilize their savings the most.
- 🌱 Excess liquidity in the banking system also weakens the interest-rate transmission mechanism of monetary policy, and making monetary policy less effective in fine-tuning aggregate demand.
- 🌱 Establishing 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.

- 🌱 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 is 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.

Based on current trends and related concerns, a number of recommendations have been made for enabling the banking sector to play a more constructive role in the economic recovery from the pandemic. These are mentioned below.

- 🌱 Loan defaulters should not be allowed to access any of the Covid-19 related liquidity support packages.
- 🌱 Weak and poorly governed banks should not be allowed to participate in the Covid-19 related liquidity support packages. Banks which are not fully compliant with BASEL III or the Banking Company Act should not be allowed to participate in the Covid-19 related liquidity support packages.
- 🌱 Clear, objective and quantitative criteria should be declared to properly identify "affected" businesses and individuals.
- 🌱 Transparency and accountability mechanisms should be built into all Covid-19 related liquidity support packages, and more disaggregated data on the implementation status of all liquidity support packages should be published on a monthly basis.
- 🌱 Disbursement of the government's Covid-19 liquidity support for small businesses, farmers and low-income professionals should be expedited immediately.
- 🌱 Working capital support for the affected businesses and industries should be converted to term loans and loan repayment to banks should start in order to have a healthy banking sector.

Addressing the challenges posed by the COVID-19 pandemic with timely fiscal and monetary initiatives will continue to be of paramount importance. In fact, continuous policy support to internal and external sectors of the economy can strengthen growth momentum of the country, while improving governance and transparency in the banking sector will ensure sustained economic prosperity and stable economic outlook for Bangladesh in the post-COVID world. Mention-worthy that post-pandemic global economic recovery and the private consumption boosted by strong remittance flows from overseas Bangladeshi workers are expected to be the key drivers of growth in 2021.

## Capital Market Outlook

The country's capital market passed 2020 with the robust return, compared to the bourses in the region, posting 949 points or 21.3 per cent gain, helped by large-cap stocks and supportive measures. Market analysts said the investors kept their buying spree on major sector stocks amid high expectations in the New Year riding on regulatory efforts, the gradual traction in economic activities coupled with hope for the Covid-19 vaccine. The investors continued their buying appetite on sector-wise stocks amid growing confidence stemming from regulatory actions and the gradual traction in economic activities. As the Covid-19 vaccination has started in the major trade partners of Bangladesh, investors' confidence strengthened as this indicates continued rebound of the global economy. The regulatory efforts to build a stable and vibrant capital market and enlistment of quality IPO's in the market also tempted investors to stay afloat on the trading floor. 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 BDT 20,000.00 million and Paid-up Capital of BDT 4,520.00 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 44 branches and 1 Off-shore Banking Unit as on 31 December 2020. 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. 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 Points in Union Digital Centres (UDCs) under arrangement with a2i of Prime Minister's Office through Agent Banking Operation till 2020. At present the Bank has real-time online banking network through 45 branches in both urban and rural areas having smart IT-backbone. Besides traditional delivery points, the Bank has 43 ATMs of its own, also sharing with other partner banks and consortium throughout the country. Presently, the Bank does not have any subsidiary company, but forming one for conducting fund management activities under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 is under process.

## **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 2020. The financial statements of 2020 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 2020. 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.

The Bank didn't adopt any other new policy in preparing financial statements for the year ended December 31, 2020.

### **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 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's Risk Management Committee. All Risk Committee of the Management, Management SRP Team and Basel Unit (Supervisory Committee) have been formed 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 independently verifies that all the branches & head office division 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 Audit Committee of the Board 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 established 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 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 2020. 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 has reviewed the effectiveness of the Bank's systems of internal control for the year ended December 31, 2020. 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 and has been able to produce a good return on equity for the year 2020 despite unfavorable economic condition due to Corona virus pandemic. If we review the Balance Sheet of the Bank as at December 31, 2020, year-on-year comparison reveals that the Shareholders' Equity has a growth of 29.70% (Taka 1,960 million) at the end of year 2020 and the balance of it was Taka 8,559.53 million as on December 31, 2020. Investments in Govt. Securities and other equities have increased by Taka 8,273 million (growth 62.85%) in 2020 and total balance of it as on December 31, 2020 was Taka 21,436 million. Total assets balance has a slight growth of 2.51% (Taka 19,434 million) at the end of 2020 compared to last year. The Balance Sheet size has stood at Taka 72,914.66 million at the end of 2020. Loans & Advances has a negative growth of 10.44% (Taka 4,437 million) in 2020 and total balance has stood at Taka 38,069.78 million at the end of 2020.

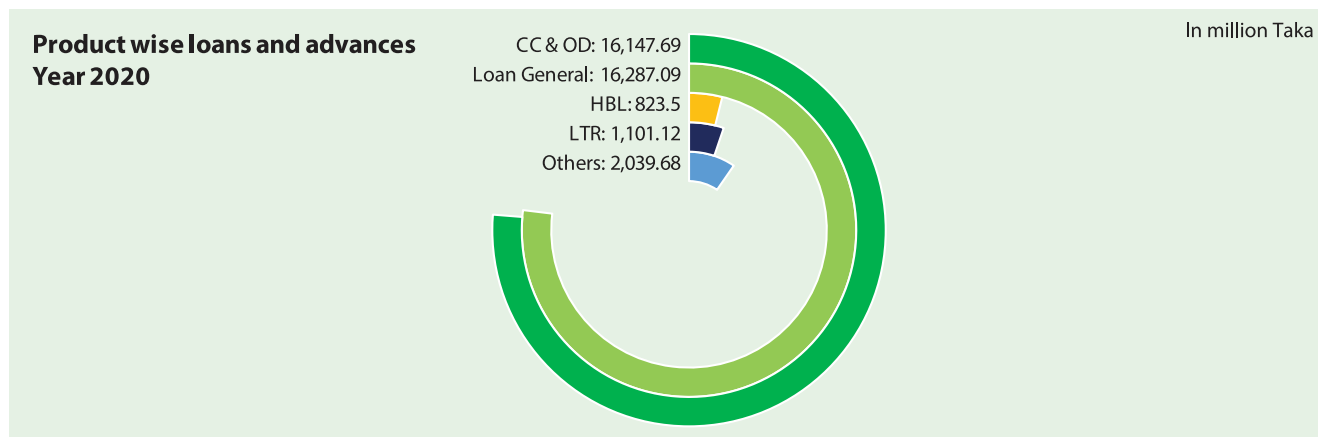
In the liability side of Balance Sheet as at December 31, 2020, we observed that deposit has a growth of 9.64% in 2020 and the balance has stood at Taka 54,954 million at the end of year 2020. Deposit book reveals that low cost and no cost deposit has increased in 2020 which is 36% of total deposit (2019: 28%). High cost deposit has decreased in 2020 which is 64% of total deposit (2019: 72%). 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 loan portfolio reveals that the Bank has not increased its loan portfolio in the year 2020. Rather outstanding position of loan portfolio has decreased at the end of year.

### a) Product-wise loans & advances:

In million Taka

Particulars	2020	2019
Cash credit and overdrafts	16,147.69	17,567.76
Loans (General)	16,287.09	17,329.05
House building loan	823.50	838.07
Loan against trust receipt	1,101.12	1,320.27
Other Loans	2,039.68	2,211.77
<b>Sub-total</b>	<b>36,399.09</b>	<b>39,266.92</b>
Bill purchased & discounted	1,670.69	3,240.34
<b>Total</b>	<b>38,069.78</b>	<b>42,507.26</b>



**b) Category-wise allocation of loans and advances**

In million Taka

Particulars	2020	2019
Agriculture, fishing, forestry and dairy firm	299.99	260.77
Industry (Other than working capital)	7,573.20	5,758.11
Working capital financing	8,252.90	9,567.08
Export credit	1,344.88	1,003.81
Import credit	2,484.97	1,406.48
Commercial credit	2,935.20	13,196.66
Constructions	6,555.18	8,071.31
Transport and Communication	616.87	694.39
Consumer Credit	611.42	484.52
Others	7,395.17	2,064.13
<b>Total</b>	<b>38,069.78</b>	<b>42,507.26</b>

**c) Sector-wise loans & advances:**

In million Taka

Sl. No.	Particulars	2020	2019
1	Agriculture	299.99	260.77
2	Industry	17,715.33	18,053.17
3	Constructions	5,958.48	7,022.89
4	Power, Gas, Water, & Sanitary Services	1,633.72	1,902.57
5	Transport, Storage & Communication	616.87	694.39
6	Trade Services	4,178.17	5,214.02
7	Housing Services	596.70	543.57
8	Banking & Insurance	4,260.84	4,628.97
9	Professional & Misc. Services	2,809.68	4,186.90
	<b>Total</b>	<b>38,069.78</b>	<b>42,507.26</b>

**d) Geographical location-wise allocations of loans and advances**

In million Taka

Name of Divisions	2020	2019
Dhaka region	31,444.48	34,714.19
Chattogram region	3,945.68	5,316.18
Rajshahi region	315.80	223.66
Sylhet region	114.08	104.67
Khulna region	1,910.00	1,916.29
Mymensingh region	59.14	47.75
Rangpur region	252.56	150.54
Barisal region	28.04	33.96
<b>Total</b>	<b>38,069.78</b>	<b>42,507.26</b>

Modhumoti Bank Limited has been able to keep its NPL at 1.22% level at the end of 2020. Industry average rate of NPL is 7.66% at the end of 2020. 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.

**Analysis of other performances**

In million Taka

Particulars	2020	2019	Growth in Taka	Growth in Percentage
<b>Investments</b>	<b>21,436</b>	<b>13,163</b>	<b>8,273</b>	<b>63%</b>
Import Business	20,969	23,657	(2,688)	(11%)
Export Business	21,548	20,855	693	3%
Bank Guarantee	19,941	17,990	1,951	11%
NRB Remittance	737	1,327	(590)	(44%)



Review of financial position as presented in the following graphs and tables reveals that the Bank has been able to maintain a slight growth of its total assets & most of other key performance indicators in spite of various challenges during the year 2020.



### Quarterly & Annual Financial Performance in 2020

In million Taka

Particulars	Q-1	Q-2	Q-3	Q-4	Total
A) Net interest income	448.69	580.20	177.09	125.70	1,331.68
B) Non-interest income	381.95	401.59	596.83	1,104.06	2,484.44
C) Operating income	830.64	981.80	773.92	1,229.76	3,816.12
D) Operating expenses	289.35	273.37	294.47	328.04	1,185.23
E) Operating profit (C-D)	<b>541.29</b>	<b>708.43</b>	<b>479.45</b>	<b>901.71</b>	<b>2,630.88</b>

### Analysis of Income Statement

In million Taka

Particulars	December	December	Growth in Taka	Growth in %
	2020	2019		
Interest income	4,884.57	5,406.71	(522.14)	(9.66%)
Interest expense	3,552.89	3,560.47	(7.58)	(0.21%)
<b>Net interest income</b>	<b>1,331.68</b>	<b>1,846.25</b>	<b>(514.57)</b>	<b>(27.87%)</b>
Investment income	1,975.28	636.38	1,338.90	210.39%
Non-interest Income	509.15	622.58	(113.43)	(18.22%)
<b>Total operating income (A)</b>	<b>3,816.11</b>	<b>3,105.21</b>	<b>710.90</b>	<b>22.89%</b>
<b>Total operating expenses (B)</b>	<b>1,185.23</b>	<b>1,027.61</b>	<b>157.62</b>	<b>15.34%</b>
<b>Profit before provision (C=A-B)</b>	<b>2,630.88</b>	<b>2,077.60</b>	<b>553.28</b>	<b>26.63%</b>
Provision for loans and advances	214.20	487.95	(273.75)	(56.10%)
Provision for taxation	771.78	798.35	(26.57)	(3.33%)
<b>Total provision</b>	<b>985.98</b>	<b>1,286.30</b>	<b>(300.32)</b>	<b>(23.35%)</b>
<b>Net profit after tax</b>	<b>1,644.90</b>	<b>791.30</b>	<b>853.61</b>	<b>107.87%</b>
<b>Earnings per share (EPS)</b>	<b>3.29</b>	<b>1.58</b>	<b>1.71</b>	<b>108.23%</b>

## Operating Expenses

Operating expenses incurred for the year 2020 is Taka 1,185.23 million which was Taka 1,027.61 million for 2019. It has increased by an amount of Taka 157.62 crore (15.34%) in 2020. The main reason of increasing operating expense is depreciation charged (Taka 119.86 million) during the year 2020 which is almost 76% of total increase. The depreciation expense increased during the year mainly because of shifting Head Office to 94 Gulshan Avenue, disposal of assets located in previous Head Office, opening of three (03) new branch in January 2020. All other expenses mentioned in the P&L includes a portion of total increase which is Taka 37.75 million (24%). Salary expense has increased due to recruitment of experienced bankers for the new branches opened in 2020. Some officials have also been recruited for head office divisions as the Bank is in growing trend. Since the Bank has opened 03 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 2020.

## 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 executives for performing official duties. Total expenses incurred for vehicles under Bank's pool is Taka 1.69 million in 2020 as against Taka 2.18 million in 2019.

## 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 BDT 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 2020, a total amount of BDT 1.44 million has been paid by the Bank as Directors' fees and it was BDT 1.81 million in 2019.

## Contribution to the National Exchequer

Modhumoti Bank Limited is one of the largest tax payers 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 2020, the Bank has contributed a total amount of BDT 1,318.65 million to the govt. exchequer which is presented as under:

Particulars	Year	Contribution
Corporate Tax, withholding tax, VAT and Excise duty (Amount in million Taka)	2020	1,318.65
	2019	1,379.54

## Key Performance Feature & Ratio

Particulars	2020	2019
Net Asset Value per share (NAV) [Taka]	17.10	13.18
Earnings per share (Taka)	3.29	1.58
Net Operating Cash Flow Per Share (NOCFPS) [Taka]	(4.08)	14.17
Return on asset (ROA)	2.28%	1.29%
Return on equity (ROE)	21.70%	12.31%
NPL	1.22%	2.53%
Yield on advance	10.84%	12.83%
Cost of deposit	5.82%	6.88%
Cost of administration	1.58%	1.72%
Cost of fund (considering average deposit)	7.40%	8.60%
Spread	3.44%	4.23%
Burden coverage ratio	44.68%	63.01%
Cost to income ratio	31.06%	31.34%

## Appropriation of profit

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

In million Taka

Particulars	2020	2019
Net profit after tax (NPAT)	1,644.90	791.30
Less: Statutory Reserve	483.34	317.93
Retained Surplus during the year	1,161.57	473.37
Retained Earnings brought forward from previous year	3.94	5.17
Distributable Profit for the Year 2020	1,165.50	478.54

## 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 are supposed to maintain 'Capital Conservation Buffer' of 2.50% since the year 2019. Modhumoti Bank Limited has been able to maintain CRAR at 17.84% (along with CET 1 Ratio 16.15%) at the end of 2020 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 2020 is presented below:

In million Taka

Particulars	2020	2019
Tier-I Capital	8,027	6,595
Tier-II Capital	839	642
Total Capital	8,866	7,238
Total RWA	49,702	52,012
CRAR (Percentage)	17.84%	13.92%

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, 2020 and affirmed that the rating of the Bank is 'A1' in the long term category. Three years rating is summarized as under:

Particulars	Credit Rating		
	Year-2020	Year-2019	Year-2018
Long Term	A1	A2	A2
Short Term	ST-2	ST-2	ST-2
Outlook	Stable	Stable	Stable
Date of Rating	10 June 2021	01 July 2020	30 June 2019
Validity	30 June 2022	30 June 2021	30 June 2020

## Events after the reporting period

The Board of Directors of the Bank recommended 5% Stock Dividend and 17.5% Cash Dividend for the year ended December 31, 2020 at the 55th board meeting held on April 24, 2021. The dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank. The financial statements for the year ended December 31, 2020 do not include the effect of dividend. As it has been declared after the reporting period, it was not recognized as a liability in the financial statements at the end of reporting period i.e. December 31, 2020.

## 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 the 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 does focus 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 of 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 Seventh Annual General Meeting held on 17 September 2020, the Board constituted with 20 members. In 2020, 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 27 October 2013; the Board has formed the Executive Committee of the Board of Directors consisting of seven (07) members under chair of Barrister Sheikh Fazle Noor Taposh. The Board has also formed an Audit Committee consisting of five (05) 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. 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 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 2020**

In 2020, Six (06) meetings of the Board of Directors were held. Besides, Nine (09) meetings of Executive Committee (EC), five (05) meetings of Audit Committee (ACB) and also four (04) 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 Meetings (total 06 meeting) held in 2020:

Sl. No.	Name	Designation	No. of meetings attended
1	Mr. Humayun Kabir	Chairman	06
2	Mr. Shaikh Salahuddin	Vice Chairman	05
3	Mr. Sheikh Fazle Noor Taposh	Director	06
4	Mr. Mohammad Ismail Hossain	Director	06
5	Mr. Nemai Kumar Saha	Director	05
6	Mr. Salahuddin Alamgir	Director	06
7	Mr. Mostafa Kamal	Director	03
8	Mrs. Tanjima Binthe Mostafa	Director	05
9	Mr. Humayun Kabir Bablu	Director	06
10	Mrs. Shahana Yasmin	Director	05
11	Mrs. Sultana Jahan	Director	06
12	Mr. A. Mannan Khan	Director	06
13	Mrs. Ferdousi Islam	Director	03
14	Mr. Manwar Hossain	Director	06
15	Mr. Tanveer Ahmed Mostafa	Director	05
16	Mr. Md. Mahbubur Rahman	Director	05
17	Mr. Didarul Alam	Director	0
18	Mrs. Syeda Sharmin Hossain	Director	06
19	Advocate Yusuf Hussain Humayun	Independent Director	01
20	Mr. Shaheduzzaman Choudhury, FCA	Independent Director	02

#### 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 5,007.03 million divided into 500.703 million ordinary shares as of 31 December 2020. 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 per cent of total outstanding paid-up capital of the Bank at the end of 2020, which was same in 2019. 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 2020:

Name	No. of Shares	% of total Shares	Nominating Shareholder's (Institution) Name	Remarks
Mr. Humayun Kabir & Spouse	13,293,000	2.655%	--	--
Mr. Shaikh Salahuddin & Spouse	42,094,500	8.410%	--	Both are Directors.
Mr. Sheikh Fazle Noor Taposh & Spouse	44,310,000	8.850%	--	--
Mr. Mohammad Ismail Hossain & Spouse	22,155,000	4.425%	M/s. Sharmin Apparels Limited	--
Mr. Nemai Kumar Saha & Spouse	33,232,500	6.637%	M/s. Sandhani Life Insurance Co. Limited	--
Mr. Salahuddin Alamgir & Spouse	44,310,000	8.850%	--	Both are Directors.
Mr. Mostafa Kamal & Spouse	22,155,000	4.425%	M/s. Tanveer Oils Limited	--
Mrs. Tanjima Binthe Mostafa & Spouse	22,155,000	4.425%	M/s. Everest Power Generation Co. Limited	--
Mr. Humayun Kabir Bablu & Spouse	22,155,000	4.425%	--	--

Mrs. Shahana Yasmin & Spouse	42,094,500	8.410%	--	Both are Directors.
Mrs. Sultana Jahan & Spouse	44,310,000	8.850%	--	Both are Directors.
Mr. A Mannan Khan & Spouse	22,155,000	4.425%	M/s. Mango Teleservices Limited	--
Mrs. Ferdousi Islam & Spouse	22,155,000	4.425%	M/s. Azbal International Limited	--
Mr. Manwar Hossain & Spouse	11,077,500	2.212%	M/s. Anwar Jute Spinning Mills Limited	--
Mr. Tanveer Ahmed Mostafa & Spouse	13,293,000	2.655%	M/s. Meghna Flour & Dal Mills Limited	
Mr. Md. Mahbubur Rahman & Spouse	11,077,500	2.212%	M/s. Mona Financial Consultancy & Securities Limited	
Mr. Didarul Alam & Spouse	8,862,000	1.770%	--	
Mrs. Syeda Sharmin Hossain & Spouse	8,862,000	1.770%	M/s. Sharmin Fashions Limited	
Advocate Yusuf Hussain Humayun	--	--	--	Independent Director
Mr. Shaheduzzaman Choudhury, FCA	--	--	--	Independent Director

(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 December 31, 2020. 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 Eighth 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 August 08, 2019 to August 07, 2022. Managing Director's salary and other benefits have been disclosed in the Bank's financial statements for the year ended December 31, 2020 as per Bangladesh Bank guidelines.

### Appointment of Auditors

MABS & J Partners, Chartered Accountants, Chartered Accountants, the current Auditor was appointed in the Seventh Annual General Meeting (AGM) held on September 17, 2020 for the second time to act as External Auditor of the Bank for a period till to the date of next AGM. According to the Companies Act 1994, the shareholders are empowered to appoint external auditor and fix their remuneration at Annual General Meeting. Further, obtaining subsequent approval from Bangladesh Bank is required. The appointed external auditors shall have accreditation with them.

## Future outlook

The current COVID-19 related challenges are unprecedented in nature and, as the Board has discussed at length, the macroeconomic environment brings a significant degree of uncertainty. This has far-reaching impacts across the banking industry, raising significant matters for consideration by the Board in the context of the Board's responsibility for the long-term sustainable success of Modhumoti Bank, generating value for shareholders and contributing to wide society. It has also required the Board to focus on how best to try to protect the health and wellbeing of colleagues and customers. The Board considers the matters which are the key to the Bank's reputation, such as business model impacts, colleague considerations, support for customers, clients and the communities in which Modhumoti Bank operates. In addressing the challenges arising from the pandemic, the Board has continued to deepen its understanding of the Bank's business and the risks and opportunities it faces. As such, a prioritized series of 'deep dives' forms an important part of each Board meeting, enabling the Board to spend a good proportion of its time considering longer-term and strategic issues and the Bank's operational resilience.

Modhumoti Bank Limited is making progress on embedding sustainability into business despite challenging market conditions due to Covid-19 pandemic. In 2020, the Bank has made good progress on executing our financial & operational 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 have a strong capital base and have acquired a quality business portfolio and diversity to help us boost our revenue earnings. We can accelerate our growth and achieve increased returns for the shareholders in the years ahead.

Notwithstanding the positive progress made on the medical front, the impact of the COVID-19 pandemic will continue to cast its shadow over the global economy for some time to come, and therefore continue to be the defining force affecting our Bank's business. We believe we are well placed to respond to the challenges that brings. Our diversified model has proved its value, and we have a clear view of our business priorities going forward. We are determined to shape our own future as one of the best performing Private Commercial Bank, and we will seek to leverage our pioneering spirit to serve our customers, clients and the communities in which we live and work to the best of our abilities.

## 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 momentum.

Lastly, I personally, would like to, thank you to our colleagues at the Board, whose indomitable spirit has been a credit to them and to the Bank to remain on the right track for breaking barriers towards sustainable growth. As I look to 2021 and beyond, the Bank remains committed to support and deliver for all our stakeholders.

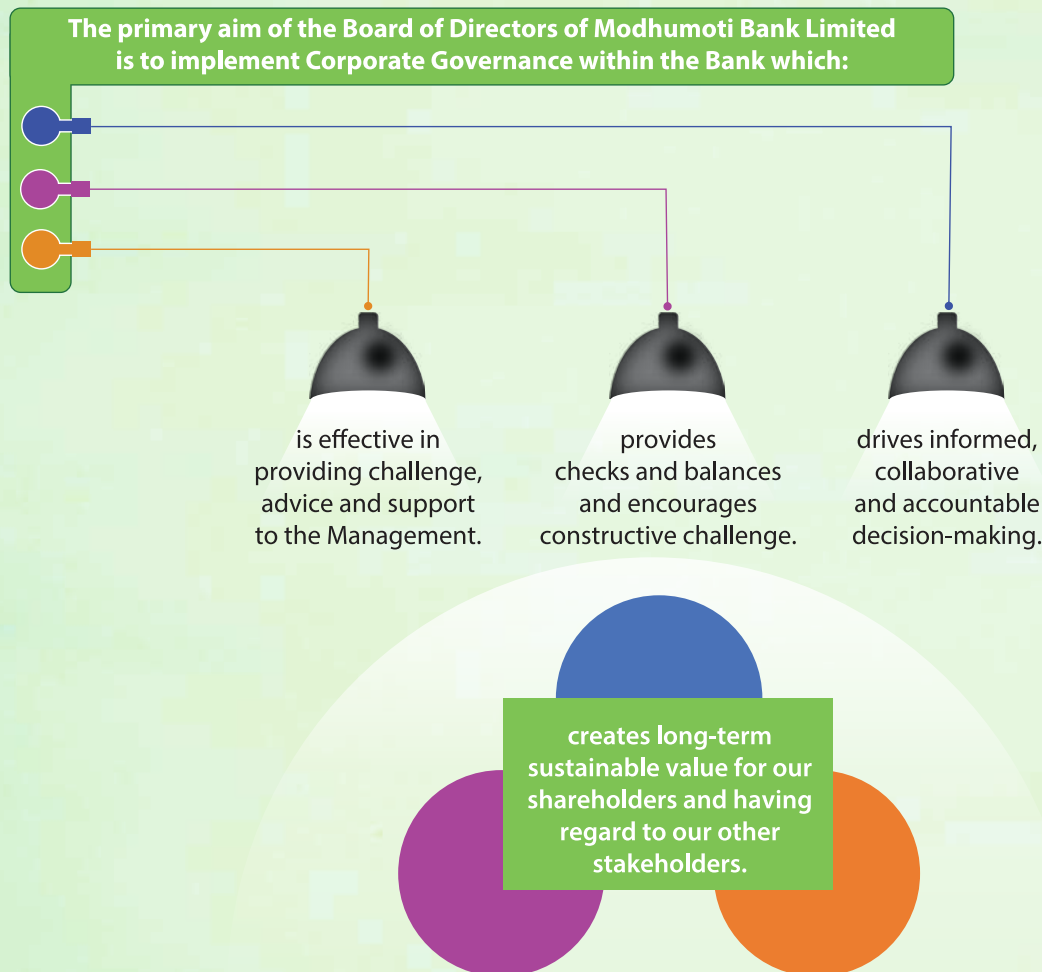
On behalf of the Board of Directors,



**Humayun Kabir**  
Chairman

# Brief Report on Corporate Governance

This section states Modhumoti Bank's implementation as well as compliance of the relevant provisions of Bangladesh Securities and Exchange Commission's (BSEC's) Corporate Governance Code, 2018, and relevant guidelines of Bangladesh Bank (BB). The Bank always likes to remain committed to achieving the highest standards of corporate governance which are critical to business integrity and to maintaining investors' and stakeholders' trust and confidence in the Bank. Modhumoti Bank always conducts its business in an open and transparent manner. The Board of Directors of Modhumoti Bank 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 following 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 & regulators and all other stakeholders. Alike the practice of corporate governance in other sectors, effective implementation of it is very essential for 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.

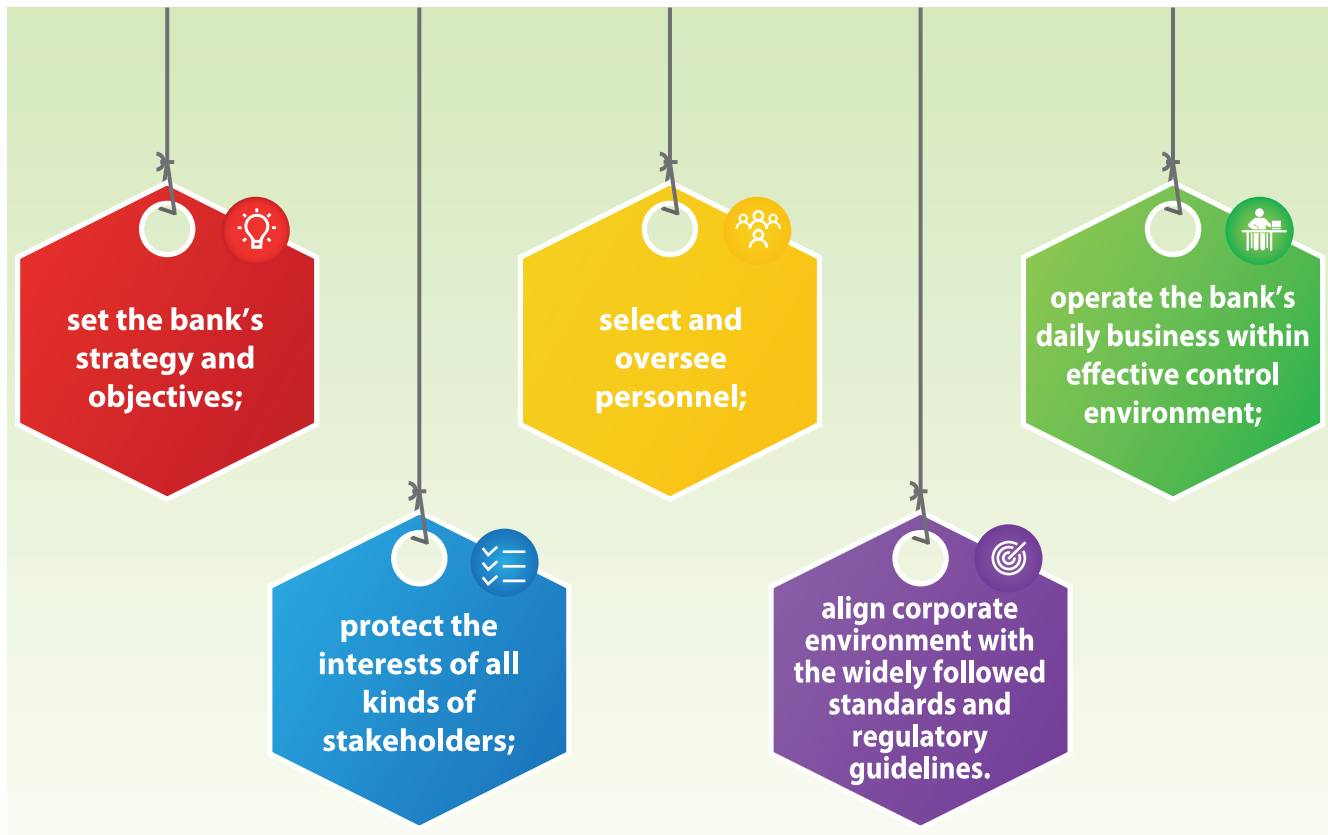
A lack of corporate governance can lead to profit loss, corruption and a tarnished image, not only to the corporation, but to the society, or even worse will influence global as a whole. Governance weaknesses at banks that play a significant role in the financial system can result in the transmission 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:



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 the 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. 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 (as amended up to the date) and guided mainly by Bangladesh Bank in its corporate governance practices. The Bank is yet to be listed with any stock exchange.

Modhumoti Bank emphasizes on following effective corporate governance principles, transparency in business transactions, statutory and legal compliances, protection of shareholders' interests; commitment to values and ethical conduct of business. 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.

Bangladesh Bank has issued following Circulars/Circular Letters (amended from time to time) 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;
- BRPD Circular Letter No. 20 dated 04 April 2021: Formation & Responsibilities of Board of Directors of a Bank Company;
- BRPD Circular Letter No. 27 dated 12 May 2021: Appointment of director, contractual advisor and consultant for Bank-Company.

In addition to above Circulars, Bangladesh Bank issued the following Circulars/Circular Letters, which have further strengthened corporate governance mechanism in a Bank:

- BRPD Circular No. 11 dated 27 September 2018: Not considering any matter/Memo in the Board meeting without prior approval of competent Authority;
- BRPD Circular Letter No. 55 dated 12 November 2020: Prohibiting presence of non-member at bank's Board Meetings.

Besides, Bangladesh Securities and Exchange Commission (BSEC) has introduced Corporate Governance Code in 2018, which is to be followed by listed banks. 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 in Bangladesh.

The Bank has already set its vision, mission and value statements so that it can effectively communicate the 'where, who, what, why and How' to the stakeholders and the society. The Bank by creating clear, meaningful and reflective statements, powerfully communicate its intentions as well as motivate and inspire the employees to ensure proper understanding about the objectives both in the short term and long term which ultimately help them for making every day's business, operational and financial decisions effectively.

### **The Board of Directors**

The Board of Directors of Modhumoti Bank plays pivotal role in bank-governance through their far sighted decision and visionary leadership that drive the company to keep sustainable growth. The Board is responsible for both designing and implementing governance mechanism including appointment and supervision of respective Board Committees and Top Management. According to guideline by Bangladesh Bank, the onus of setting strategic aims and goals of the company is also on the Board, wherein the Managing Director & CEO is also an ex-officio member of the Board.

The Management under leadership of Managing Director & CEO assumes responsibility for the day-to-day operations. 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.







### **Size of the Board of Directors**

The number of directors on the Board is determined by the meeting of shareholders, which shall not be less than 7 (seven) or more than 20 (twenty) excluding Managing Director & CEO, 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. 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.













The Board of Directors of Modhumoti Bank Limited has been re-constituted with 20 (twenty) members in the 7th Annual General Meeting held on 17 September 2020, wherein 2 (two) Independent Directors have been included. All the Directors of Modhumoti Bank Limited including the Chairman are Non-Executive directors except the Managing Director & CEO and Independent Directors alike most other banks of the country. 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.

### Key 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 27 October 2013, the Board is responsible to set the vision, mission and policies of a Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The key roles and responsibilities of the Board of Directors, as envisaged in the Circular include the following:

-  Lay down a code of conduct for all Board members and senior management;
-  Monitor effectiveness of the Bank's governance practices and review changes from time to time as needed and identify opportunities for further strengthen of corporate governance standards;
-  Review and set up annual performance targets of the Bank and also analyze reasons for success or failure of the Bank's annual budget achievement from time to time;
-  Periodic review of the Bank's operational achievements;
-  Review of sufficiency and requirement for internal control efforts of the Bank and ensure stronger internal controls;
-  Undertake risk management initiatives;
-  Accord approval of policies and operational manuals to establish an effective risk management framework in core banking areas and internal control;
-  Purchase or acquisition of property for the Bank;
-  Appoint Managing Director & CEO and fixation of benefits;
-  Provide welfare benefits to employees;
-  Review the Bank's human resource (HR) policy;
-  Determine the Bank's corporate social responsibility status and taking steps for its improvement.

## Key Role and Responsibilities of the Chairman of the Board

The Board of Modhumoti Bank Limited is headed by Mr. Humayun Kabir as Chairman, who has been elected from the non-executive Directors of the Bank. In the absence of the Chairman, the Vice-Chairman would preside 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. The reason of absence of the regular Chairperson is 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 the Bank's Chairman also follows:

- 🌱 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 vision and driving innovation, working closely with the CEO;
- 🌱 Conduct (if required) on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the Board.

## 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 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 five 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 were 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 17 September 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. Directors who could not attend the meeting(s) were granted leave of absence by the Board.

## Attendance of Directors in Board & Committee Meetings held in 2020

In 2020, Zoom technology has been used for conducting meetings to facilitating Directors join virtually, since Bangladesh Bank through issuance of BRPD Circular Letter No. 09 dated March 23, 2020; BRPD Circular Letter No. 26 dated May 17, 2020 and BRPD Circular Letter No. 34 dated June 30, 2020 on the ground of COVID – 19 outbreaks allowed conducting meetings by using digital platform, wherein a bank – director may join virtually.

In 2020, 6 (six) meetings of the Board of Directors were held. Besides, 9 (nine) meetings of Executive Committee (EC), 5 (five) 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.

The Board of Directors has been re-constituted in the 7<sup>th</sup> Annual General Meeting held on 17 September 2020 by inclusion of Mr. Yusuf Hussain Humayun, Senior Advocate and Mr. Shaheduzzaman Chowdhury, FCA as Independent Director. The status of attendance at a glance is stated below:

Name	Designation	Attendance in Meetings			
		Board	EC	ACB	RMC
Mr. Humayun Kabir	Chairman	6	--	--	--
Mr. Shaikh Salahuddin	Vice-Chairman	5	--	5	--
Mr. Sheikh Fazle Noor Taposh	Director	6	9	--	--
Mr. Mohammad Ismail Hossain	Director	6	9	--	--
Mr. Nemai Kumar Saha	Director	5	6	--	
Mr. Salahuddin Alamgir	Director	6	9	--	
Mr. Mostafa Kamal	Director	3	5	--	4
Mrs. Tanjima Binthe Mostafa	Director	5	--	--	
Mr. Humayun Kabir Bablu	Director	6	8	--	--
Mrs. Shahana Yasmin	Director	5	--	--	
Mrs. Sultana Jahan	Director	6	--	--	4
Mr. A. Mannan Khan	Director	6	--	5	4
Mrs. Ferdousi Islam	Director	3	--	--	--
Mr. Manwar Hossain	Director	6	9	--	--
Mr. Tanveer Ahmed Mostafa	Director	5	--	--	--
Mr. Md. Mahbubur Rahman	Director	5	--	5	--
Mr. Didarul Alam	Director	0	--	--	1
Mrs. Syeda Sharmin Hossain	Director	6	--	--	3
Mr. Yusuf Hussain Humayun	Independent Director	1	--	1	--
Mr. Shaheduzzaman Choudhury, FCA	Independent Director	2	--	2	--

### 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 actively involve in the matter of formulation of general strategies of the Bank, but they do not participate in or interfere into the administrative or operational or routine affairs of the Bank.

### Independence of Independent Directors

According to Bangladesh Securities and Exchange Commission and Bangladesh Bank's rules and regulations, Independent Directors shall not have any material relationship and shall not hold any shares of the company. An Independent Director will not have any significant relationship, whether pecuniary or otherwise, with the Bank, its top management and the Board. The Bank complies with the requirement and appoints Independent Directors who does not have any family or other relationship with its Board of Directors and its executive management. Besides, approval for appointment on an Independent Director from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank is to be obtained.

Independent Directors have full freedom to carry out their coveted responsibilities at Modhumoti Bank Limited. 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 alike other Non-executive Directors.

### 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 follows as on 31 December 2020:

Name	Status in the Committee	Status with the Bank	No. of meetings attended
Mr. Sheikh Fazle Noor Taposh	Chairman	Director	09
Mr. Mostafa Kamal	Member	Director	05
Mr. Salahuddin Alamgir	Member	Director	09
Mr. Mohammad Ismail Hossain	Member	Director	09
Mr. Nemai Kumar Saha	Member	Director	06
Mr. Humayun Kabir Bablu	Member	Director	08
Mr. Manwar Hossain	Member	Director	09

**No. of Meetings and Attendance:** A total of 09 (nine) meetings of the Executive Committee have been held during 01 January 2020 to 31 December 2020 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 re-constituted the Audit Committee (ACB) from time to time since its first formation and lastly on November 14, 2020 in the 52<sup>nd</sup> meeting of the Board of Directors by inclusion of

Mr. Yusuf Hussain Humayun, Senior Advocate and Mr. Shaheduzzaman Chowdhury, FCA, who were appointed as Independent Director in the 7<sup>th</sup> Annual General Meeting held on 17 September 2020, for which the Audit Committee comprised with 5 (five) members, which was as follow as of 31 December 2020:

Name	Status in the Committee	Status with the Bank	No. of meetings attended
Mr. Shaikh Salahuddin	Chairman	Vice-Chairman	05
Mr. A Mannan Khan	Member	Director	05
Mr. Md. Mahbubur Rahman	Member	Director	05
Mr. Yusuf Hussain Humayun	Member	Independent Director	01
Mr. Shaheduzzaman Choudhury, FCA	Member	Independent Director	02

**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 5 (five) meetings of Audit Committee have been held during 01 January 2020 to 31 December 2020.

### Major agenda covered in 2020

- 🌱 Reviewed risk based inspection reports conducted by internal, external and Bangladesh Bank inspectors from time to time and compliance thereof;
- 🌱 Reviewed annual financial statements of the Bank for the year 31 December 2019 as certified by the External Auditors before submission to the Board for consideration;
- 🌱 Reviewed Management Report on the Bank for the year ended 31 December 2019 submitted by the External Auditors and its subsequent compliance thereof;
- 🌱 Reviewed Annual Health Report 2019;
- 🌱 Reviewed quarterly reports on the nature of discrepancies/lapses in credit documents/ portfolio according to Central Bank guidelines;
- 🌱 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;

In 2020, the Audit Committee was given responsibility of reviewing apportionment of interest income, since Bangladesh Bank has imposed some conditions regarding transfer of interest into Income Account or Interest Suspense Account for the period from 01.01.2020 to 31.12.2020 vide BRPD Circular Letter No. 56 dated 10.12.2020. According to the circular, Term Loans are required to be reviewed by the Management Authority mentioning the rationale for transferring interest into income, even if it is not realized, which shall be approved by the Board of Directors with prior recommendation of Audit Committee of Board of Directors for TL accounts having outstanding of Tk.10.00 crore or above, while the Managing Director and CEO of a Bank would approve the same of the customers having outstanding for less than Tk.10.00 crore.

**Reporting:** The Audit Committee actively reviews appropriateness of the accounting policies, annual internal audit plan, audit reports, risk management of the Bank and Bank's technological needs. It also oversees the discharge of responsibilities of the external auditors. The Committee reports on its activities to the Board of Directors 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.

### 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 2020:

Name	Status in the Committee	Status with the Bank	No. of meetings attended
Mr. Mostafa Kamal	Chairman	Director	04
Mrs. Sultana Jahan	Member	Director	04
Mr. A. Mannan Khan	Member	Director	04
Mr. Didarul Alam	Member	Director	01
Mrs. Syeda Sharmin Hossain	Member	Director	03

**No. of Meetings and Attendance:** The RMC held 4 (four) meetings during 2020 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 2020

- 🌱 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-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.;

## Annual Appraisal of the Board's Performance

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

## Policy on Induction of Directors

The policy on training of Directors includes providing information on the latest update related to banking business such as relevant laws, policy 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 million divided into 2,000 million ordinary shares of Taka 10.00 each. The Paid-up Capital of the Bank was Taka 5,007.03 million divided into 500.703 million ordinary shares as of 31 December 2020. The Bank's shares are neither floated through initial public offering (IPO) nor listed with any stock exchange yet. The Board members collectively represented 72.57 per cent of total outstanding paid-up capital of the Bank at the end of 2020, which was same in 2019.

## Directors' Shareholding Status

Shareholding details of the Directors as of 31 December 2020 are stated below:

Sl. No.	Name	Designation	No. of Shares
1	Mr. Humayun Kabir	Chairman	13,293,000
2	Mr. Shaikh Salahuddin	Vice- Chairman	19,939,500
3	Mr. Sheikh Fazle Noor Taposh	Director	44,310,000
4	Sharmin Apparels Limited Represented by Mr. Mohammad Ismail Hossain	Director	22,155,000
5	Sandhani Life Insurance Company Limited Represented by Mr. Nema Kumar Saha	Director	33,232,500
6	Mr. Salahuddin Alamgir	Director	22,155,000
7	Tanveer Oils Limited Represented by Mr. Mostafa Kamal	Director	22,155,000
8	Everest Power Generation Company Limited Represented by Mrs. Tanjima Binthe Mostafa	Director	22,155,000
9	Mr. Humayun Kabir Bablu	Director	22,155,000
10	Mrs. Shahana Yasmin	Director	22,155,000
11	Mrs. Sultana Jahan	Director	22,155,000
12	Mango Teleservices Limited Represented by Mr. A. Mannan Khan	Director	22,155,000
13	Azbal International Limited Represented by Mrs. Ferdousi Islam	Director	22,155,000
14	Anwar Jute Spinning Mills Limited Represented by Mr. Manwar Hossain	Director	11,077,500
15	Meghna Flour & Dal Mills Limited Represented by Mr. Tanveer Ahmed Mostafa	Director	13,293,000
16	Mona Financial Consultancy & Securities Limited Represented by Mr. Md. Mahbubur Rahman	Director	11,077,500
17	Mr. Didarul Alam	Director	8,862,000
18	Sharmin Fashions Limited Represented by Mrs. Syeda Sharmin Hossain	Director	8,862,000
19	Advocate Yusuf Hussain Humayun	Independent Director	-
20	Mr. Shaheduzzaman Choudhury, FCA	Independent Director	-
<b>Total</b>			<b>363,342,000</b>

## Key Roles and Responsibilities of Managing Director & CEO

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

- In terms of the financial, business and administrative authorities vested upon him by the Board of Directors, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- The recruitment, promotion and all other staff issues of the Bank except those in the two tiers below him shall rest to the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy as approved by the Board of Directors.
- 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 write off and its recovery, capital adequacy ratio, advance deposit ratio etc.

During 2020, Bank-business has been seriously affected due to Covid-19 pandemic situation alike many other banks globally, had experienced reduction in total loans & advances of the Bank, but Modhumoti Bank is able to record higher profit by effectively and efficiently managing the loan portfolio. No doubt that the directives of Bangladesh Bank also helped the banking sector as a whole in this regard. Since taken steps to improve portfolio performance, the Bank is able to reduce NPL in terms of percentage. The Board reviewed the overall business performance of the Bank from time to time. The Board emphasized on stringent monitoring of the loan accounts for preventing diversion of fund from business by misusing regulatory relaxation on the ground of Covid-19 situation.

## Benefits provided to Directors and Managing Director

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

## The Management and its Committees

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 Mr. Md. Shaful 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. Executive Risk Management Committee, Management SRP Team and Basel Unit (Supervisory Committee) have been formed 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. 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 lead by Managing Director & CEO as an Ex-officio Chairman, where related topics for ensuring internal control system are usually discussed, which is practiced in the country since long, introduced initially by the Central Bank. 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, implemented 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 lines 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 lines 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

### **Management Information System (MIS)**

An effective reporting system of information that is relevant to decision making shall be existed in the Bank. Those information shall be reliable, adequate, timely accessible and provided in a consistent format. The reporting system shall include the followings:

- a) All necessary external market information about events & conditions, which are relevant to decision making as well as internal information i.e. financial, operational & compliance data, shall be available in time.
- b) There shall be appropriate committees within the Bank, which will evaluate data received through various information systems. This will ensure supply of correct & accurate information to the management.
- c) Internal information shall cover all significant activities of the bank. These systems including those that hold and use data in electronic form shall be secured, monitored independently and supported by contingency arrangements.
- d) Most importantly the channels of communication shall ensure that all staff fully understand and adhere to policies and procedures effecting their duties and responsibilities and that other relevant information is reaching the appropriate personnel.

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

The Shareholders of the Bank in its Sixth Annual General Meeting held on 19 September 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 statutory auditor shall not involve in the following services of 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 31 December 2020 has been presented in the Notes to the Financial Statements under Note # 37.2.

The Board of Modhumoti Bank is strongly committed to ensuring that Bank's systems, procedures and practices reflect a high standard of corporate governance. It is always working to establish and update a well-defined and well-structured corporate governance framework in place to support the Board's aim of achieving long-term and sustainable value, as well as fostering a culture that values ethical behavior, integrity and respect to protect shareholders' and other stakeholders' interests at all times.

**The Bank has already adopted most of the clauses as stated in the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission (BSEC). Some clauses will be adopted by the time of its enlistment as a publicly traded Bank. Hence, the Bank did not present a separate corporate governance disclosure checklist as per Corporate Governance Code 2018 of BSEC along with Certification from an independent reviewer.**

# Declaration by CEO and CFO

April 24, 2021

## The Board of Directors

Modhumoti Bank Limited  
Khandakar Tower (Level 7 & 8)  
94 Gulshan Avenue  
Gulshan-1, Dhaka- 1212.

## Subject: Declaration on the Financial Statements for the year ended on December 31, 2020.

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 2020 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 2020 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. Shafiul Azam**  
Managing Director & CEO

Sd/-  
**Mohammad Nazmul Hossain, FCA**  
Chief Financial Officer

# 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.

The Committee presents a summary of its activities to shareholders and other interested parties by means of this report following 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 from time to time since its first formation and lastly on November 14, 2020 in the 52<sup>nd</sup> meeting of the Board of Directors by inclusion of Mr. Yusuf Hussain Humayun, Senior Advocate and Mr. Shaheduzzaman Chowdhury, FCA, who were appointed as Independent Director in the 7<sup>th</sup> Annual General Meeting held on 17 September 2020. All the members chosen are financially literate having long professional experience and possess required qualification 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
Mr. Yusuf Hussain Humayun	Member	Independent Director
Mr. Shaheduzzaman Choudhury, FCA	Member	Independent Director

## Scope of work of the Audit Committee

The scope of the Audit Committee of Modhumoti Bank Limited is determined by its Terms of Reference (ToR), which, in turn, are shaped mostly by directives from its principal regulators, mainly Bangladesh Bank with a view that 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.

Usually, an Audit Committee of a Bank company is authorized to investigate any matter within its terms of reference, access all documents and information of the company, seek information from any one and co-opt any resource it sees fit in order to fulfill its duties including external professional assistance, if required. However, the Committee has no executive function and its primary objective is to review and challenge, rather than assuming responsibility for any matters within its purview.

## Roles and responsibilities of Audit Committee

The roles and responsibilities of Audit Committee have been defined in line with directions stipulated at BRPD Circular No. 11 on 27 October 2013 of Bangladesh Bank. The Committee is also following provisions mentioned in the Corporate Governance Code issued by BSEC, another paramount regulator for a Bank company, as well as the best practices of corporate governance. Some important areas mentioned therein are highlighted below:



## 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 2020

According to applicable rules and regulations, 05 (five) meetings of the Committee were held in the year 2020. The Committee from time to time invited the Managing Director & CEO, 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 containing various suggestions and recommendations to the Management. 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 2020;
- Reviewed risk based inspection reports conducted by internal inspectors from time to time and compliance thereof and the Management has been advised for necessary compliance;
- Reviewed annual financial statements of the Bank for the year 31 December 2019 as certified by the External Auditors before submission to the Board for consideration;

- 🌱 Reviewed Management Report on the Bank for the year ended 31 December 2019 submitted by the External Auditors, M/s. MABS & J Partners, Chartered Accountants and its subsequent compliance thereof;
- 🌱 Reviewed quarterly reports on the nature of discrepancies/lapses in credit documents/ portfolio according to Central Bank guidelines;
- 🌱 Reviewed Bangladesh Bank's inspection reports;
- 🌱 Reviewed Annual Health Report 2019 as prepared by ICCD of the Bank, which has subsequently been placed in the meeting of the Board of Directors;
- 🌱 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;
- 🌱 Recommended to the Board of Directors to appoint external auditors of the Bank for the year 2020;

The Audit Committee reviewed apportionment of interest income following directives given by Bangladesh Bank vide BRPD Circular Letter No. 56 dated 10.12.2020, wherein Bangladesh Bank has imposed some conditions regarding the transfer of Loan Interest into Income Account or Interest Suspense Account for the period from 01.01.2020 to 31.12.2020. According to the Circular, Term Loans are required to be reviewed by the Management Authority mentioning the rationale for transferring interest into income, even if it is not realized, which shall be approved by the Board of Directors with prior recommendation of the Audit Committee of Board for Term Loan accounts having outstanding of Taka10.00 crore or above, while the Managing Director & CEO of a Bank would approve the same of the customers having outstanding for less than Taka10.00 crore.

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 2020 prepared by the Management and audited by the External Auditors, M/s. MABS & J Partners, Chartered Accountants in their 31st meeting held on April 06, 2021. They recommended the financial statements for the year 2020 to the Board for consideration, which have subsequently been approved by the Board of Directors in their 55th Meeting held on April 24, 2021 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 roles and responsibilities. Based on its reviews and above mentioned discussions, the Audit Committee is of the view that the internal control and compliance system of the Bank is adequate for purposes of presenting a true and fair view of the activities and financial status of the Bank.

With warm regards,



**Shaikh Salahuddin**  
Chairman

# Report of Chief Financial Officer

The year 2020 has given us some valuable lessons, and underlined the importance of purpose in everything we do. Our Corporate level, Business level and Operational Level Strategies are working and we are confident that Modhumoti Bank has strong base to face the challenges and opportunities ahead. 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 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. 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.



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'.

Year-on-year comparison of Financial Statements reveals that in 2020, deposit of the Bank has increased by 9.64% with a favorable deposit mix wherein no cost and low cost deposit was 35%. The Bank adopted a go-slow approach in business level strategy for which loans & advances has not increased; rather it had a negative growth of 10.44%. However, total assets size of the Bank has a positive growth which is 2.51%. Profit before Provision & Tax (PBPT) has increased by 26.63% and Net Profit after Tax has increased by 107.87%. The main reason of our excellent financial performance is that Investment income has increased by 210.39% to generate a total amount of Taka 1,975.27 million (including Capital Gain of Taka 779.53 million). Another reason is that Bangladesh Bank has allowed a regulatory forbearance and waived charging provision for classified customers except 1% special general provision for Covid-19. Total regulatory capital (Taka 8,866 million) of the Bank has increased by 22.50% due to increase in paid-up capital, revaluation reserve and retained earnings. Capital to Risk Weighted Assets Ratio (CRAR) has increased to 17.84% at the end of December 2020. Return on Equity (ROE) has increased significantly which is 21.70% at the end of December 2020 compared to 12.31% in 2019. The Board of Directors of the Bank recommended 5% Stock Dividend and 17.5% Cash Dividend for the year ended December 31, 2020 at the board meeting held on April 24, 2021 which is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank.

The financial position and performance of the Bank as at and for the year ended December 31, 2020 as well as performance parameters are presented here in brief:

In million Taka

Particulars	Main Operation	Treasury	OBU	Total
Interest Income	4,101.64	639.90	143.04	4,884.58
Less: Interest paid on deposits and borrowings etc.	3,006.54	450.24	96.11	3,552.90
Add: Net Interest on General Account [Income/(Expense)]	1,070.96	(1,070.96)	-	-
<b>Net Interest Income</b>	<b>2,166.05</b>	<b>(881.31)</b>	<b>46.93</b>	<b>1,331.68</b>
Investment income	-	1,195.74	-	1,195.74
Commission, exchange and brokerage	315.16	96.43	2.12	413.71
Capital gain	-	779.53	-	779.53
Other operating Income	95.44	-	-	95.44
<b>Operating Income</b>	<b>2,576.65</b>	<b>1,190.41</b>	<b>49.05</b>	<b>3,816.12</b>
Less: Operating Expenses*	611.26	572.85	1.12	1,185.23
<b>Segment-wise Operating profit</b>	<b>1,965.39</b>	<b>617.56</b>	<b>47.93</b>	<b>2,630.88</b>
<b>Segment Assets</b>	<b>54,660.48</b>	<b>16,749.36</b>	<b>1,504.83</b>	<b>72,914.67</b>
<b>Segment Liabilities</b>	<b>46,766.44</b>	<b>16,131.80</b>	<b>1,456.90</b>	<b>64,355.14</b>

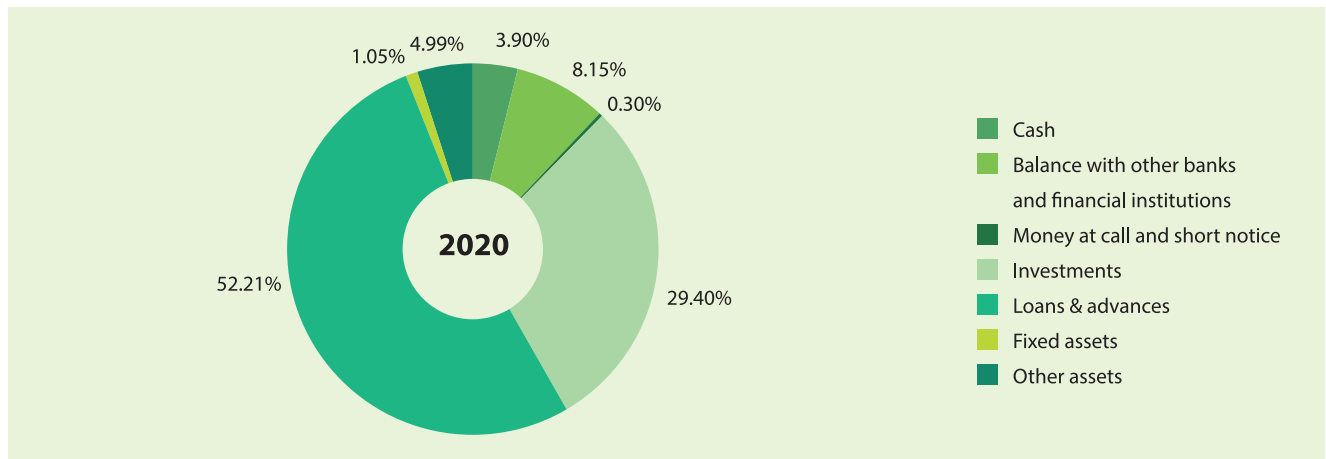
\* Operating Expenses incurred for Head Office has been absorbed by the Treasury Division as it is yet to be allocated over all branches and profit centres of the Bank.

## Total Assets

Total Assets of MMBL has stood at Taka 72,914.67 million as on 31 December 2020 which was Taka 71,126.94 million in 2019. Year-on-year comparison reveals that Balance Sheet has a growth of 2.51% at the end of 2020 compared to the year 2019. Detail of total assets of MMBL is shown in following table:

In million Taka

Assets	2020	2019	Increase/ (Decrease)	Growth (%)	Mix (%)
Cash	2,841.83	3,297.94	( 456.11)	(13.83%)	3.90%
Balance with other banks and financial institutions	5,941.80	8,512.81	(2,571.02)	(30.20%)	8.15%
Money at call and short notice	218.90	154.40	64.50	41.77%	0.30%
Investments	21,436.34	13,163.01	8,273.34	62.85%	29.40%
Loans & advances	38,069.78	42,507.26	(4,437.48)	(10.44%)	52.21%
Fixed assets	766.45	891.92	(125.46)	(14.07%)	1.05%
Other assets	3,639.56	2,599.60	1,039.96	40.00%	4.99%
Non - banking assets	-	-	-	-	-
<b>Total assets</b>	<b>72,914.67</b>	<b>71,126.94</b>	<b>1,787.73</b>	<b>2.51%</b>	<b>100.00%</b>



## 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 2020, total Cash and bank balance was Taka 8,783.63 million compared to Taka 11,810.76 million in December 2019. Details are as follows:

In million Taka

Cash and Balance with other banks	2020	2019	Increase/ (Decrease)	Growth (%)
<b>Cash in hand including foreign currencies</b>	<b>2,841.83</b>	<b>3,297.94</b>	<b>(456.11)</b>	<b>(13.83%)</b>
In hand (including foreign currencies)	370.04	409.67	(39.63)	(9.67%)
Balance with Bangladesh Bank and its agent bank(s)	2,471.79	2,888.27	(416.48)	(14.42%)
<b>Balance with other banks and financial institutions</b>	<b>5,941.80</b>	<b>8,512.81</b>	<b>(2,571.02)</b>	<b>(30.20%)</b>
In Bangladesh	5,615.94	8,315.57	(2,699.63)	(32.46%)
Outside Bangladesh	325.85	197.24	128.61	65.20%
<b>Total</b>	<b>8,783.63</b>	<b>11,810.75</b>	<b>(3,027.13)</b>	<b>(44%)</b>

## Money at Call and Short Notice

Call lending is a part of the treasury function. Bank's lending under this head was Taka 218.90 million as on December 31, 2020 and it was Taka 154.40 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

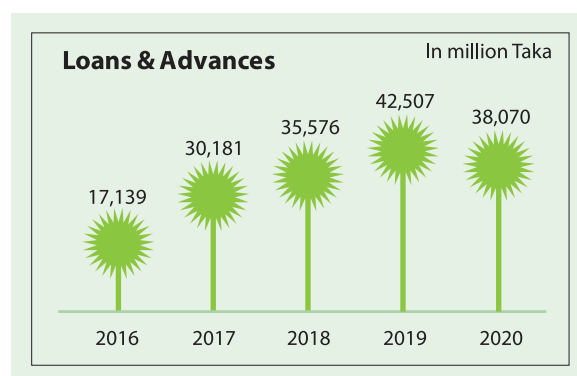
Investment in Treasury bill/bond occupies a significant portion of the total investment of the Bank which is Taka 21,436.34 million as on December 31, 2020 and it was Taka 13,163.01 million in 2019. The Bank has increased the investment portfolio during 2020 with the expectation of having a good return. Details are as follows:

In million Taka

Particulars	2020	2019	Increase/ (Decrease)	Growth (%)
<b>Government Securities:</b>				
Held for trading (HFT)	12,325.69	5,225.57	7,100.12	135.87%
Held to maturity (HTM)	8,600.55	7,388.82	1,211.73	16.40%
Prize Bond	0.37	0.64	(0.27)	(41.68%)
<b>Other Investments:</b>				
Share	509.72	547.98	(38.26)	(6.98%)
<b>Total</b>	<b>21,436.34</b>	<b>13,163.01</b>	<b>8,273.33</b>	<b>62.85%</b>

## Loans and advances

MMBL's loans and advances decreased by Taka 4,437.48 million during the year 2020 and stood at Taka 38,069.78 million which was Taka 42,507.26 million in 2019 showing a negative growth of 10.44% over the previous year. Concentration of loans and advances was well managed and details of concentration are given at Notes to the Accounts. The ratio of non-performing loan was 1.22% 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 decreased by Taka 125.46 million during the year 2020 and stood at Taka 766.45 million which was Taka 891.91 million in 2019. 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 IFRS16: 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 702.26 million) has been recognized in the Balance Sheet under fixed assets.

## Other Assets

Other assets of the Bank increased by Taka 1,039.96 million in the year 2020 and stood at Taka 3,639.56 million at the end of 2020. It was Taka 2,599.60 million in 2019. The main components of other assets are advance income tax, advance rent, interest receivable, branch adjustment account and suspense account etc.

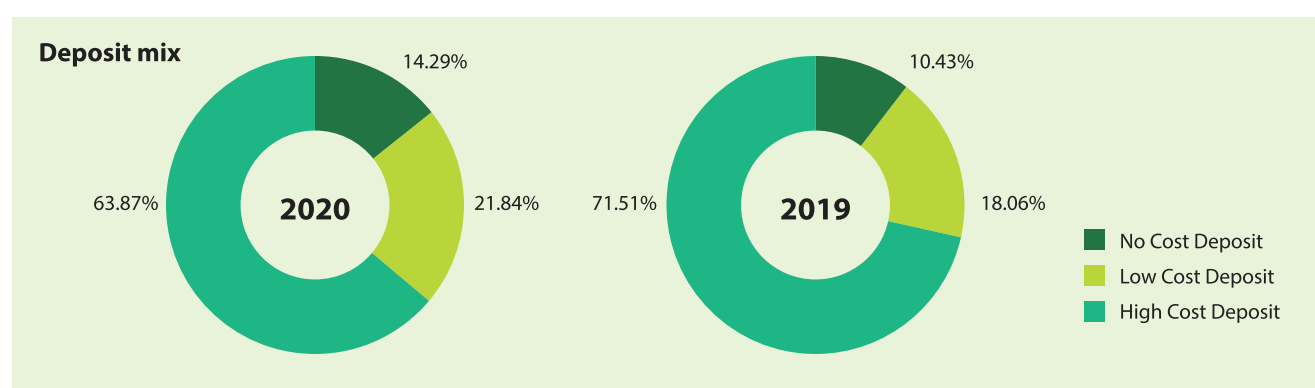
## Borrowings from other Banks, Financial Institutions and Agents

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 2020, borrowings of the Bank have stood at Taka 3,697.19 million which was Taka 9,851.15 million in 2019.

## Deposits

During the year 2020 total deposits of the Bank increased by Taka 4,832.77 million and stood at Taka 54,953.72 million (it was Taka 50,120.94 million in 2019) to present growth of 9.64%. Following table reveals that no-cost & low-cost deposit has increased by 39.04% & high cost deposit has decreased by 2.07% in 2020.

Particulars	2020	2019	Change in	Change in	Mix
	Taka	Taka	Taka	Percentage	2020
<b>No &amp; Low Cost Deposit</b>	<b>19,853.54</b>	<b>14,278.84</b>	<b>5,574.70</b>	<b>39.04%</b>	<b>36.13%</b>
<b>No Cost Deposit</b>	<b>7,853.20</b>	<b>5,225.51</b>	<b>2,627.69</b>	<b>50.29%</b>	<b>14.29%</b>
Current Deposit	2,767.49	1,592.17	1,175.31	73.82%	5.04%
Sundry Deposit	4,298.41	2,523.94	1,774.47	70.31%	7.82%
Bills Payable	787.30	1,109.39	(322.10)	(29.03%)	1.43%
<b>Low Cost Deposit</b>	<b>12,000.34</b>	<b>9,053.33</b>	<b>2,947.01</b>	<b>32.55%</b>	<b>21.84%</b>
Savings Deposit	3,417.44	4,739.99	(1,322.55)	(27.90%)	6.22%
SND	8,086.59	3,722.88	4,363.71	117.21%	14.72%
FC Deposit	496.31	590.46	(94.15)	(15.94%)	0.90%
<b>High Cost Deposit</b>	<b>35,100.18</b>	<b>35,842.11</b>	<b>(741.93)</b>	<b>(2.07%)</b>	<b>63.87%</b>
Fixed Deposit	25,457.75	27,949.80	(2,492.05)	(8.92%)	46.33%
Scheme Deposit	9,642.42	7,892.31	1,750.12	22.17%	17.55%
<b>Total Deposit</b>	<b>54,953.72</b>	<b>50,120.94</b>	<b>4,832.77</b>	<b>9.64%</b>	<b>100.00%</b>



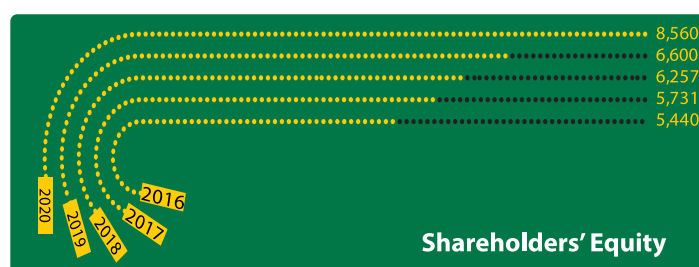
We plan to serve our customers efficiently, for which managing cost of fund within an expected level is our strategic priority and shall continue maintaining our competitive advantage in cost leadership by achieving an ideal deposit mix through attracting 'low-cost, no-cost' deposits, that will enable lending at a lower interest rate to the businesses, which is very much aligned with the tone of our business model. In the table and graph presented above shows that mix of no cost and low cost deposit has increased significantly in 2020.

### Shareholders' Equity

Total shareholders' equity includes paid up capital, statutory reserve and retained earnings and other reserves. In 2020, total shareholders' equity has increased to Taka 8,559.53 million from Taka 6,599.55 million in 2019. Details are presented as under:

In million Taka

Shareholders' Equity	2020	2019	Increase/ (Decrease)	Growth (%)	Mix (%)
Paid up capital	5,007.03	4,746.00	261.03	5.50%	58.50%
Statutory reserve	1,854.55	1,371.22	483.34	35.25%	21.67%
Other reserve	532.44	3.80	528.64	13911%	6.22%
Retained earnings	1,165.50	478.54	686.97	143.56%	13.62%
<b>Total Shareholders' Equity</b>	<b>8,559.53</b>	<b>6,599.55</b>	<b>1,959.98</b>	<b>29.70%</b>	<b>100%</b>



Shareholders' Equity increased by 29.70% due to increase of paid up capital, revaluation reserve and retained earnings in 2020

## Analysis of Operating results of MMBL

In 2020, MMBL made operating income of Taka 3,816.12 million (it was Taka 3,105.21 million in 2019) where as operating expense was Taka 1185.23 million compared to Taka 1,027.61 million in 2019. Profit before provision and tax was Taka 2,630.88 million compared to Taka 2,077.60 million in 2019. Net profit after tax was Taka 1,644.90 million against Taka 791.30 million in 2019. Earnings per Share (EPS) has stood at Taka 3.29 in 2020 which was Taka 1.58 in 2019. Details are as follows:

In million Taka

Particulars	2020	2019	Increase/ (Decrease)	Growth (%)
Interest Income	4,884.58	5,406.71	(522.14)	(9.66%)
Interest Expense	3,552.90	3,560.47	(7.57)	(0.21%)
<b>Net Interest Income (NII)</b>	<b>1,331.68</b>	<b>1,846.25</b>	<b>(514.57)</b>	<b>(27.87%)</b>
Non-Interest Income	2,484.44	1,258.96	1,225.47	97.34%
<b>Total Operating Income</b>	<b>3,816.12</b>	<b>3,105.21</b>	<b>710.91</b>	<b>22.89%</b>
Operating Expenses	1,185.23	1,027.61	157.62	15.34%
<b>Profit before Provision &amp; Taxes</b>	<b>2,630.88</b>	<b>2,077.60</b>	<b>553.29</b>	<b>26.63%</b>
Profit before Taxes (PBT)	2,416.68	1,589.65	827.04	52.03%
<b>Net Profit after Taxes (NPAT)</b>	<b>1,644.90</b>	<b>791.30</b>	<b>853.61</b>	<b>107.87%</b>

### Interest Income

During the year 2020, interest income has decreased by Taka 522.14 million and stood at Taka 4,884.58 million against Taka 5,406.71 million in 2019. The major interest earnings came from follows:

In million Taka

Particulars	2020	2019	Increase/ (Decrease)	Growth (%)
Interest on loans and advances	4,244.68	4,625.02	(380.34)	(8.22%)
Interest on balances with other Banks & FI's	626.71	767.21	(140.50)	(18.31%)
Interest on balance with foreign Bank	13.18	14.48	(1.30)	(8.96%)
<b>Total</b>	<b>4,884.58</b>	<b>5,406.71</b>	<b>(522.14)</b>	<b>(9.66%)</b>

### Interest Expense

In 2020, MMBL incurred interest expense of Taka 3,552.90 million which was Taka 3,560.47 million in 2019. It reveals a negative growth of 0.21% during 2020. 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 2020 has decreased to 5.82% which was 6.88% in 2019. Interest paid on borrowings and others was Taka 549.52 million in 2020 which was Taka 455.67 million in 2019.

### Product wise Interest Expense Analysis

In 2020, interest expenses on deposits has decreased by Taka 101.42 million and stood at Taka 3,003.38 million which was Taka 3,104.80 million in 2019. The following table reveals that total decrease of interest expense of Taka 101.42 million. Details are as follows.

In million Taka

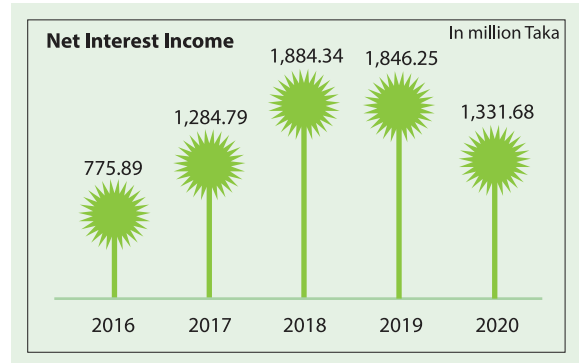
Particulars	2020	2019	Increase/ (Decrease)	Change (%)
Savings Deposits	102.51	247.10	(144.59)	(58.51%)
Short Notice Deposit	128.93	55.97	72.96	130.36%
Term Deposits	1,836.20	2,130.39	(294.19)	(13.81%)
Scheme Deposits	935.74	671.34	264.40	39.38%
<b>Total</b>	<b>3,003.38</b>	<b>3,104.80</b>	<b>(101.42)</b>	<b>(3.27%)</b>

## Net Interest Income

MMBL has earned total Taka 1,331.68 million as net interest income during the year 2020 which decreased by Taka 514.57 million compared to that of previous year.

## Performance of Treasury Division

Total income of the Treasury Division has increased by 48.45% during the year 2020. As a result, operating income has increased by 140% to make a total amount of Taka 1,181.11 million. The main reason for this increase in treasury income was that the Bank had a significant amount of investment in govt. securities to earn interest income. Another income was realized in the form of capital gain by selling the govt. securities. In 2020, total interest income and capital gain earned from govt. securities was Taka 1,197.75 and Taka 779.53 million respectively.



In million Taka

Particulars	2020	2019	Increase/ (Decrease)	Growth (%)
	Taka	Taka		
<b>A) Treasury Income:</b>				
Interest income from govt. securities	1,195.75	634.64	561.11	88.41%
Interest income from inter-bank markets	639.90	808.41	(168.51)	(20.84%)
Capital gain from government securities	779.53	24.14	755.39	3129.20%
General ledger interest income	413.41	422.49	(9.08)	(2.15%)
Commission, Exchange gain & others	87.13	209.20	(122.07)	(58.35%)
<b>Total income (A)</b>	<b>3,115.72</b>	<b>2,098.88</b>	<b>1,016.84</b>	<b>48.45%</b>
<b>B) Fund costs:</b>				
Interest paid on borrowings	450.24	357.90	92.34	25.80%
General ledger interest expense	1,484.37	1,215.52	268.85	22.12%
Revaluation (loss)/gain from govt. sec.	-	33.34	(33.34)	(100.00%)
<b>Total fund costs (B)</b>	<b>1,934.61</b>	<b>1,606.76</b>	<b>327.85</b>	<b>20.40%</b>
<b>C=(A-B) Operating income</b>	<b>1,181.11</b>	<b>492.12</b>	<b>688.99</b>	<b>140.00%</b>

## Income from Investment

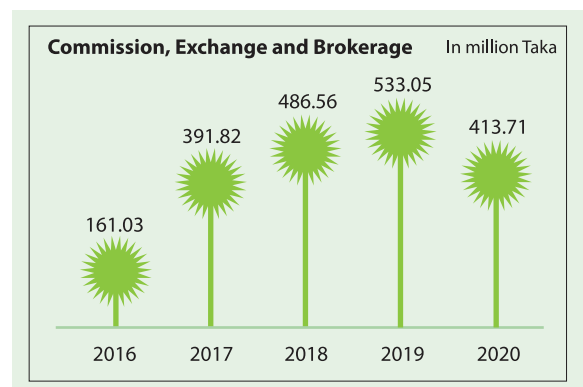
MMBL has earned investment income of Taka 1,975.28 million during the year 2020 which was Taka 636.38 million in 2019. In investment income, interest income was Taka 1,160.97 million and non-interest income was Taka 814.31 million. Detail is given below:

In million Taka

Investment Income	2020	2019	Increase/ (Decrease)	Change (%)
Interest on treasury bills / Reverse repo/bonds	1,160.97	601.30	559.67	93.08%
Gain on Govt. security trading	779.54	24.14	755.40	3129%
Dividend on shares	34.27	8.78	25.49	290.32%
Gain on sale of shares	0.50	2.16	(1.66)	(76.85%)
Non-Interest Income from Investment	-	-	-	-
<b>Total</b>	<b>1,975.28</b>	<b>636.38</b>	<b>1,338.90</b>	<b>210.39%</b>

## Commission, Exchange and Brokerage

During the year 2020 MMBL earned total Taka 413.71 million as commission, exchange and brokerage which was Taka 533.05 million in 2019. Commission, exchange and brokerage income decreased by Taka 119.34 million from previous year.





## Operating Expenses

Total operating expenses during 2020 has increased by Taka 1,185.23 million compared to Taka 1,027.61 million in the last year. It reveals a positive growth of 15.34% 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	2020 Taka	2019 Taka	Increase/ (Decrease)	Change (%)
Salaries and allowances	589.30	538.78	50.52	9.38%
Rent, taxes, insurance, electricity, etc.	69.41	83.21	(13.79)	(16.58%)
Legal expenses	0.59	0.49	0.10	20.62%
Postage, stamp, telecommunication, etc.	31.64	27.06	4.59	16.94%
Stationery, printing, advertisements, etc.	29.66	56.97	(27.31)	(47.94%)
Managing Director's salary and fees	13.10	10.55	2.55	24.13%
Directors' fees	1.44	1.81	(0.37)	(20.35%)
Auditors' fees	0.25	0.25	-	0.00%
Depreciation and repair of Bank's assets	295.19	175.33	119.87	68.37%
Other expenses	154.65	133.17	21.47	16.12%
<b>Total Operating Expense</b>	<b>1,185.23</b>	<b>1,027.61</b>	<b>157.62</b>	<b>15.34%</b>

## Operating Profit

The total operating profit of the Bank for the year 2020 has stood at Taka 2,630.88 million in comparison with Taka 2,077.60 million in 2019. Operating profit increased in 2020 mainly due to increase in investment income.

## Profit before Tax (PBT)

Profit before tax of the Bank has stood at Taka 2,416.68 million in 2020 compared to Taka 1,589.65 million in 2019. The Bank maintained adequate amount of provision against impaired loans and advances, off-balance sheet items, and others during 2020 which makes the Balance Sheet stronger.

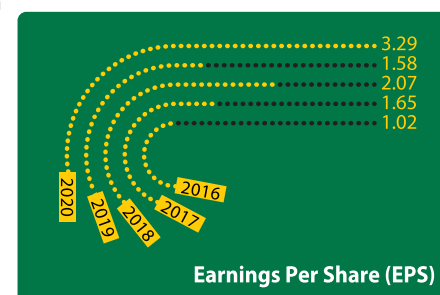
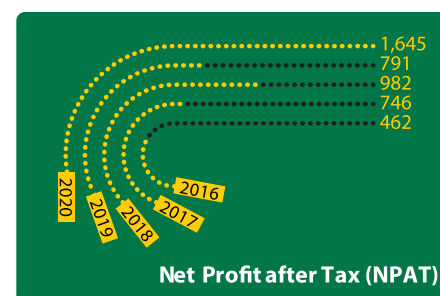
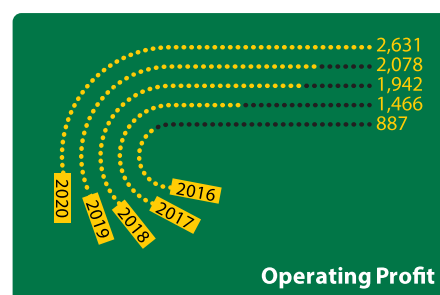
## Net Profit after Tax (NPAT)

During the year 2020, net profit after tax (NPAT) has increased by Taka 852.37 million and stood at Taka 1,644.90 million. It was Taka 791.30 million in 2019. Net profit increased in 2020 due to increase of Investment income.

## Earnings per Share (EPS)

In 2020, MMBL's earnings per share (EPS) Taka 3.29 compared to Taka 1.58 in previous year.

Year	Operating Profit	Net Profit after Tax	EPS
2016	886.76	462.33	1.02
2017	1,465.71	746.22	1.65
2018	1,941.93	981.99	2.07
2019	2,077.60	791.30	1.58
2020	2,630.88	1,644.90	3.29



## Movement of Non-Performing Loans (NPL)

Particulars	2020	2019
Opening Balance (NPL)	1,073.56	650.66
Add: Additional NPL during the period	-	591.17
Less: NPL recovered during the period	91.78	3.70
Less: NPL declassified/regularized as performing during the period	517.94	164.58
Less: NPL written-off during the period	-	-
<b>Closing Balance (NPL)</b>	<b>463.84</b>	<b>1,073.56</b>
<b>NPL percentage</b>	<b>1.22%</b>	<b>2.53%</b>

Share Information	2020	2019	2018	2017	2016
No. of shares outstanding (In million)	500.70	474.60	452.00	452.00	452.00
No. of shareholders	41	41	41	41	41
Earnings per share (Taka)	3.29	1.58	2.07	1.65	1.02
Dividend (percent)	22.50%	10%	15%	10%	10%
Net Asset Value (NAV) per share (Taka)	17.10	13.91	13.18	12.68	12.04

Other information	2020	2019	2018	2017	2016
No. of branches	44	41	35	29	23
Number of ATM	43	42	32	30	22
No. of employees	551	528	490	422	372
Profit per employee (In million Taka)	4.77	3.93	3.96	3.47	2.38

I always feel privileged to work in the team of Modhumoti Bank which is continuously making progress under the great leadership of the Bank Management and the Board of Directors. Our future is not entirely within our own hands. The global economic environment and the Bangladesh Economic outlook including Covid-19 pandemic, single digit interest rate and unfavorable corporate tax rates for the Banks not listed with stock exchanges (not publicly traded company), mean it has become more challenging for Modhumoti Bank to achieve growth at the same pace like previous years. Our results presented in the financial analysis part indicate that our corporate level, business level and operational strategies are working. Since the lending rate is fixed at 9%, certainly our strategy is to reduce the cost of fund by managing our deposit mix with a greater percentage of low cost and no cost deposit. Simultaneously, administrative costs will be controlled to generate the lower cost to income ratio. It will ultimately produce a good spread. Alternative investment opportunities are being explored by the Treasury Division for generating investment income. 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 Annual Report 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.



**Mohammad Nazmul Hossain FCA**  
Chief Financial Officer

# Integrated Reporting



## Competitive Intensity and Our Strategic Response

One important component of an Industry and competitive analysis involves delving into the industry's competitive process to discover what the main sources of competitive pressure are and how strong each competitive force is. In Bangladesh, a country with GDP size of Taka 31,718 billion, the Banking industry is fiercely competitive and has a total of 61 scheduled Banks, 5 non-scheduled banks and 34 NBFIs at the end of 2020. Moreover, the banking industry in Bangladesh is continuously exposed to numerous risks, both internally and externally. Banks are operating with high competitive intensity, with a number of players, large and small, jostling for a share of the market. The Banks with poor governance culture and having de-motivated employees to serve customers to the highest extent will surely face difficulties to achieve their objectives both in short term and long term. They will severely be affected due to rising non-performing loans, especially in times of discriminating stress, as seen to be unleashed by the Covid-19 pandemic as well as by regulated pricing of lending products initiated by the Central Bank.

### Our response to competitive adversity

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 pay close attention to the environment in which we operate, scanning the horizon for risks and opportunities, and adapting our strategy accordingly. We also monitor trends in the behavior of our customers and clients, so we can effectively meet their evolving needs. We believe that our experience is the most effective competitive advantage, while our size, scale, reach and influence remain as our biggest safeguard against competitive pressures. The Bank is always in the process of investing in its human resources, technology, product range and customer service/experience with a view to build on our competitive strengths.

### Competitive intensity level



### 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 have already started their operations which reveal that the threat of new entrants is reasonably high. This risk will be intensified, especially on account of the pandemic advancing the scope for FinTech companies. These are normally well-funded entrants and can disrupt the market. Further, it is also possible that existing banks may resort to unsustainable and unsubstantiated practices that can create short-term disruptions.

### **Our response**

The Bank with a customer-first philosophy is focused on revolving its operations around customer benefit. We believe, this move along with continuous investment in digitization will help us counter any external market-driven pressures. We also understand that the pandemic has impaired bank balance sheets thus weakening the ability of players to launch any major detrimental moves.

### **Competitive Rivalry: High**

The Bangladeshi financial services industry is marked by high level of competition with 61 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.

### **Our response**

The pandemic has had a damaging impact on the broader industry and this may enforce consolidation, thus helping Modhumoti Bank, one of the best performing Banks, to responsibly capture a higher share of the market. The Bank has been able to generate the highest operating profit since its inception and declared the highest return to its shareholders for the year 2020. Although regulatory guidelines enforced cap on lending rate, the Bank has promptly embraced and passed it on to our customers. We believe that this reset may have impacted other players operating on higher cost structures and weaker margins. We provide the most competitive rates on our loan products and the most favorable rates on our deposit products, a wide range of products and services, safe and secure digital banking channels, empathetic, speedy and sensitive customer service and prompt grievance resolution mechanisms. These represent strong barriers for other players to enter into our domain.

### **Supplier Power: High**

Depositors are the main supplier of funds for the banking industry, whose bargaining power is strong in Bangladesh. They are always 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 as they are receiving return from deposits which is often failing to cover the inflation rate. This prompted depositors to look for other avenues such as National Savings Certificate (NCS), Equity Investments and so on.

### **Our response**

We understand that as a Bank, we need to meet the expectations of the public, especially our depositors who have trust on us to keep their hard-earned money with us. We focus on offering the best interest rates on deposits and this intent is reinforced by our ability to draw low-cost funds from the market through our strong and superior credit ratings. We also offer a wide range of fixed deposit (FD) products across varying tenures that meet many financial and socio-economic needs and expectations of our deposit-holders.

### **Buyer Power: High**

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 its present corporate and business level strategy, the Bank is fronting intense buyers' power. It is true that a highly competitive environment always gives buyers a greater choice which fosters a healthy competition.

### **Our response**

The main differentiator is the service that we render to our customers. When it is easy to copy a product, it is impossible to replicate service, and this represents one of our major competitive advantages. With a customer-first approach, we have ensured that we offer the lowest loan TAT (turnaround time) to eligible borrowers that greatly facilitate them in meeting any exigent needs. Further, our ability to customize/personalize products to suit the diverse requirements of our customers is a major advantage that helps us for maintaining forge stronger relationships with them.

### **Threat of Substitute Products: Moderate**

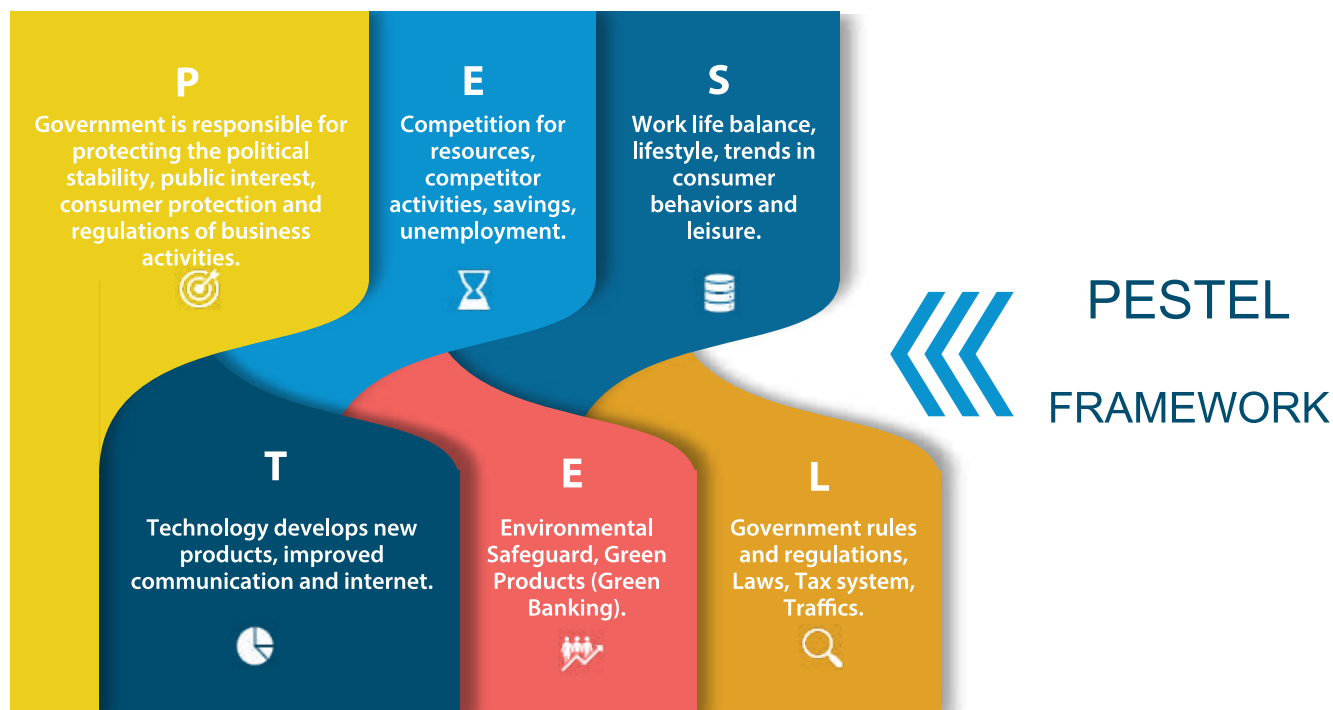
In addition to the threat from the new entrants, MMBL's most significant threats regarding substitution stem not only from local banks but also from the non-banking financial sector. Many of these institutions have already started offering specialized financial services that were previously only provided 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.

### **Our response**

Competition from substitute products pushes industry participants heighten efforts to convince customers their product & service has attributes that are superior to those of substitute. Modhumoti Bank also follows the same rule to ease the threat of substitute products.

## PESTEL FRAMEWORK

The PESTEL analysis is usually undertaken for understanding the external environment which is affecting banking business operation. Generally, external factors are out of the industry's control and the industry need is to be aware of them for exploit opportunities and to avoid the threats in the environment.



Macroeconomic Factors	Impact on Industry	Our Front
<b>P-Political Factors</b>		
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 through effective recovery measures. More robust due diligence will be conducted for loan proposals from PEPs (Politically Exposed Person).
<b>E-Economic Factors</b>		
Bangladesh's GDP is expected to expand by 8% in 2020 although it has grown by 5.20%. Inflation rate is forecasted at 6% in 2021.	The economy has witnessed a V-shaped trajectory – a solid start in the beginning of the fiscal year (July 2019), followed by a sharp dip because of the pandemic and then progressive recovery.  This has been possible due to strong governmental efforts in financial market stability and efficiency.	Resilient and adaptable business model ensures quick and secure opportunity capture.  Strong grassroots distribution network for facilitating deposit mobilization.

Macroeconomic Factors	Impact on Industry	Our Front
<b>S-Social Factors</b>		
<p>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.</p>	<p>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.</p>	<p>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.</p>
<b>T-Technology Factors</b>		
<p>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.</p>	<p>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.</p>	<p>The core banking software, 'BankUltimus', 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.</p>
<b>E-Environmental Factors</b>		
<p>There is growing focus on green or, more broadly, sustainable finance, both in financial markets and in the international political arena.</p>	<p>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.</p>	<p>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 &amp; Social Risk Management Policy' as part of environmental due diligence. We are focused on lowering our carbon footprint through optimizing water, energy and paper consumption, while also making concerted efforts to minimize our waste to landfill.</p>
<b>L-Legal factors</b>		
<p>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.</p>	<p>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.</p>	<p>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.</p>

## Our continuous improvement framework- SWOT

S



STRENGTHS

### Building on our strengths

- The ownership structure of the Bank.
- Strong base of regulatory capital.
- Lowest cost to income ratio.
- Restraining NPL ratio at a very minimum level.
- Enduring focus on financial inclusion.
- Ongoing reputation/brand management.
- Delightful customer experience.
- Deep culture of product/service innovation.
- Uncompromised governance/regulatory alignment.
- Competent and experienced employees.
- Perpetual people training.
- Continued investments in digital technologies.
- Nursing a culture embracing changes.

W



WEAKNESSES

### Strengthening our weaknesses

- Concentration risk due to large exposure in Corporate loans is being addressed by increasing MSME & Retail portfolio.
- Diversify our income/geographic concentration risks.
- Continuous improvement of business model.
- Engage in continual liaison with our regulators.
- Anticipate changes in regulatory landscape and prepare well for their implementation.

O



OPPORTUNITIES

### Capitalizing on our opportunities

- Demand for financial services would increase due to the consistent growth of GDP.
- Enhance customer engagement for securing our position as a banking partner of choice.
- Support governmental objectives in both large infra financing and in green/sustainable finance.
- Develop customer-facing deposit/investment and lending/financing products that meet the needs of the market.

T



THREATS

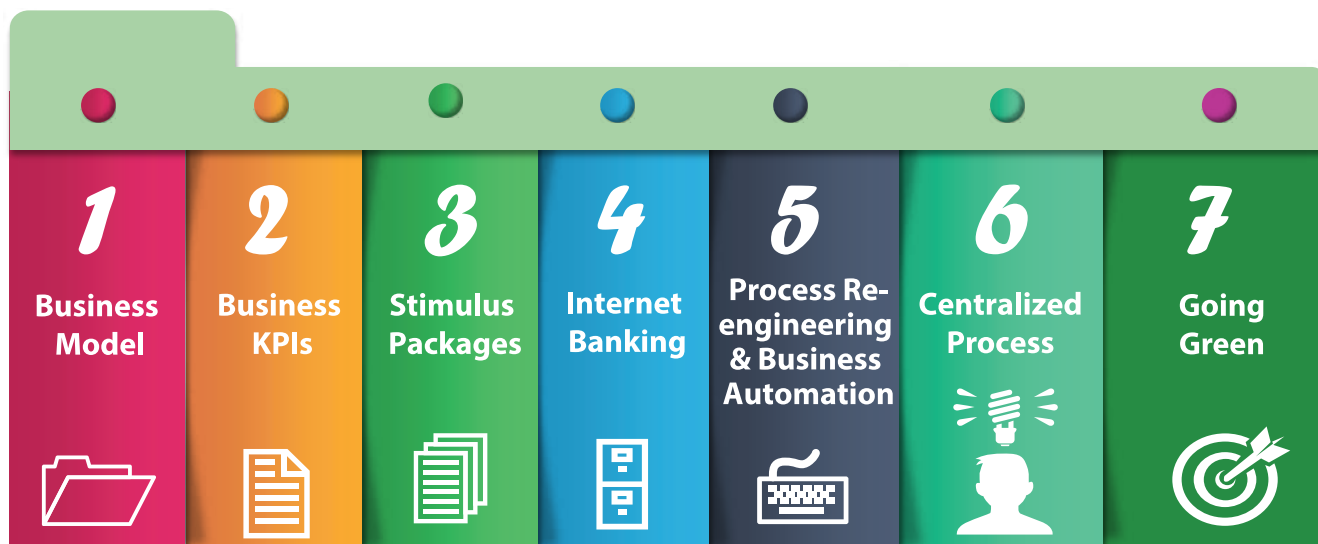
### Responding to our Threats


- The Banking sector is at risk for cyber security attacks. Hence, MMBL is strengthening its IT infrastructure.
- Intense competition due to the number of new entrants in the market. MMBL improvises its business strategy to pick up maximum gain from market.
- Focused efforts in improving customer service, through reducing loan TAT for eligible borrowers.
- Reinforce our risk control triggers to mitigate risks faster and better.





## Strategic Priorities


2020 has been a year like no other in recent history. The COVID-19 pandemic forced everyone, not just those in financial services, to react at speed. 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:





 **Business Model:** The Bank is adopting and implemented strategies to build a strong, diversified and sustainable business model that can deliver consistent returns to all stakeholders in away society expects. The desire is that the Asset Quality to be the best in industry with Non-Performing Loans (NPL) at reasonable level. We want a high degree of credit quality with risk adjusted rate of return. Collection from loan customers will be given priority during the year 2021 and a strong monitoring system for overdue loans will be in place for strengthening performance of collection units both at the branch and head office end.


 **Business KPIs:** The Bank will continue its focus to reduce cost of fund by reducing cost of deposits which is the main challenge for new Banks. Improvement of deposit mix by increasing share of Low Cost No Cost deposit in total deposit mix will give result for reducing deposit cost as well as to maintain adequate level of liquidity. The Bank will also continue its focus to improve cost to income ratio further. Growth of business in terms of deposit, advance, import and export is always prime objective. Considering single digit rate of interest for funded loan, Bank will look for more non-funded business.

 **Stimulus Packages:** It is of utmost importance that performing customers continue to get the benefit of Stimulus Packages declared by Bangladesh Bank.

 **Internet Banking:** Since the beginning of the COVID-19 pandemic, digital adoption and usage has accelerated unexpectedly, providing both challenges and opportunities for financial services leaders. Bank has already adopted digital payment and fund transfer through GO SMART.

 **Process Re-engineering & Business Automation:** Ensure an IT environment that supports the delivery of accessible, secure, integrated, and reliable and client centered programs and services to all stakeholders. Considering 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.

 **Centralization:** To gain more efficiency, the Bank will continue to centralize some areas of operation. Payroll management, fixed assets management has 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 2021.

 **Going Green:** Modhumoti Bank always like to embed green banking in its business model with an aim of achieving long term strategic objective to be a green, triple bottom line Bank where every business & operational decision will be taken considering both financial and environmental impacts. The Bank's green banking initiatives includes online & paperless banking, email communication, reduction of green house gas emission, mapping bank's carbon foot print, efficient energy use, financing environment friendly projects etc.

The Bank always takes initiatives to ensure improved organizational efficiency and effectiveness of the Human Resources by ensuring professional excellence and high ethical standard. It will maintain an environment that reinforces the pride in being employees of Modhumoti Bank Limited with total package adequate to attract and retain the best in the market, job assignments and logistically well-resourced work situations encouraging continuous learning and rewarding innovativeness and performance excellence by fast tracking in career path.

### Managing Associated Risks

Given the persistent volatile, uncertain and complex macroeconomic and geopolitical environments due to prevailing Covid-19 pandemic and its impacts on economies throughout the world, adverse trade policies, trade wars, interruption in both supply & demand side etc. amplifying the sense of risk both locally and globally as well as intensifying fierce competition from traditional and non-traditional competitors (mainly 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. Regular review of policies is conducted to ensure that the Bank remains compliant to current standards while also anticipating possible ways of breach in the future. Moreover, the risks to which Banks 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. Bank's efficient risk management process as well as improvisation of business strategies has made it possible to generate highest return to all the stakeholders even in this covid-19 affected situation.

### Resource allocation strategies to meet objectives

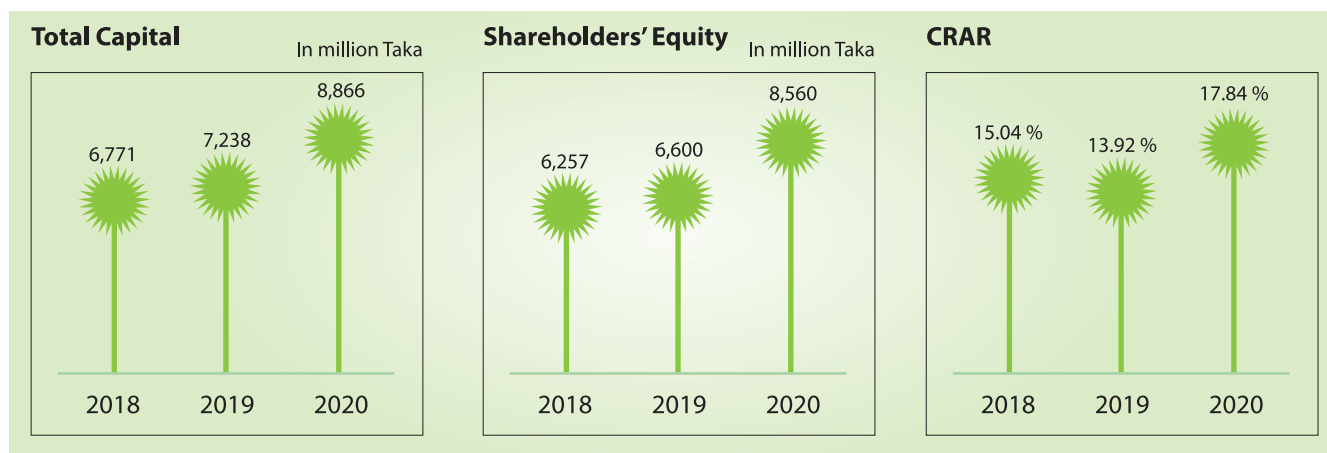
Our efforts always remain to undertake decisions with the view of long-term value creation for our investors. This means, occasionally, certain trade-offs are needed to be made between capitals in order to accommodate our long-term orientation. Mostly, these are in the form of financial investments made 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.

Resources allocation area	Human Resources	Office Equipments (Taka)	
Chairman, MD & DMD's Secretariat	3	6,749,154	6,232
Branch Banking Service	361	140,163,933	95,970
HR Planning & Manning	9	6,350,643	1,876
Operations & Support Services	68	30,541,687	16,816
Finance Function	10	6,440,708	1,412
Treasury Function	5	6,397,124	1,012
Loan processing & supervision	30	9,267,324	2,364
International Operation	8	6,147,418	1,276
Information Technology & Systems	15	7,165,222	5,200
Board Secretariat	4	6,672,759	1,184
Internal Audit & Compliance	11	6,657,603	1,280
Agent Banking	27	8,840,479	1,248
<b>Total</b>	<b>551</b>	<b>241,394,055</b>	<b>135,870</b>

# Capital

## Financial Capital

Financial capital of Modhumoti Bank includes shareholders' equity, deposits & borrowings and reinvested capital. It is a critical input in executing our business activities and in other word, the 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 interest and dividend payments. The remaining return is retained to run business operations and achieve growth through enhancing other capitals.



### Challenges:

- Providing satisfactory return to shareholders
- Maintaining sustainable growth and financial stability

### Initiatives:

- Effective and responsible investment of shareholder's fund
- Re-pricing the loans to reduce the cost of fund

### Outlook:

- Focused on to provide loans in a selective way for keeping the existing classified loans in a tolerable state.
- Emphasized on to optimize worthy collaterals and diversifying the business portfolio to ensure minimal risk with the maximum gain in return.

### Key Highlights in 2020:

**Investment:**  
Taka 21,436 million  
Growth 62.85%

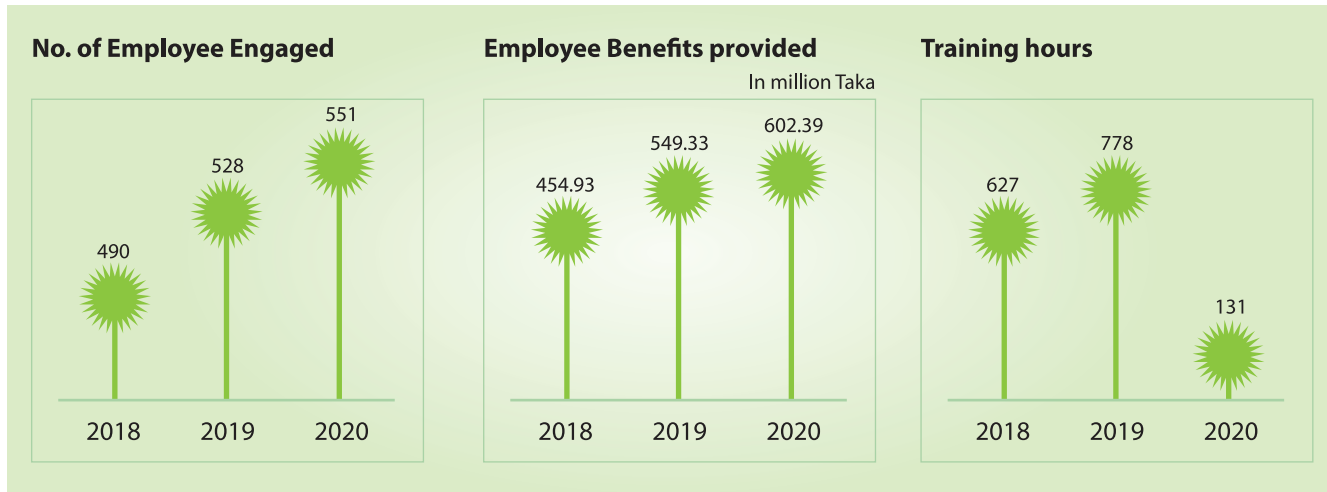
**Capital:**  
Taka 8,866 million  
Growth 22.50%

**Shareholders' Equity:**  
Taka 8,560 million  
Growth 29.69%

**CRAR: 17.84%**  
Growth 28.19%

## Human Capital

As a fourth-generation private commercial bank, Modhumoti Bank Limited believes that its human resources represent its biggest asset and will be the strongest competitive advantage in future to grow fast. Human capital consists of 551 colleagues of the Bank. Our human capital creates value through their passion, dedication and commitment in reaching the objective of the organization.



### Challenges:

- Getting right people in the right place
- Retaining experienced and skilled employees
- Developing human resources by giving them adequate training
- Maintaining productivity and efficiency

### Initiatives:

- The Bank always 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.
- Acquires fresh, talented and right employee in the right place.
- Provides long term training and development opportunities.
- Ensures safe, healthy and equitable environment for all employee.
- Rewards performance based bonus and incentives

### Outlook:

- The Bank ensures proper diversity of staff with respect to gender, religion and ethnicity and respects their values equally.
- Established a real-life SMART KPI to evaluate the contribution of all individuals in a transparent manner
- Focus on developing a skilled and efficient human resource through need based training programs
- Create pool of talent and skillful managers by arranging development programs

### Key Highlights in 2020:

Since Inception, total investment in developing human capital through Training:  
Taka 16.07 million

Total benefits provided to employees in 2020:  
Taka 602.39 million

Year-on-year growth:  
9.66%

No. of Employees engaged in 2020:  
551

Year-on-year growth:  
4.35%

## 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. Modhumoti Bank's manufacturing capital includes all infrastructure created and utilized within our integrated business model. These include our regional footprint of banking operations, business processes and technologies etc. for providing effective, efficient and innovative services to our customers.

### Challenges:

- Increasing infrastructure facility to support growth.
- Careful management of operation to address and protect the customer needs.

### Initiatives:

- Stay updated to adapt to changes and overcome the challenges
- Involvement in strategic planning
- Spreading the geographical boundaries through opening more channels

### Outlook:

- Build necessary infrastructure and provide essential establishment to operate the Banking operations smoothly.
- Introduced mobile app based service for the marginalized and geographically dispersed people of our country



### Key Highlights in 2020:

44  
Branches

366  
Agent Points

43  
ATMs

More than 1,800  
Shared ATM

11  
Collection Booths



The Bank inaugurated Cox's Bazar Branch on January 30, 2020.



ATM located at Pragati Sarani for providing service to customers as an initiative of alternative delivery channel.

## Intellectual Capital

Modhumoti Bank Limited developed quite a number of intellectual capitals throughout this eight 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.



### Challenges:

- Pace of technological changes.
- All kinds of IT and information risk identification and management.
- Ensure quality investment in IT infrastructure.

### Initiatives:

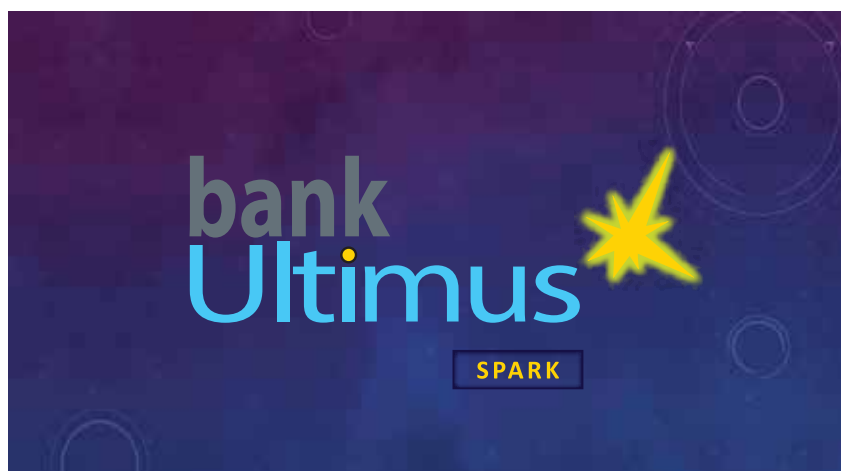
- Initiatives are taken so that customers get the most comfortable financial services in the quickest manner.
- Uses high quality and updated software, anti-virus, increased automation, and provides employee training.
- Involvement in research and development and market analysis.
- Offers unique products and services through innovation.

### Outlook:

- 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.
- The above mentioned intellectual capital provides superior customer experience and solid brand image in congruence to business goals.
- Implement alternative delivery channels through which customers can enjoy instant access to banks products and services.
- Focus on increasing investment and build up capital through offering quality banking facilities and knowledge-based services to our customer.

### Here is a list of some intellectual capitals of the Bank:

- Agent Banking License
- Off-shore Banking Unit (OBU) License
- BankUltimus (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)



Bank's initiative for continuous improvement by implementing State of Art Technology, "Bank Ultimus - SPARK"

## Social and Relationship Capital

Social and Relationship capital in Modhumoti Bank involves the relationships that employees have created and nurtured with our stakeholders like business partners, regulators, customers, voluntary organizations etc. for enabling greater value creation for all. Our active engagement with all these stakeholders creates sustainable value and helps us achieve our objectives in a mutually beneficial way.



### Challenges:

- Unfriendly regulations increasing costs.
- Regular engagement & ethical marketing.
- Empowering shareholders.
- Evolving customer needs.
- Addressing the shareholder's needs.

### Initiatives:

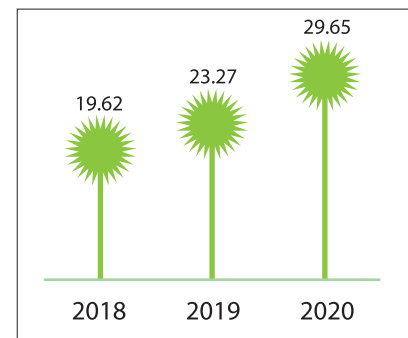
- Our attitude to sustaining and enhancing customer capital involves managing customers' experiences and superseding their expectations with our products and services.
- Focuses on SDG through various CSR activities in different sectors.
- Provides support to unprivileged people through social safety net program.

### Outlook:

- Understanding client needs and aspiration allows us to gear up our supply chain better to finally deliver products that satisfy the customer.
- Focus on the overall betterment of the nation through CSR activities in different sectors like health, education, sports and culture etc.
- To ensure sustainable balanced growth in economic, social and ecological arena through providing donations under CSR program.

### CSR Expense

In million Taka



### Key Highlights in 2020:

Spending for CSR in 2020:  
Taka 29.68 million

Health:  
Taka 12.95 million

Education:  
Taka 2.90 million

Others:  
Taka 13.83 million



Modhumoti Bank Limited handed over a cheque of Taka 12.00 (Twelve) Lac to Bangladesh Red Crescent Society, Dhaka City Unit.

## Natural Capital

Natural Capital refers to naturally occurring biological, physical, biophysical, chemical and mineral assets, as well as their interplay through healthy functioning of ecosystems, on which all life depends. The natural resources, we consume to conduct our business and seamlessly deliver our products and services, constitute our natural capital. We screen all our large loans to assess them for environmental and social risks. We are practicing to use renewable energy at our offices and reducing carbon print for ensuring green banking system.



### Challenges:

- Resource optimization to reduce energy wastage
- Maintain green and sustainable environment

### Initiatives:

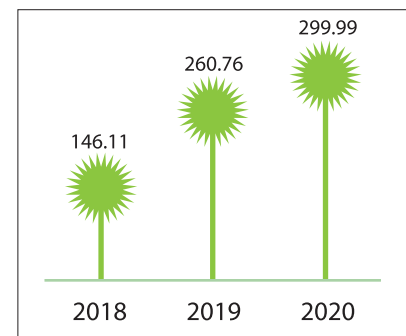
- Introduced E-products such as SMS banking, internet banking, e-Commerce and payment solution.
- Actively involved in green financing activities.
- Provided required trainings and seminar on green banking to spread awareness among employees.

### Outlook:

- Build necessary infrastructure and provide essential establishment to operate the Banking operations smoothly.
- Introduced mobile app-based service for the marginalized and geographically dispersed people of our country.

### Agriculture loan

In million Taka



### Key Highlights in 2020:

Disbursement of  
Agricultural Credit:  
Taka 299.99 million



SR Dairy Farm, a client of Modhumoti Bank Limited.



# Value Creation in 2020

**Our focus to strengthen our business model**

We are focused on ensuring that we lead customer service, trust and advocacy

We will continue to enhance our balance sheet strength and resilience

We will emphasize on simplifying processes for added customer convenience

We will support sustainable growth through embracing the principles of ESG and UN SDGs

**Financial Capital**  
 » 8,560 million Equity  
 » 54,954 million Deposits

**Manufactured Capital**  
 » 44 Branches  
 » 43 ATMs  
 » Marketing-leading digital platforms

**Intellectual Capital**  
 » Valuable brand  
 » Leadership positions  
 » Strong tech platform

**Human Capital**  
 » 551 Employees  
 » People-centred culture  
 » Emphasis on skills and capacity development

**Social & Relationship Capital**  
 » 2.65 million clients  
 » Leader in sustainability  
 » Leader in social responsibility

**Natural Capital**  
 » Sustainable financing  
 » Focus on carbon neutrality  
 » Robust social and environmental management

Provide feature-rich saving and investment products

Extend credit through responsible lending practices

Offer global market-related services

Reward performance and invest in talent

Create business model agility and resilience

Contribute to nation building through our activities

**Financial Capital**  
 » 22.5% dividend announced  
 » 21.70% Return on Equity  
 » 2.28% Return on Assets

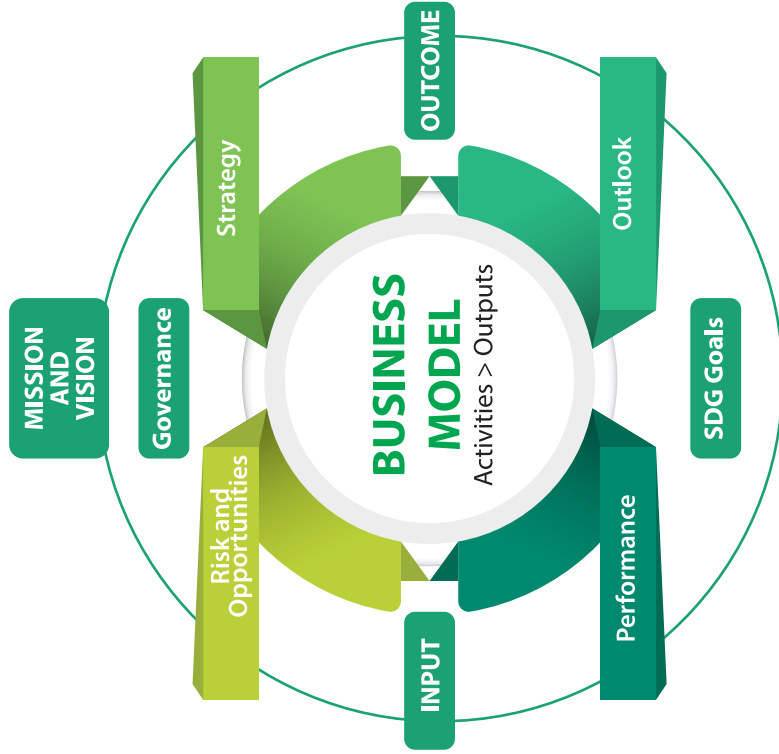
**Manufactured Capital**  
 » Improved Economies of Scale  
 » Increased Reach to Stakeholders  
 » Smoother Operation

**Intellectual Capital**  
 » Virtual relationship management  
 » Platform for new product & services

**Human Capital**  
 » 602 million salaries  
 » 0.14 million spent on training  
 » Increased Productivity  
 » Career Advancement

**Social & Relationship Capital**  
 » 29.64 million Spent on CSR  
 » 17.5% Stock & 5.0% Cash Dividend

**Natural Capital**  
 » Green Financing  
 » E-documentation of Files  
 » Reduction in Carbon Footprint

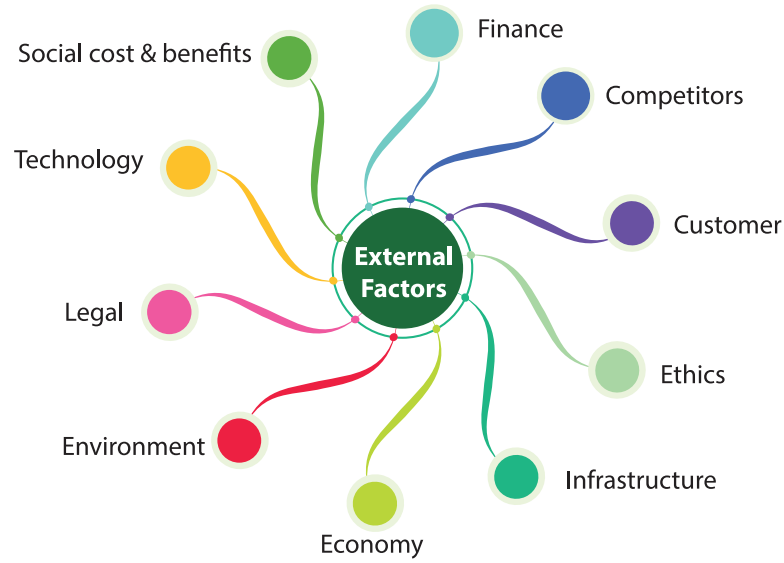


## Our activities & Values

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.

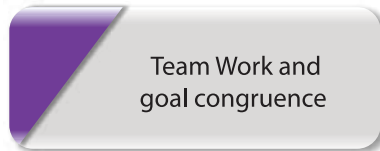
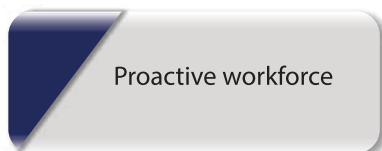
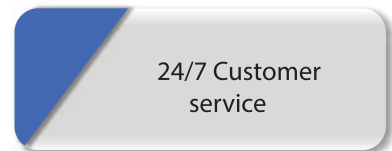
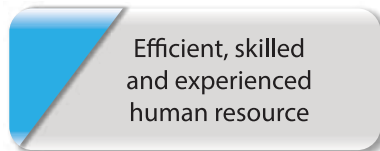
### External Factors



### Business Activity

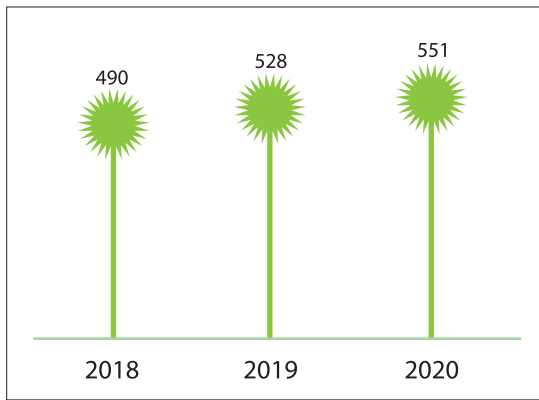
- Using funds under management collected from depositors and customers and other Banks to facilitate lending to the customers with proper utilization of existing capital by minimizing risk through adopting & implementing risk mitigation measures in place.
- Accelerating investments and build up strong base of capital through operating a sustainable business model which is offering required as well as customized banking facilities to generate benefits for the stakeholders.
- Maintaining adequate liquidity to meet customer commitments and all regulatory limits.
- Encouraging customers & stakeholder to embed to concept of sustainability in their business model to save this planet.

### Values that makes us stronger



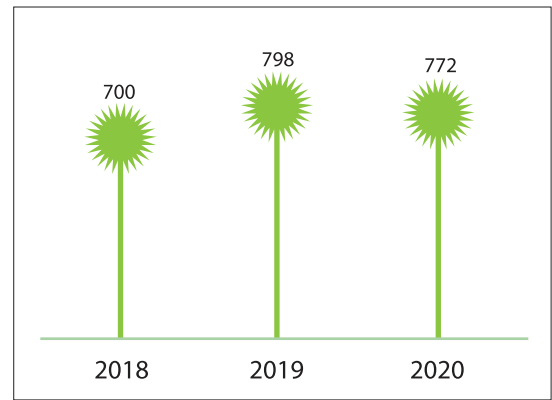
# Graphical Presentation of Value Created by our Business Activities

**No. of Employees**

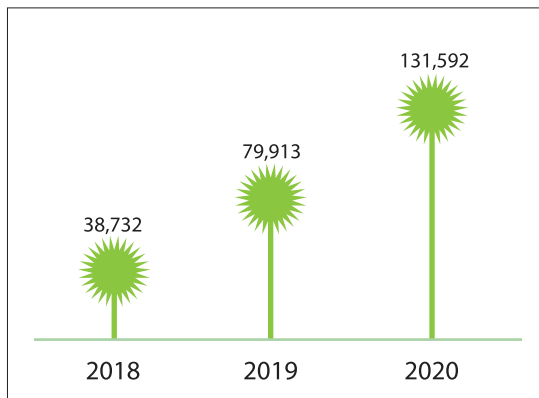


**Tax Amount**

In million Taka

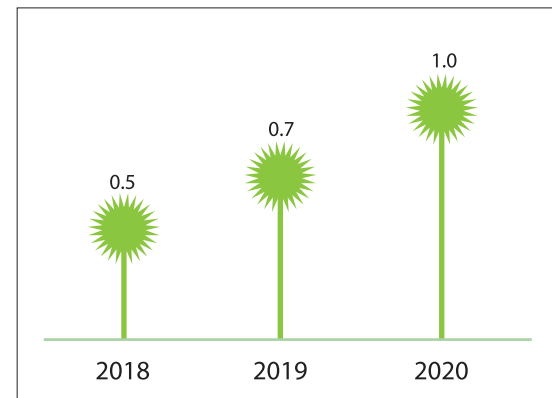


**A/C of Agent Banking**



**Environmental Savings**

In million Taka



## Photo related to **Capacity Building** of Human Capital



Training on "Loan Recovery Management with special focus on Artha Rin Adalat Ain-2003" on November 07, 2020.

# Value Added Statement

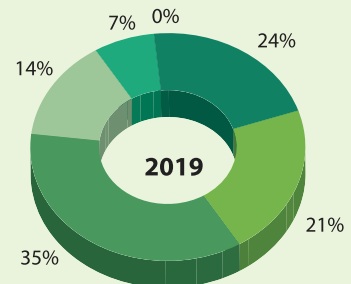
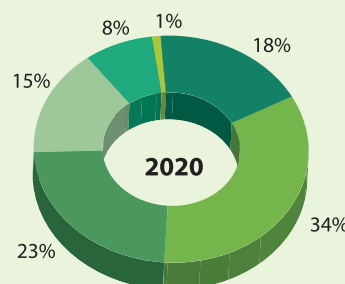
The value added statement for the Bank shows how the value is created and distributed among different stakeholders of the Bank. Value added to the Bank has stood at Taka 3,286.72 million at the end of December 31, 2020 as against Taka 2,299.29 million in 2019.

In million Taka

Particulars	2020 Taka	%	2019 Taka	%
Interest income	4,884.58		5,406.71	
Investment income	1,975.28		636.38	
Commission, exchange and brokerage	413.71		533.05	
Other operating income	95.44		89.53	
	<b>7,369.01</b>		<b>6,665.68</b>	
<b>Less: Cost of services &amp; suppliers</b>				
Interest paid on deposits and borrowings etc.	3,552.90		3,560.47	
Rent, taxes, insurance, electricity etc.	69.41		83.21	
Legal expenses	0.59		0.49	
Postage, stamp, telecommunication etc.	31.64		27.06	
Stationery, printing, advertisements etc.	29.66		56.97	
Directors' fees and expense	1.44		1.81	
Repairs to bank's assets	27.56		15.27	
Other expenses	154.90		133.17	
	<b>3,868.10</b>		<b>3,878.44</b>	
<b>Value added by banking services</b>	<b>3,500.92</b>		<b>2,787.24</b>	
Non-banking income	-		-	
<b>Less: Provision for loans &amp; advances</b>				
General provision on loans and advances	214.20		435.75	
Provision for Off-Balance Sheet Items	-		52.20	
	<b>214.20</b>		<b>487.95</b>	
<b>Total value added</b>	<b>3,286.72</b>		<b>2,299.29</b>	
<b>Distribution of value addition to:</b>				
Employees as salary and allowances	602.40	18%	549.58	24%
Provided as dividend	1,126.58	34%	474.60	21%
Government as income tax	771.78	23%	798.35	35%
<b>Expansion &amp; Growth:</b>				
Statutory Reserve	483.34	15%	317.93	14%
Depreciation	267.63	8%	160.06	7%
Retained Earnings	34.99	1%	(1.23)	0%
	<b>3,286.72</b>	<b>100%</b>	<b>2,299.29</b>	<b>100%</b>

## 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

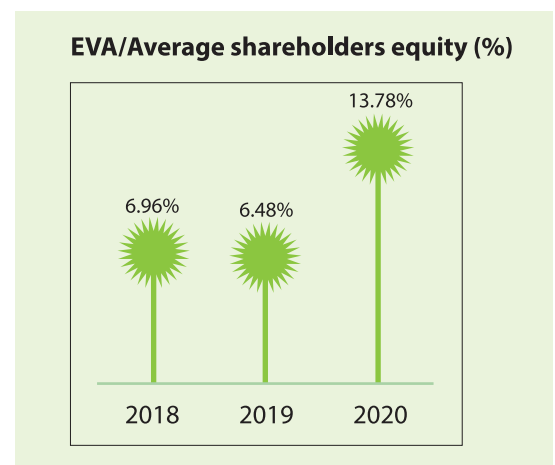
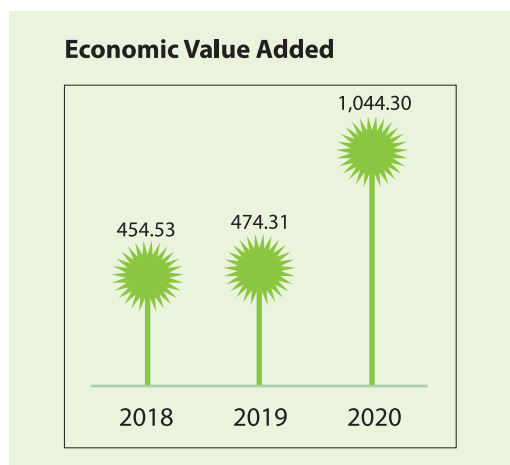
Economic value added (EVA) is the financial performance measure of true economic profit of an organization. It provides measurement of a company's economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well a company has added value for its 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	2020	2019	2018
Shareholders' equity at year end	8,559.53	6,599.55	6,256.91
Accumulated provision	1,139.74	1,112.34	666.54
Average shareholders' equity	7,579.54	7,317.67	6,530.80
Cost of equity (%)	10.75%	11.00%	12.05%

Economic Value Added			
Net profit after (before provision)	1,859.10	1,279.25	1,241.49
Less: Cost of equity	814.80	804.94	786.96
<b>Economic Value Added</b>	<b>1,044.30</b>	<b>474.31</b>	<b>454.53</b>

Key Ratios			
EVA/Operating revenue (%)	27.37%	15.27%	16.19%
EVA/Average shareholders equity (%)	13.78%	6.48%	6.96%
Net profit after tax/Operating revenue (%)	43.10%	25.48%	34.99%



## Making difference in Value Creation

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.

## Photos related to **Social & Relationship Capital**



Modhumoti Bank Limited signed MoU with Grand Palace Hotel & Resorts on March 10, 2020.



Modhumoti Bank Limited signed an MoU with Innotel Hotel Dhaka on February 18, 2020.

## Photo related to **Intellectual Capital**



Inauguration Ceremony regarding Foreign Remittance Services between Modhumoti Bank Limited (MMBL) and NEC Money Transfer Limited under Associate Bank Agreement between Jamuna Bank Limited and Modhumoti Bank Limited.

# Management Discussion and Analysis





The Bank inaugurated Pragati Sharani Branch, Dhaka on February 26, 2020.

## Management Discussion & Analysis

The Management of the Bank is proudly presenting the business reviews and analysis for the year 2020 which was a challenging year as the entire globe gone through unprecedented pandemic situation due to Covid-19. In this year, the regulator capped the interest rate at 9% for the loans and advances effective from April 01, 2020 which also affected the earning capacity of the Banks of the country. To cope up with the unprecedented challenges, Modhumoti Bank Limited shifted its focus of business and accordingly focused to treasury income and other fee based income.

Under the guidance of the Board of Directors of the Bank, the Management is closely working with the Branch & Head Office officials to achieve both short & long term objectives of the Bank. In the year 2020, the Bank achieved highest profit since inception of the Bank due to the positive contribution of all level employees. The Board continues to provide strategic and also operational direction to the Management so that Modhumoti Bank Limited can establish a strong brand image in and outside the country. The Bank already completed seven (7) successful years and is going to complete eight (8) years in the year 2021. Modhumoti Bank Limited is now distinctively known among the customers, regulatory bodies, Government, peer banks and other stakeholders. Due to covid-19 and other regulatory changes, it was a very difficult for the Bank to expand its business volumes; rather the Bank focuses on maintaining existing customer base, increase loans and advances in construction sector, increase online banking services, driving operational excellence and strengthening risk management processes and internal controls. The sustainable profitability of the Bank bears the testimony to the strategic direction of the Board and Management strength in discharging its duties and responsibilities.

At the end of the year 2020, the Bank has had total deposit of Taka 54,954.00 million, total loans & advance of Taka 38,070.00 million and earned total operating profit of Taka 2,631.00 million registering growth of 10 percent, 10 percent and 27 percent respectively in comparison with that of the year 2019. The Bank did not extend its branch network during the year 2020. Keeping the brand line in mind, 'Your Access to Success', the Bank has developed various customized products for corporate, SME's, Agro-based, Green-based enterprises and general customers across the country. 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.

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 fulfil the vested responsibilities and ensuring that the Bank is operating in the right direction. In this regard, it is expected that the Management's Discussion and Analysis of the financial condition and results of the Bank for the year 2020 should be read in conjunction with the Bank's audited financial statements for the year ended December 31, 2020 prepared in accordance with International Financial Reporting Standards (IFRS) and applicable laws of the land.





The Bank signed an agreement with Dhaka North City Corporation (DNCC) for collecting holding taxes on March 09, 2020.



The Bank signed an agreement with Anwar Landmark Limited.

### Corporate & Investment Banking:

The year 2020 began with a cloud of uncertainty hanging over the horizon. The novel coronavirus was spreading in Europe, the destination of over 60 percent exports from Bangladesh, after wreaking havoc in China, its largest trading partner. The bad news came a couple of months later. On March 8, the authorities confirmed the maiden case of Covid-19 infection in the country. A week later, the first death from the virus was reported. Soon, the country's economy, one of the shining stars in Asia, came almost to a halt as the government imposed countrywide lockdown to contain the spread of the virus. The main index of the stock market dropped by 15 percent in less than 10 days in the second half of March. During the nationwide lockdown, millions lost jobs, poverty rate doubled and many businesses folded up. Income of the vast majority of the population shrank. Exports hit rock bottom as the importing countries themselves were finding it difficult to keep their economies afloat. The country was staring at an unprecedented three-pronged crisis: health, economic and food. To protect the people and the economy, the government rolled out a massive Tk 120,000-crore stimulus package, one of the largest in the world. It capped bank interest rates below single digit to help firms and businesses borrow at a record low rate. But the biggest support came from farmers who continue to feed the country and the migrant workers who proved the grim forecasts wrong, sending home a record amount of remittance. The robust flow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing. The reopening of the economy in June was a very bold move and proved to be a judicious one, as the virus did not go out of control. The food production, remittance, the stimulus package, the reopening, and the uptick in domestic demand and exports put the country on the path of recovery. Bangladesh's GDP growth is forecast to drop to 3.8 percent in 2020, compared to 8.2 percent in the previous year. The government debt as a percentage of the GDP rose to 39.6 percent in 2020, considered low as per the international standards.

Corporate Banking activities of Modhumoti Bank Limited led by Corporate & Investment Banking Division of the Bank. The Division is tasked with originating and managing the relationships with corporate comprises of a wide variety of industry segments. The division manages portfolios comprising of General Credit, Ready Made Garments, Syndication and Structured Finance. Corporate Portfolio of the Bank was Taka 2,663.00 crore out of total portfolio of the Bank Taka 3,658 crore. Total import business of the Bank was equivalent to Taka 2,097 crore in 2020 compared to Taka 2,366 crore of 2019. In 2020 different customers of the Bank exported equivalent Taka 2,155 crore through our Bank which was equivalent Taka 2,086 crore in 2019. Import business declined by 11 percent Export Business grew by 03 percent.

Modhumoti Bank Limited has been allocated and disbursed Taka 172.00 crore to the 30 customers against Taka 30,000 crore Stimulus Package under BRPD Circular No: 08, dated: 12 April, 2020 for financing Working Capital Loan to affected large industry and services. Apart from this MMBL has disbursed Taka 81.83 crore for workers salary for the export oriented Firms against Taka 5,000 Crore under BRPD Circular No: 07, dated: 02 April, 2020.

Modhumoti Bank Limited being the leading fourth generation private commercial bank of Bangladesh is serving large volume of customers through its Corporate Banking Division by tailor made services. The different activities of Corporate Banking are run by experienced personnel in their specified areas.

- a. **General Credit:** These include traditional banking products like Letter of Credit, Letter of Trust Receipt, Cash Credit (Hypo), Overdraft, Overdraft (Work Order), Short Term Loan etc. to name a few.
- b. **Project Finance:** Project Finance deals with corporate houses to facilitate their project's capital expenditure customized with expected cash flows. The financing is available both in Local currency and foreign currency. So far, the division has extended project finance to some notable business houses of the country in following sectors:
  - i) Environment friendly Auto Brick Sector,
  - ii) Textile and RMG sector,
  - iii) Auto Rice Mill,
  - iv) Steel Sector,

- v) Health Care Sector,
- vi) Infrastructure Sector,
- vii) Power Sector,
- viii) Chemical Sector,
- ix) Food Sector,

- c. **Syndications & Structured Finance:** Syndications and Structured Finance deals are usually arranging funds and participating in local currency as well as in foreign currency syndication. Last year, Modhumoti Bank Limited has participated in various syndication deal. The division participated in a number of syndication deals in power sector both IPP and Captive Power Plant and Steel Sector. The division has also invested in Preference Shares of country's first LNG project.
- d. **Export Finance:** Trade Finance Division, CTPU and Export Finance Department of AD Branches of the Bank caters the unique need of the exporters, specially the garments sector, which has positioned the country amongst the top global exporters. Footwear, Furniture and Pharmaceutical companies are also in pipeline, where diversification of export can be made.
- 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.

### **CMSME Banking:**

A vibrant Cottage, Micro, Small and Medium ('CMSME') sector is one of the principal driving forces in the development of the economy of Bangladesh. SMEs stimulate private ownership and entrepreneurial skills and can adapt quickly to changing market situation, generate employment, help diversify economic activities, and make a significant contribution to exports and trade. Development of CMSMEs is envisaged as a key element in this development strategy. For achieving double digit growth in manufacturing, matching development of CMSMEs is considered critical. Enhanced micro, small and medium enterprise activities in the rural and backward regions constitute a key component of the strategy for rural development and reduction of poverty and regional disparity which narrows the gap of income inequality. The present government has also put much emphasis on the development of CMSME sector considering it as 'the driving force for industrialization'. Therefore, policies and initiatives to develop CMSMEs and to increase their competitiveness are a priority for Bangladesh. Liberalization of the economy along with rapid globalization has posed severe challenges to CMSMEs, not only in international market but also in the domestic economy. 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.

Keeping this in view, MMBL has already formulated a comprehensive policy on CMSMEs financing and made gradual progress in this sector. The Bank is offering tailor made congenial loan products and services to accommodate CMSMEs to full fill their financial need so that it can grow and contribute more to the GDP. At present MMBL have 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 Labannyo for women entrepreneurs. In addition, MMBL introduced a brand new SME product titled as Modhumoti "Shongoti" which is a factoring products cater the need for Entrepreneur involved in manufacturing business who constantly has receivable tied up for 2- months periods. The Bank's SME exposure is thus well diversified among potential CMSMEs customers to different sectors viz. cottage, handy crafts, power loom, auto parts, garments accessories, rice mills, light engineering, commodity financing, textile mill, permitted brick field, scrap iron, poultry farming, fish processing/dry fish, animal feed, agro-based and agro-processing industry, furniture, leather goods sector, jute goods and, computer software and ICT goods, green financing-renewable energy 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 2020. During the year 2020, the Bank disbursed Taka 1,008.69 crore in CMSME where outstanding was Taka 877.32 crore as on 31 December 2020 that constitute 24.09 percent of overall loan portfolio of the Bank. These loans have been financed among 1,768 customers in 2020 as compared to 1,717 customers in 2019. 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 31 December 2020, NPL in CMSME was Taka 24.83 crore which represents 2.13 percent of total CMSME portfolio and 0.68 percent of overall loan portfolio of the Bank.

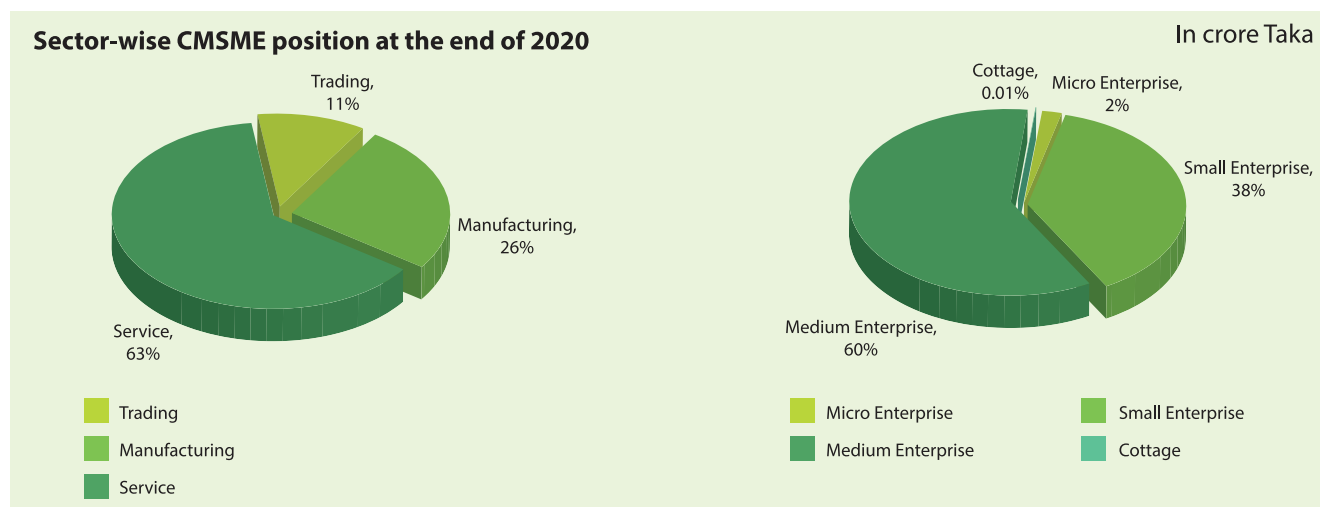
We have assigned special officers at all the respective branches for CMSME and Women entrepreneur for customized service and guidelines to grasp the niche market. As a fourth generation Bank, we have been strongly focusing on CMSME financing.

Capacity Building Activities with a view to increasing the focus on the CMSME business, MMBL 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. 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 crore Taka

Year	CMSME outstanding at the year end	Total Loans & Advances	% CMSME of Total loan Portfolio
2016	468.31	1,713.86	27.32%
2017	875.38	3,018.13	29.00%
2018	783.10	3,557.56	22.01%
2019	714.4	4,250.73	17.96%
2020	877.32	3,806.98	23.05%



#### 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 percent of its loans portfolio outstanding within 2024 with 1 percent increase in each year. Bank will plan for increasing CMSMEs loan from existing 24.08 percent to 30 percent within 2024 against Bangladesh Bank requirement.

#### Disbursement of CMSME Stimulus Package due to COVID -19 Pandemic:

CMSMEs were the hardest hit when the coronavirus pandemic struck the country in March 2020. Government declared financial stimulus package for CMSME through Bangladesh Bank which aimed at mitigating the impact of the coronavirus pandemic. Subsequently , Bangladesh Bank vide their circular no SMESPD no 01 dated 13.04.2020 announced Taka 20,000 crore stimulus package to be disbursed through Scheduled commercial Bank and Financial Institution.

Modhumoti Bank entered into agreement with Bangladesh to participate in disbursing stimulus package in its CMSME customers. Bangladesh Bank allocated Taka 60.00 crore for Modhumoti Bank under this package. Total allocated amount has been disbursed within 31.12.2020 which is well in advance before Bangladesh Bank deadline.

#### Status of CMSME Stimulus Disbursement:

In crore Taka

Fund Allocation by Bangladesh bank	Total disbursement by MMBL	No of customer received stimulus fund	Sector wise Disbursement %		
			Manufacturing	Service	Trading
60.00	60.62	112	5.92 (9.77%)	46.40 (76.54%)	8.30 (13.69%)

**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)	<ul style="list-style-type: none"> <li>• Maximum Taka 1.00 crore for Cottage, Micro &amp; Small</li> <li>• Maximum Taka 3.00 crore for Medium Enterprise</li> </ul>
Renewable Energy & Environment Friendly Financeable Sector	20 August, 2015	Taka 200 crore	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)	<ul style="list-style-type: none"> <li>• Upgrading FCK facilities to improved Zigzag Kiln facilities</li> <li>• Construction of new VSBK, HHK, or tunnel Kiln facilities</li> </ul>
Small Enterprise Sector (SEF)	22 July, 2014	USD 10.00 million	International Development Association	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 percent refinance facilities
New Entrepreneurs in Cottage, Micro & Small Enterprise Sector (New Entrepreneur Fund -NEF)	10 August, 2014	---	Bangladesh Bank (BB)	<ul style="list-style-type: none"> <li>• Maximum Taka 10.00 Lac loans without collateral</li> <li>• Maximum Taka 25.00 Lac with collateral</li> </ul>
Urban Building Safety Project (UBSP) RMG	13 February, 2017	4,240 million Japanese Yen	JICA	For strengthening factories of RMG sector & Private commercial building in Dhaka, Narayangonj, Gazipur & Chattagram District.
Small & Medium Sized Enterprise Development Project-2 (SMEDP-2)	November, 2017	USD 200.00 million	Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>• Maximum Tk.1.00 crore for Cottage, Micro &amp; Small</li> <li>• Maximum Tk.3.00 crore for Medium Enterprise</li> </ul>
SMEDP-2	06 February, 2018	USD 200 million	Asian Development Bank (ADB)	To Small & Medium Sized Enterprise Development

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

Stimulus package & Refinance Scheme for providing working capital loan/investment facility to support COVID-19 affected CMSME's	02 June, 2020	Taka 20,000 crore & 10,000 Crore	Bangladesh Bank (BB)	To support COVID-19 affected CMSME's
Refinance Scheme for providing working capital loan/investment facility to support COVID-19 affected Agriculture sector	03 May ,2020	Taka 5,000 crore	Bangladesh Bank (BB)	To support COVID-19 affected Agriculture sector

### NPL position of CMSME loan as on 31.12.2020

NPL Status	Sum of OS (in Crore Taka)	% NPL against CMSME loan
SS	3.72	0.42%
DF	0.00	0.00%
BL	21.12	2.41%
<b>Grand Total</b>	<b>24.84</b>	<b>2.83%</b>

### Strategic Business Plan for CMSME Banking Division for the year 2021:

- 🌱 CSME exposure in the Bank to be increased from existing 24.08 percent to 25 percent.
- 🌱 Micro / cottage and SE portfolio has stood at 40.06 percent of total CMSME portfolio at the end of 2020. This growth will have to be continued to reach 50 percent in 2024 as per Bangladesh Bank Guideline.
- 🌱 Exposure in manufacturing sector has already reached to 26 percent which needs to be increased further to reach at 40 percent 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.

### Agricultural Loan

Agricultural sector is one of the driving forces of Bangladesh economy contributing 13.65 percent of GDP almost 40.60 percent 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.

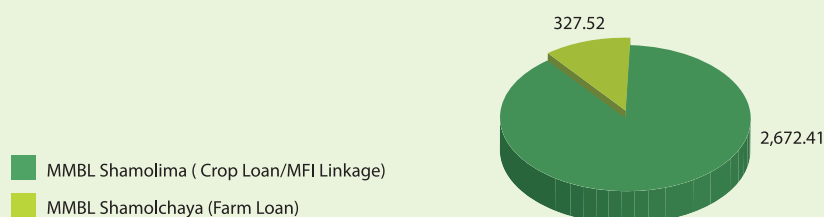
Modhumoti Bank Limited has already formulated different tailor made products to extend financial support to direct agricultural sector namely Modhumoti Shamolima, Modhumoti Shamolchhaya and Modhumoti Shamolmaya. Total Agricultural Portfolio stood at Taka 2,999.93 lac as on 31 December 2020 which is almost 0.82 percent of the total portfolio of the bank increased from 0.66 percent from previous year.

Name of the Product	Loan size	Purpose
Modhumoti Shamolima (Crop Loan)	Up to Taka 3.00 lac or as determined by Bangladesh Bank updated guidelines	<ul style="list-style-type: none"> <li>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.</li> </ul>
Modhumoti Shamolchaya (Farm Loan)	Up to Taka 100.00 lac	<ul style="list-style-type: none"> <li>Any justifiable capital expenses and/or working capital</li> <li>Project finance</li> </ul>
Modhumoti Shamolmaya (Any Agri-Purpose Loan)	Up to Taka 100.00 lac	<ul style="list-style-type: none"> <li>Any justifiable capital expenses and /or working capital</li> <li>Project Finance</li> </ul>

#### Agricultural loan portfolio status as on December 31, 2020:

Product Name	Outstanding (in Lac Taka)
MMBL Shamolima (Crop Loan/MFI Linkage)	2,672.41
MMBL Shamolchaya (Farm Loan)	327.52
<b>Total</b>	<b>2,999.93</b>

#### AGRI OUTSTANDING POSITION AS ON DECEMBER 31, 2020



#### Disbursement of Agricultural loan under Bangladesh Bank Refinance Scheme due to COVID -19 Pandemic:

Modhumoti Bank entered into agreement with Bangladesh to participate in disbursing loan in its Agricultural customers under Bangladesh Bank 5,000 crore refinancing Scheme for Covid -19 affected customers in agricultural sector on 03.05.2020. Bangladesh Bank allocated Taka 2.50 crore for Modhumoti Bank under this package. Total allocated amount has been disbursed within 31.12.2020 which is well in advance before Bangladesh Bank deadline i.e 30.06.2021. Status of Agricultural loan Disbursement under refinancing scheme due to COVID-19 Pandemic:

In crore Taka

Fund Allocation by Bangladesh bank	Total disbursement by MMBL	No of customer received stimulus fund	Sector wise Disbursement %		
			Dairy	Fisheries	Poultry
2.50	2.51	12	1.10 (43.82%)	1.16 (46.22%)	0.25 (9.96%)



The Bank inaugurated Singair Branch, Manikganj on January 30, 2020.



The Bank inaugurated Revenue Collection Booth, Dhaka North City Corporation.



The Bank signed an agreement with Digital Healthcare Solutions for telemedicine.

### Retail Banking:

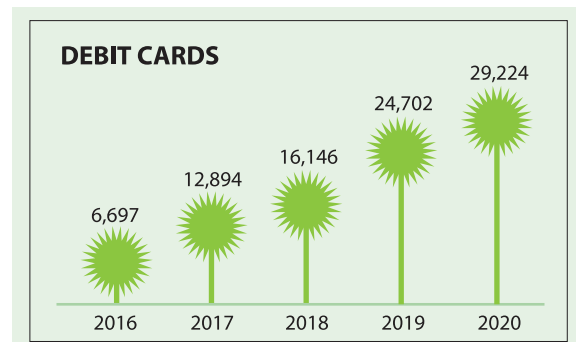
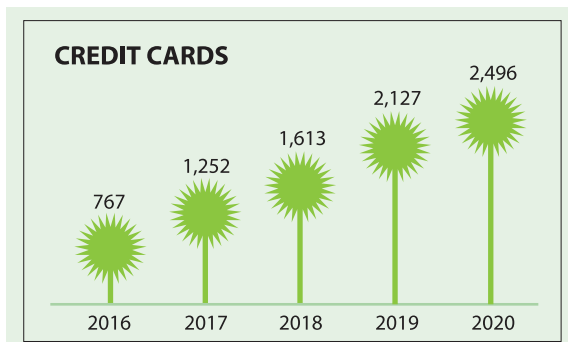
Retail financing is lifestyle improvement initiative for growing consumption in Bangladesh. Retail sectors are developing at a fast pace in the light of sheer scale of saving and lending prospects. Banks are experiencing inspiring growth and market is up. Because of that Banks are more focused on retail and small business spaces, churning out new products, innovative services and customer engagements, Therefore Retail Banking Division of the Bank has introduced different type of retail lending products to keep up in the huge competitive market over the year which includes Personal Loan, Home Loan, Auto Loan, Teachers Loan etc. Bank introduced Modhumoti Personal Loan for creditworthy individuals, Auto Loan named Modhumoti Vehicle Loan for general individuals and Modhumoti Vehicle Loan (Special) for MPs. Two distinctive Home Loan products named Modhumoti Ashroy for Semi-structured buildings and Modhumoti Thikana for construction of RCC structure buildings and purchasing apartments are also meet the demand of the Home Loan customers. Modhumoti Teachers' Loan Dishary is an unsecured retail loan for any legitimate purpose to meet life style needs of the credit worthy teachers. To cater the market, Modhumoti Bank Limited signed agreements with different reputed auto dealers and house building developer companies. The Retail Loan portfolio reached to Taka 1,339.52 million at the end of the year 2020, which was Taka 1,357.06 million in preceding year.

Modhumoti Bank Limited also introduced different types of customized deposit product for the prospective retail depositors. Some of the unique products are Modhumoti Freedom Fighters Savings Account for the Honorable Freedom Fighters, Modhumoti Labonnyo Savings Account for the Women, Modhumoti Borshiyon Savings Account for the Honorable Senior Citizens, and Modhumoti Peshajibi Savings Account for the professionals in the society. To improve our deposit portfolio by increasing CASA deposit, various year wise campaign was organized. Moreover, special emphasis has been given to opening Modhumoti Salary Account as part of enhancement of CASA deposit. Modhumoti Bank Limited has other various types of Scheme deposit products, such as Monthly Savings Scheme (MSS), Monthly Income Scheme (MIS), Modhumoti Prottasha Deposit Scheme and Modhumoti Shaddho Deposit Scheme. These products have already been acknowledged by the Small Value Savers.

### Cards (Business)

With the view to facilitate customers with modern banking facilities, Modhumoti Bank introduced electronic payment services through Proprietary and VISA EMV Debit/ Credit Cards soon after its inception in 2014. Subsequently, Bank designed different related products having wide transaction flexibility as desired by the customers in home and abroad along with latest security features. Bank is also fervent to introduce more product diversification in future.

Modhumoti Cards always emphasize Customer Service which is ensured with client friendly card features, candid communication and dedicated helpline service round the clock. To ensure customer convenience and uninterrupted service during this on-going pandemic – Bank highlighted on E-Commerce transactions as well as fund transfers to different payment gateways which its customers availed staying safe at home. Besides, Bank signed Memorandum of Understandings (MOUs) with the leading Hospitals, Clinics and Diagnostics Centers in Dhaka facilitating its cardholders with special savings at health services.



## Green finance of the Bank

Bangladesh Bank vide its GBCSRD Circular No. 04 dated September 04, 2014 instructed all scheduled banks to extend credit facilities to the sectors considered as Direct Green Finance. As per instruction of BB, the Bank required to extend 5% of total loans & advances (funded) as green finance. As per Circular Letter No. 05 dated September 09, 2020 Bank required to disburse 5% of total term loans & advances excluding staff loan as green finance.

### The Status of Direct Green Finance at Modhumoti Bank Limited:

In crore Taka

Year (as on Dec 31 <sup>st</sup> )	Outstanding Position	Achievement against total term loans of the Bank
2019	74.32	3.87%
2020	98.24	5.52%

## Foreign Exchange Business

Widely recognized as one of the leading fourth generation banks of Bangladesh in supporting Trade Finance and Foreign Exchange transactions, Modhumoti Bank Limited (MBBL) treats “Global Trade Facilitation” as one of the activities and has been successfully expanding its global trade financing since inception. Catering to the growing demand of quality trade service has always been the fundamental strategy of MMBL’s International Business Operations. The resilience and dedication of MMBL team have been instrumental to the improvement of service quality in alignment of bank’s mission to achieve utmost client satisfaction as well as supporting the steady growth of the institution. Establishment of a large and effective network of correspondences worldwide, expanding relationship with global high street banks, tying up with the International Exchange Houses are testaments of MMBL’s dedication to continuous service improvement and commitment to partnering with the country in supporting the economic advancement of the nation. International Division of Modhumoti Bank Limited plays a vital role in this connection.

MBBL serves its Global Trade, Foreign Exchange transactions and NRB remittances now through countrywide 44 branches including 06 (Six) dedicated Authorized Dealers (AD) supported by 05 (Five) Branches and 01 (One) Centralized Trade Processing Unit (CTPU), one Offshore Banking Unit (OBU) and 366 agent points. With major focus on trade, International Division coordinates LC Advising, LC 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.), NRB Remittances 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, International Division of the bank is constantly expanding its correspondent network worldwide and up to now the Bank establishes and maintains 19 (Nineteen) Nostro Accounts in the most popular currencies e.g. US Dollar, Pound Sterling, Japanese Yen, Euro, Australian Dollar & ACU Dollar under Asian Clearing Union and 01 (One) Nostro Account for Off-shore Banking Unit (OBU) in US Dollar with reputed International banks which ensures effective Foreign Currency Management and timely payment and receipt of foreign commitments.

## Correspondent Banking

International division of the Bank 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 162 banks covering 36 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.

International division of the bank also maintains substantial credit lines with globally recognized multinational banks and financial institutions for adding confirmation of LCs, discounting & re-discounting of import LC/ export bills, refinancing and sourcing of FC funds as and when required. We have also been able to enhance a substantial amount of rebate/fee income from our foreign correspondents against our foreign trade businesses.

## 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. The Bank has served its foreign trade business, Letter of



Credit, Bank Guarantee, cross border remittance through its Authorized Dealer (AD) Branches, Central Trade Processing Unit (CTPU), and Offshore Banking Unit (OBU) under its Head Office SWIFT operations of International Division. Currently, the bank is using SWIFT Alliance Messenger having 33 user bands which permits 10 concurrent user connection at a time of our 07 BIC (5 AD Branches, CTPU, 1 (One) OBU and Head Office SWIFT user) under logical terminal (LT) MODHBDDHXXX of the bank.

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 updated version 7.5.20 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 in 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. In addition, we are complying Customer Security Programme (CSP) as per instruction of Central bank and SWIFT Head Quarter. International Division (Financial Institutions) also looks after the Policy Guideline and overall operation of the SWIFT of the Bank.

SWIFT is a secured platform, but hackers are also technically so smart for which cyber-attacks and threats are now global issues always threatening our technology based all security systems including SWIFT. To secure the SWIFT system from the above threats the SWIFT alliance has adopted different advance technologies like BASIC Tracker, Payment Control Services (PCS), Global Payments Innovation (GPI), etc. We furnish below briefly about BASIC Tracker, Payment Control Services (PCS), Global Payments Innovation (GPI):

Modhumoti Bank Limited has adopted BASIC Tracker which has been mandatory since 22 November, 2020. We have started to monitor regularly inwards receipt of payments (MT-103) in BASIC Tracker Interface and update within 48 hours for confirmation of credit, pending payments for customer's documents/ response and return of payments (if any).

### **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 a 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 NRB Remittance triggered 73.79 Crore against target of 60.00 Crore in the year of 2020 which is about 123 percent of the target.

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

Name of Exchange Houses	
01. Trans-Fast Remittance LLC	02. Western Union Money Transfer
03. Xpress Money Services	04. Continental Exchange Solutions(Ria)
05. Placid N.K. Corporation	06. Cash Express
07. Aftab Currency Exchange	08. NEC Money Transfer Company
09. Worldwide West 2 East Services Limited (SHA Global)	

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.

NRB remittance business in terms of volume and transactions of the last 03(Three) years are as follows:

Figure in Million

Amount	2018	2019	2020
USD	5.18	15.08	8.69
BDT	438.07	1,327.21	737.88
Number of Transactions	9,822	26,147	13,605

With a view to increase & facilitate Inward NRB 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 this process, Modhumoti Bank Limited will be able to establish business relationship with the globally renowned Exchange Houses such as Instant Cash FZE-UAE, Prabhu Money Transfer, Merchantrade Asia Sdn Bhd, MoneyGram, Kuwait Asian Exchange International Company-Kuwait, Al Dhahery Money Exchange-UAE, Progoti Exchange Company-UAE, Al Zaman Exchange WLL Qatar etc.

### Off-Shore Banking Operation

Offshore Banking acts as a unique solution for Banks across the globe to carry out international banking business involving foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment. 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 cater to the banking needs of nonresident customers both in EPZs PEPZs, EZs and Hi-Tech Parks and abroad. Yet, it has become an important strategic business unit due to growing demand of cheaper foreign currency loan, usance payable at sight (UPAS) Letter of Credit and discounting of export bills from the customers. The overall operation of the Offshore Banking is controlled and supervised by Offshore Banking Operations under International Division supported by 01 (One) Offshore Banking Unit (OBU) now situated at Head Office of the Bank.

Modhumoti Bank Offshore Banking Operation headed by International Division mobilizes deposits, facilitates UPAS L/C, discounting of export bills/ import bills, finances the customers in EPZs PEPZs, EZs; manages fund for OBU and other trade finance services as and when required by the customers under the purview of policy and guideline of Bangladesh Bank. The OBU of the Bank also supports on-shore customers within the purview set out by the Bangladesh Bank. International Division (Financial Institutions) also looks after the Policy Guideline and overall operation of the OBU of the Bank.

The main objectives of Offshore Banking are to:

- 🌱 Attract and facilitate potential foreign investors and entrepreneurs in the EPZs PEPZs, EZs and Hi-Tech Parks.
- 🌱 Attract investment for non- resident Bangladeshi investors.

OBU of the Bank offers following products and services to the valued customers-

- 🌱 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) Letter of Credit.
- 🌱 Purchase/Discount of Export Bills in Foreign Currency.
- 🌱 Foreign Currency Term Loan to eligible resident industrial units.

**As on December 31, 2020**, total loans and advances of OBU reached to USD 17.573 million equivalent to Taka 1,492.83 million. During the year of 2020, OBU made net profit of USD 0.564 million equivalent to Taka 47.95 million.

### Trade Services

Foreign trade is the main esteem of success in the banking industry. The exporters earns the necessary foreign currencies which are used to fulfill the payment obligations against the imports. A significant part of Modhumoti Bank's portfolio consists of trade finance in different modalities, which is conducted through its countrywide network of 06 No(s) of Authorized Dealer (AD) Branches along with 01 Central AD License (CTPU) for all the Non-AD Branches. By dint of all the eligible customers related to foreign trade can avail trade finance from any other AD branches they like to operate foreign trade banking. Trade Services Division of Modhumoti is committed to being the partner of choice for internal and external customers by providing proactive trade solutions. Despite global pandemic situation Covid-19 & worldwide economic recession in 2020, MMBL Foreign Trade Business remains almost steady growth to achieve the success of annual goal.

## Import

Modhumoti Bank always looks forward to exhibit quality financing while facilitating import trade. Since, international trade had halted during certain period at 2020 due to the impact of COVID-19. As a result, the Bank's import business dropped by 11.79 percent of which amounting was USD 246.70 million (Taka 20,969.76 million) in 2020 compared to USD 279.70 million (Taka 23,656.59 million) at 2019.

The Bank is engaged in opening Letter of Credit in different sectors including capital machineries, industrial raw materials, garments & accessories, food grains, motor vehicles, spare parts, medical equipment, pharmaceuticals raw materials for drugs & others consumers products etc.

## Export Trade

Despite global pandemic situation Covid-19, MMBL export business significant growth of 3 percent to USD 256.55 million (Taka 21,548.27 million) in 2020 compared to USD 249.36 million (Taka 20,854.66 million) in 2019. The focal point of our export financing was the garment industry as well as other notable items were jute & jute goods, agricultural products, leather, fabrics and accessories etc.

## Commercial Remittance

Remittance has created a new dimension in the economic development of Bangladesh since it helps increase foreign exchange reserves, enhance national savings, maintain equilibrium in balance of payments and increase velocity of money. Moreover, it helps lessen dependence on foreign aid. Remittance is the second largest sector of foreign exchange earnings. Remittance positively affects almost all the macro-economic indicators of Bangladesh. In 2020, Modhumoti Bank has performed Commercial Remittance Business (received through SWIFT) was USD 6.76 million (Taka 571.27 million).

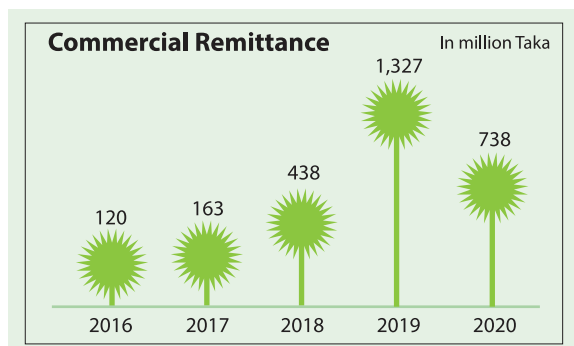
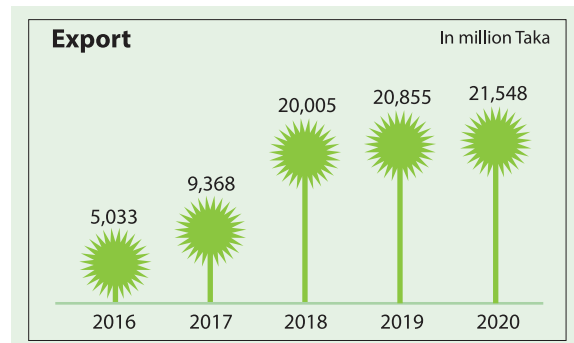
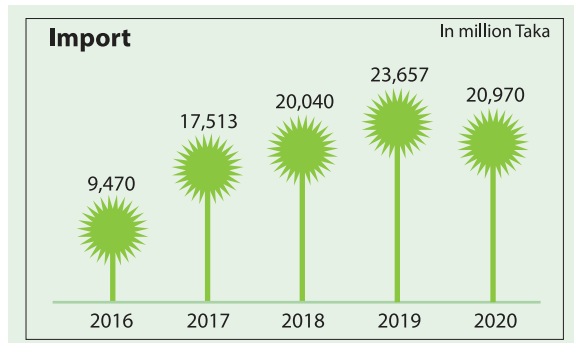
## Central Trade Processing Unit (CTPU)

To provide faster and quality services to the foreign trade client of our Non AD Branches, Modhumoti Bank is operating Central Trade Processing Unit (CTPU) along with 05 AD Branches. CTPU, comprising of experienced foreign trade officials, provides trade services in an efficient manner. As a result its enabling the bank to ensure discipline enhances monitoring in the foreign trade regime of the bank. CTPU acts as service center and support Non-AD branches to generate profit for smooth operation of Non Funded facilities. CTPU conduct foreign trade businesses of Non-AD Branches of the Bank by opening all forms of LC(s), Issuing Shipping Guarantees, Handling Import Documents, Advising & Transferring LC(s), Purchasing or Discounting Local Export Documents, Handling of Export Documents. In addition to all these activities CTPU conduct all sort of online reporting against foreign exchange business of Non-AD Branches to Bangladesh Bank.

In the global pandemic situation Covid-19 though the volume of import business has significantly dropped, CTPU opened 257 LCs amounting to Taka 102.29 million in 2020. Moreover this year, CTPU has introduced Local Export Discounting Method. Under this Local Export Discounting Method, CTPU discounts 44 number of Export Bills amounting to Taka 42.20 million.

## Offshore Banking Operations of the Bank

Modhumoti Bank Limited has Offshore Banking Unit (OBU) governed under the rules and guidelines of Bangladesh Bank. Modhumoti Bank is one of the pioneers among the fourth generation private commercial banks in Bangladesh to set up an Off-shore Banking Unit. MMBL started offshore banking operations since January, 2015 with enormous confidence of the investors due to its strong commitment and dedication over the years. Offshore Banking Operations can finance the customers of Export Processing Zones (EPZ) under category "A" in foreign currency. It also discounts bills accepted by ADs' in Bangladesh against import L/Cs' opened on deferred/usance basis complying proper due diligence. Moreover, Off-shore Banking is free to accept deposit from or to borrow from persons/institutions not resident in Bangladesh including Bangladeshi national working at abroad.



In 2020, OBU of the Bank has discounted 361 nos. of bills valuing USD 25.70 million equivalent to Taka 2,183.80 million and adjusted 374 nos. of bills valuing USD 41.71 million equivalent to Taka 3,559.70 million.

### Treasury Management

The core responsibility of a treasury of a Bank is to optimize liquidity as well as the capital of the Bank. Treasury is also responsible for making sound financial investments with the available fund while reducing financial risks by being responsible for measuring and monitoring all risks associated with the Bank's domestic and Foreign Exchange exposure, local and foreign currency liquidity, asset-liability management and overall management of the Balance Sheet. Through its Asset Liability Management (ALM) and efficient trading operations, Treasury strives to increase the Bank's profitability by making proper assessment of the market and deploying its assets and liability in line with that market trend. Again, nowadays, the Banking industry is constantly facing changes in technology, regulations, and compliance, which is ministering Treasury becoming a strategic business partner across all the areas of Banking Business. Modhumoti Bank Treasury is also not an exception. Over the last couple of years, Modhumoti Bank treasury has performed very well despite the adversaries & economic turmoil within the country and around the globe.

Modhumoti Bank Treasury primarily focuses on the followings:

- 🌱 Enhancing profitability
- 🌱 Expanding transaction volume
- 🌱 Utilizing different market opportunities within all risk and regulatory limits
- 🌱 Strengthening ALM operations
- 🌱 Creating a diversified fund management channel
- 🌱 Minimizing market, liquidity and interest rate risks

**Existing Product Line:** Since the inception of the bank, almost all the treasury product line is available with us. The products are designed to work with the financial possibilities of our county. Further to this, many more treasury products are still in the process to be introduced in Bangladesh.

Money Market	Foreign Exchange	Government Securities	Invetment In Capital Market
🌱 Call Money	🌱 Currency SWAP	🌱 Secondary Trading	🌱 IPO Participation
🌱 Special Notice Deposit	🌱 FX spot/Forward	🌱 Primary Auction	🌱 Buy/Sale
🌱 Term Money	🌱 USD Invest Bond	🌱 Forward Contract of Bond	🌱 Preference Share
🌱 Fixed Deposit	🌱 Wage Earners Bond	🌱 Client Service.	🌱
		🌱 REPO	
		🌱 Reverse REPO	
		🌱 ALS	

**Future Product Line:** In line with current market proposition and its impediments we have less room to explore new future treasury products.

The products can be:

- 🌱 Investment in Islamic Bond
- 🌱 Islamic Fund Market
- 🌱 Cross Boarder FX SWAP
- 🌱 Forward FX Deal with Clients

Modhumoti Bank Treasury has the following desks through which it offers a complete and well diversified package of Treasury solution to its customers both in the interbank and corporate market.



## Money Market Desk

Over most of the period of 2020, the interbank money market experienced a liquid scenario. The number of days when money market felt a bit stretched was very limited. It happened due to the accommodative monetary policy stance that Bangladesh Bank adopted. Call money rate hovered around 1.00 percent - 1.50 percent throughout the year 2020. The revenue generated by MM Desk in 2020 was Taka 1,130.35 million compared to Taka 1,247.30 million in 2019.

## Fixed Income Desk

Fixed Income desk is mainly responsible for investment in Government Securities (G. Sec) and other investment. The Government Securities portfolio of Modhumoti Bank Ltd. as of 31st December 2020 was Taka 2,092.61 Crore. The earned capital gain was around 77.95 crore in 2020.

## Foreign Exchange Desk

In FX market, Interbank Foreign Exchange rate was quite volatile and illiquid all through the year 2020. USD appreciated against BDT and stood at 84.80 level as of 31 December 2020 which was 84.90 at the very beginning of 2020. In 2020, FX Desk generated Taka 8.26 crore as Exchange Gain in comparison to Taka 19.82 crore of 2019.

## Capital Market Desk

Capital market desk is mainly responsible for investment in share both ordinary & preference share. The share portfolio of Modhumoti Bank Ltd. as of 31 December 2020 was Taka 47.22 crore. Dividend income around 3.42 crore and Capital gain from trading of shares was 5.14 Lac in 2020.

## Asset Liability Management (ALM) Desk

Asset Liability Management (ALM) is an integral part of Bank Management. Head of Treasury is the member secretary of ALCO. Through ALM our Bank mainly aims to achieve the following objectives:

- Growth in assets & liabilities
- Containment of risk in a coherent manner
- Stability and consistency in earnings and
- Profitability

ALM desk, through its own market research and market intelligence presented the market outlook throughout the year, that gave an explicit idea about the market liquidity for availing market opportunities for loans and advances, investments as well as for fund deployment in alternative forms. Throughout 2020, the desk helped in pricing the products of both assets and liabilities to gain the competitive advantage from the market movement. It also presented the bank's overall financial position in front of the ALCO members to formulate an effective investment and fund management strategy for the bank.

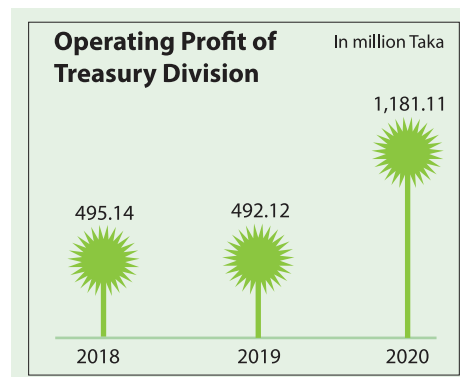
In 2020, Treasury operated within all regulatory limits. There was no single instance where Treasury violated any regulatory limit which reflects Modhumoti Bank Treasury's commitment to operate within the rules and regulations of the Bank as well as other regulatory bodies.

## Treasury Income in 2020

Treasury, as a major contributor to bank's revenue line, contributed significantly in 2020. Overall, Treasury revenue numbers in 2020 from different revenue heads are presented with a comparison from the year 2018 to 2020.

## Treasury Priorities in 2021:

- Maximizing Treasury Portfolio return through exploring existing & new areas of business
- Emphasizing on developing market research expertise under ALM Desk
- Strengthening Foreign Exchange corporate sales desk
- Emphasizing on cross-currency trading desk
- Strengthening relationship with all counterparts (both Interbank & Corporate)



- Managing Balance sheet in the most efficient way
- Special Emphasize for building awareness among corporate customers regarding hedging and its benefits
- Updating the policies related to treasury in line the changed/modified/amended policies as endorsed by Bangladesh Bank from time to time
- Organizing knowledge sharing programs e.g. Trainings, Seminars on Treasury and Market Risk Management

## Agent Banking Business Portfolio & Analysis

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

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

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
Q1-20	97,428	40.75%	31,396	32.22%	66,032	67.78%
Q2-20	1,10,018	11.44%	32,152	29.22%	77,866	70.78%
Q3-20	1,19,478	7.92%	36,843	30.84%	82,635	69.16%
Q4-20	1,31,592	9.21%	39,360	29.91%	92,232	70.09%

### 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
2020	16	45	366	1,31,592

## Products and Services Offered through Modhumoti Digital Banking Points:

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

## Upcoming Services of Modhumoti Digital Banking Points:

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



Focus Group Discussion on Financial Literacy Campaign in January 2020.



School Banking Program by Gouripur Digital Point, Mymensingh in February 2020.

### Banking Operations, Alternative Delivery Channel & Card Operations:

Modhumoti Bank Limited is a scheduled commercial bank in Bangladesh has commenced its banking operation on September 19, 2013. Till now, the Bank has 44 branches covering all the administrative division of the country. Year-wise number of branches in circulation (cumulative) is presented below:

Particular	2013	2014	2015	2016	2017	2018	2019	2020
Branches	2	10	15	23	29	35	41	44

### Alternative Delivery Channel & Card Operations:

Electronic payment system is a way of making transactions or paying for goods and services through an electronic medium without using cheques and cash which was 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:

SL.	Particular	2014	2015	2016	2017	2018	2019	2020
1	Debit Card	1,655	3,285	6,697	12,894	16,146	24,702	29,224
2	Credit Card	-	-	767	1,252	1,613	2,127	2,496
	<b>Total</b>	<b>1,655</b>	<b>3,285</b>	<b>7,464</b>	<b>14,146</b>	<b>17,759</b>	<b>26,829</b>	<b>31,720</b>















#### 2. ATMs:

Modhumoti Bank Limited has already become a member of National Payment Switch Bangladesh (NPSB), VISA and Q-cash consortium facilitating it 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:

SL.	Particular	2014	2015	2016	2017	2018	2019	2020
1	ATM	06	16	22	29	32	42	43

#### 3. Modhumoti Digital Banking (GO SMART):

Modhumoti Digital Banking (GO SMART) services commercially launched on 15 February, 2020 for the valued clients of the Bank. From then, it is facilitating to providing below services:

-  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
-  Instant DPS/FDR account Opening
-  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 5th September 2019. Services through Modhumoti Helpline (16347):

- 📞 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, specious 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.

#### 6. **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 superior supervision of Operations Division among the 4th Generation Banks in which we deal with the following activities from 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](mailto:ccs.cmc@modhumotibankltd.com) (includes MAN-COM),
- 📞 Dedicated full-time Social Media Page (<https://www.facebook.com/modhumotibankltd>).

# 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

### Fixed Income Securities

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

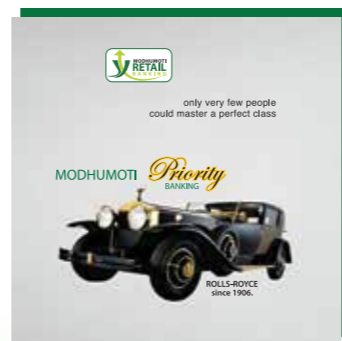
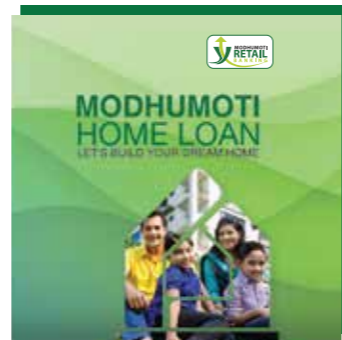
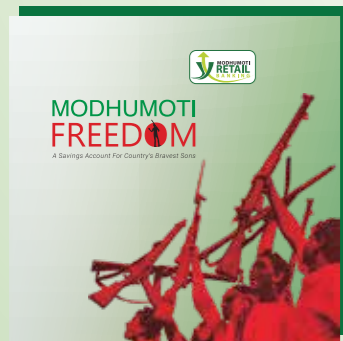
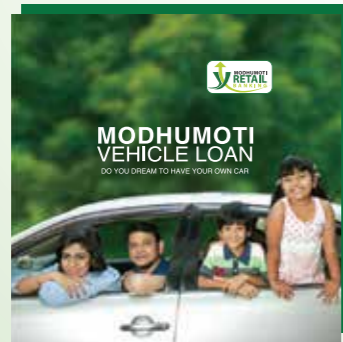
### Foreign Exchange

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

### Capital Market

## 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

## Scheme Deposits

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



## Service Products

- Priority Banking Services Locker Service
- 24 hour ATM access
- Online Banking
- MMBL Helpline (24/7)
- SWIFT
- Modhumoti Gold - Authorized Gold Dealership Service
- Internet Banking - Modhumoti Digital Banking (Go Smart)



## Fixed Deposit for different terms

## Foreign Currency Account

NFCD / RFCD

## Remittance Service

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

## 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 BDT 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 free of charge.

**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 BDT 1000.00 will be required to open this account. No fees and charges are applicable except Government fees 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 consumer loans.

**Modhumoti লাবণ্য Savings 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 Tk.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 BDT 50,000.00 to BDT 10,00,000.00 after certain period of maximum 5 years by depositing a smaller amount in every month.

**Modhumoti সঞ্চয় 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.

# Internal Control & Compliance Review

## Internal Control & Compliance Division:

### 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 management takes appropriate and timely corrective action in response to internal control weaknesses identified by internal auditors.

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 (A&IU)

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 A&IU 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;

### 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 2020 at a glance

- Overall audit coverage has been enhanced, since 99 Risk-based Inspections on 10 Divisions/Departments/Units of Head Office, 44 Branches along with 44 IS/IT Audits during the year 2020 have been conducted. A total of 7 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 30 reports/letters from Bangladesh Bank during the year 2020, against which successfully submitted compliance of all reports/letters within the prescribed deadlines (Bangladesh Bank inspection teams conducted a total number of 12 inspections on 6 Divisions/Units of Head Office and 4 Branches during the year 2020 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) Issues and Compliance

To expedite the AML Compliance effort and increases the effectiveness of the activities in line with Global Best Practices, MMBL Management, in consistent with the echo's of the Board of Director, has emphasized to establish Strong AML Governance in the Bank. Considering Risk Based Approach (RBA), AML & CFT Risk Assessment & Mitigation Mechanism 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 legislations, regulatory directives and bank's policies and procedures to ensure good corporate governance. A highly dedicated 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 international and national standards and evaluate the same time to time. The Bank has properly assigned responsibilities and developed CAMLCO & Deputy of CAMLCO at Head Office and BAMLCOs at the Branches.

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

- Policy:** Well-defined AML & CFT Policies and Guidelines (lastly updated in December 2020);
- MMBL Guidelines for Prevention of Trade Based Money Laundering** was formulated and approved by the Board of Directors of the Bank in August 2020. The Guidelines was enforced in the Bank from November 2020 and will be fully implemented by June 2021 as per timeframe given by the regulator.
- KYC Procedure:** Proper customer identification processes (through KYC/CDD/EDD measures, NID Verification, A/C Information review after a certain period of A/C opening, take information of ultimate beneficial owner's, Source of fund verification documents 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, TP violation/ exception report, House wife & student in profession etc. Accounts monitoring);
- Adverse Media News** Screening is in process and if suspicion creates, STR/SAR initiates to BFIU;
- 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. Now 100 percent officials of the Bank are AML trained.
- Quality Assurance & Testing for effectiveness 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 & Inspection Teams of ICCD also scheduled tests the functions/ activities of the branches and a copy of the report are being sent 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 A/c holder;
- Provides accurate and timely customer information against queries;
- Organizes customer awareness programs to mitigate regulatory risks associated with money laundering and terrorist financing;
- 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 / train official in a distance learning module program.
- Some other infrastructure level improvement program is in progress to enhance effectively 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 level listed Banks in terms of regulatory audit rating will be the top priority for the AML & CFT Division over the coming years.

### **Ethics & Compliance**

The Board and senior management have a vital role to play in shaping and embedding a healthy corporate culture, and this was continued to be a focus in the year 2020 as well. Main aspect of our culture is Professional ethics which encompass the personal and corporate standards of behavior expected from the Modhumoti Bank officials. The commitment of our employees, at all levels, to compliance issues serves as a reflection of our shared values. Modhumoti Bank has its own Charter of Professional Ethics that reflects our ambitions, commitments and principles of excellence. It sets out our fundamental ethical principles and serves to guide our professional conduct.

Rules on professional conduct and compliance have always been a key part of our business. These rules go beyond simply applying the legal provisions and regulations currently in force. The conduct of each individual should be guided by the principles of good faith and honesty. Everyone has a responsibility to comply with the law and regulations – particularly those that relate specifically to banking – in the interests of all stakeholders.

The Bank has put in place a series of procedures and tools that enable it to identify and gain a better understanding of its customers. The processes for opening accounts for new customers and for creating and updating customer files are governed by strict rules. The conduct of every official is governed by the notions of good faith, honesty, moral integrity, Precision and professionalism. Employees always serve customers with loyalty, care and discretion.

### **Review on Information & Communication Technology**

The adoption of information technology in the banking industry has enabled banks to improve operational efficiency to reduce transaction time and operating cost for collecting, storing and processing information. The bank is committed towards its customer satisfaction with the help of the technological advantages. Technological development of the bank has been tremendously increased for 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 benefits of faster realization of receivables from their clients and making payments to their suppliers instantly and securely. The bank is always committed towards its customer satisfaction with help of the technological advantages. ICT Division is not only well equipped with technology but also with skill full professional ICT workforce.

### **ICT Infrastructure**

Modhumoti Bank has reviewed present ICT infrastructure and taken steps to establish state of the art IT Security solutions (hardware, software and network infrastructure) for their implementation of new Data Centre 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 incurring 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 status 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.

## **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 the Core Banking Solution (CBS) as BankUltimus "Spark V3" to support its customer's 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.

## **ATM Network**

The Bank has so far established 43 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.

## **BACH, 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.

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 Point**

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 Point' 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 Point 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. Safety net Allowances (Elderly Allowances, Freedom Fighter Allowances and Widow Allowances).

## **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 also increases purchasing power by demand aggregation and empowers the small and medium bidders. The Bank has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the meantime, customers have received e-GP tendering services from our bank with their satisfaction.



## 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;

## Modhumoti Bank Internet 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. 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 PlayStore as well as AppStore!

### The following features are available in Modhumoti Bank Mobile application:

- Fund Transfer (BEFTN & RTGS) to any Bank Account
- Bank Credit Card Bill Payment
- Utility Bill Payment
- Loan Account Information
- Mini Statement
- Beneficiary Management
- Mobile Top-up
- bKash fund transfer
- View Account related Information with Balances
- View Transaction History
- Detailed Statement
- Service Request (FDR, Positive Pay, Cheque Book, Pay Order etc.)

## Call Centre

With Modhumoti Bank 24-Hour Call Centre, managing customer's accounts are just a call away. Customers are enjoying the convenience of banking anytime, anywhere simply by pressing a few buttons of their phone.

- Account Detail
- Debit/Credit Card Activation / Block
- Credit Cards Bill Payment
- Captured ATM cards and Cash Query
- Others
- Balance Query
- SOC Query
- ATM/Branch Information
- Query for All Products

## 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:

Information Communication Technology (ICT) is regarded as a strategic asset and a key enabler of Modhumoti Bank Limited. It is deeply entrenched in the way the Bank conducts its business. Bank is very keen and strategized to strengthen the ICT area with the alignment of demand of today's customer needs.

- Facilitate the planning of information technology solutions for the Bank through establishment of enterprise architectural roadmaps.
- Optimize the Banks business processes in order to enhance the overall efficiency of the Bank in carrying out its operations.
- Implement IT Governance and Service Management practices in order to ensure that ICT department delivers its services effectively, efficiently and in accordance with best practices in the field.
- Manage IT compliance to technology licensing requirements, general IT controls as well audit and risk management recommendations.
- Establishment and maintenance of network and infrastructure security solutions.
- Undertake detailed analysis of business area requirements for planned information technology based solutions.
- Acquire, build, enhance and integrate Information Technology based solutions.
- Establishment and maintenance of network and data communications infrastructure platforms necessary to host business applications.
- Enhance and maintenance of network and infrastructure security solutions.
- Establishment of disaster recovery and business continuity measures on hardware, networks and infrastructure.
- Provision of end-user training on desktop automation software solutions, collaboration and mobile software.
- Operating the end-user ICT support service desk.
- New Establishment and maintenance of data centre infrastructure technologies.
- Preparation and Gap analysis to achieve Industry Standard Certifications
- Achievement of Industry Standard Certification like: ISO 27001
- Preparation and Gap analysis to achieve PCI DSS Certification
- Planning to prepare Security Operation Centre (SOC) for the Bank

## Review on 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 creates a culture of equity among every employee of the Bank. As per HR policy, the services 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.



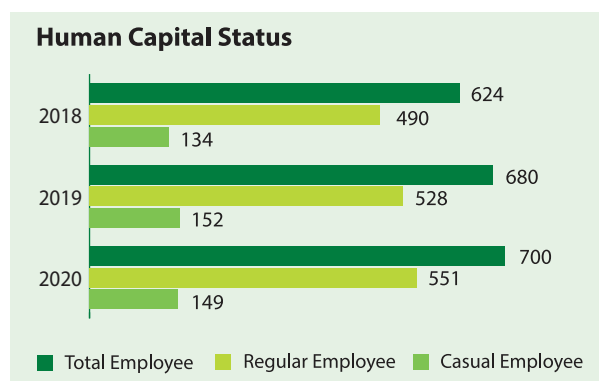
## HR Culture

Culture is one of the key drivers of conduct in banking industry. In Modhumoti Bank the behavior of the Management and employee influenced by its culture in 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 4<sup>th</sup> 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 2020 was 83 percent male to 17 percent 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 2020, MMBL recruited a total number of 45 employees out of which 12 were fresh officers, 32 were experienced Officers and the rest 01 were Executives. Recruitment history of last three years is stated below:

Particulars	2020		2019		2018	
	Executives	Officers	Executives	Officers	Executives	Officers
Experienced	1	32	8	43	9	43
Fresh	0	12	0	52	0	61
<b>Total</b>	<b>45</b>		<b>103</b>		<b>113</b>	

## MMBL Learning & Development

Modhumoti Bank Limited believes in developing its employees to their full potential. Therefore, ever since the inception of the Bank, we have focused on providing maximum learning and development opportunities to the employees. In this regards the Bank has established a separate learning and development center which is affectionately named as "Modhumoti Learning & Development Center – Explore".

Explore is a well-equipped Institute that provides professional learning environment ensuring all modern learning tools and development facilities. Our learning and development center has full-fledged courses and faculty (Internal and External) that ensure the planning and implementation of the yearly Training Calendar. The training Calendar is prepared on the Basis of Training Need Assessment conducted throughout the Bank. It is to be noted here that we have already digitized our TNA process which has enabled us to run an error free automated process which is also cost and time saving.

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



As the pandemic hit the world it has impacted all aspects of our lives including the Banking Industry. It's been difficult to run all the development activities as normal modes of communication had been restricted by Bangladesh Bank and authorities. But that has not stopped us from working for the development of our employees. To overcome the barriers caused by the pandemic HRD introduced several distance learning facilities such as: Online classes through Zoom, Pop-up Learning through Social media (Face book), Online Quiz and Recorded classes through social media such as YouTube and Facebook.

We have developed various contents that has been published on our YouTube channel named "MMBL Explore". These contents are designed and delivered by our internal experts and are easily accessible by anyone searching for knowledge on a particular topic.

We have been working on digitizing our learning and development process for the last few years. In fact, we have already entered into the process of digitizing and now we are developing further to enrich this idea and process. This pandemic has created many challenges including the mental health of the employees. Therefore, the challenge regarding development of employees through learning and development is more than ever now. Hence our aim for the coming years is to ensure optimum training for the employees through utilization of the safest, most effective and efficient way.

### Performance Driven Culture

Modhumoti Bank has installed 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 2020. All the eligible employees were awarded incentive and performance bonuses during the year 2020 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. 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 processes which are expected to be adopted shortly.

### Employee Rewards

MMBL always appreciates and recognizes performers. From that perspective, the Bank is providing "MMBL Excellence Award" for both branch and individual level. In 2020, 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. The awards are presented to concern Branch Managers and individuals on Annual Business Conference – 2020. Moreover, there are number of monetary and non-monetary awards and recognition programs, which are awarded throughout the year to keep employees motivated.

### 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 2020, 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 fully automated HR software named **Human Resource Information System (HRIS) – Empress**. Accordingly, the employees are able to avail automated leave, attendance and HR related services through this HR software. The Management believes that HR automation will increase efficiency and effectiveness of the employee.

## Employee Health and Safety

Amidst COVID outbreak in 2020, the health and safety of the employees of the Bank were given utmost importance at Modhumoti Bank. Moreover, MMBL is continuing to take the stances of prioritizing employee's well-being. Accordingly, the employees are being asked to provide customer service by maintaining proper safety in workplace.

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.

Other hand, the Bank has signed corporate agreements 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.

## 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).

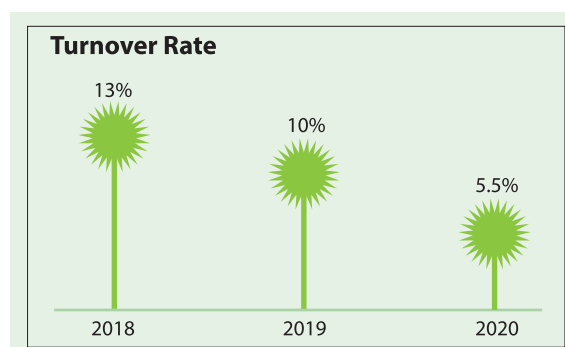
Human Resource Accounting (HRA) is a new branch, is primarily involved in measuring the various aspects related to human assets. Its basic purpose is to facilitate the effective management of human resources by providing information to acquiring, develop, retain, utilize, and evaluate human resources.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

In million Taka

Particulars	2020	2019	2018	2017
Operating cost per employee	2.15	1.93	1.76	1.85
Training cost per employee	0.0003	0.003	0.004	0.007
Operating profit per employee	4.77	3.92	3.96	3.47
<b>Gross turnover per employee</b>	<b>6.92</b>	<b>5.86</b>	<b>5.73</b>	<b>5.32</b>

## 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 2020 was 5.5 percent compared to 10 percent of 2019. The turnover ratios of the past three years are given :



# Financial Analysis

## FIVE YEARS' Financial Summary

In million Taka

Result of Operation	2020	2019	2018	2017	2016
Interest income	4,885	5,407	4,386	3,101	2,365
Interest expenses	3,553	3,560	2,502	1,816	1,589
<b>Net interest income</b>	<b>1,332</b>	<b>1,846</b>	<b>1,884</b>	<b>1,285</b>	<b>776</b>
Investment income	1,975	636	374	518	555
Commission, exchange and brokerage	414	533	487	392	161
Other operating income	95	90	62	51	38
<b>Operating income</b>	<b>3,816</b>	<b>3,105</b>	<b>2,807</b>	<b>2,246</b>	<b>1,530</b>
Operating expenses	1,185	1,028	865	780	643
<b>Operating profit</b>	<b>2,631</b>	<b>2,078</b>	<b>1,942</b>	<b>1,466</b>	<b>887</b>
Provision for loans and assets	214	488	260	176	117
<b>Net profit before tax</b>	<b>2,417</b>	<b>1,590</b>	<b>1,682</b>	<b>1,290</b>	<b>770</b>
Tax including deferred tax	772	798	700	544	308
<b>Net profit after tax</b>	<b>1,645</b>	<b>791</b>	<b>982</b>	<b>746</b>	<b>462</b>

In million Taka

Balance Sheet	2020	2019	2018	2017	2016
Authorized capital	20,000	20,000	20,000	20,000	20,000
Paid-up capital	5,007	4,746	4,520	4,520	4,520
Shareholders' equity	8,560	6,600	6,257	5,731	5,440
Deposits	54,954	50,121	37,744	33,036	23,304
Loans and advances	38,070	42,507	35,576	30,181	17,139
Investments	21,436	13,163	5,086	4,407	4,047
Fixed assets	766	892	216	220	217
Total assets	72,915	71,127	51,693	45,775	32,425
Total liabilities	64,355	64,527	45,436	40,044	26,984
<b>Other Business</b>					
Import	20,970	23,657	20,040	17,513	9,470
Export	21,548	20,855	20,005	9,368	5,033
Remittance	738	1,327	438	163	120
Guarantee Business	19,941	17,990	11,034	5,316	4,402
No. of foreign correspondents	162	154	152	151	132
<b>Liquidity Measures</b>					
Long-term liabilities	20,145	20,317	14,962	10,677	7,047
Current liabilities	36,262	44,210	30,474	29,367	19,937
Earning assets	65,667	64,131	46,743	41,713	29,373
Current assets	35,713	41,496	28,399	25,764	21,004
Credit-deposit ratio	62.01%	74.34%	88.59%	90.87%	73.54%
Current Ratio (percent)	0.98	0.94	0.93	0.88	1.05
CRR Held (percent)	4.33%	5.78%	6.06%	5.84%	6.73%
SLR Held (percent)	40.27%	26.83%	15.61%	14.47%	16.33%

In million Taka

<b>Capital Measures</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total risk weighted asset	49,702	52,012	45,008	36,546	29,171
Tier-1 Capital	8,027	6,596	6,256	5,726	5,432
Tier-2 Capital	839	642	514	398	232
Total capital	8,866	7,238	6,771	6,124	5,664
Tier-1 Ratio (percent)	16.15%	12.68%	13.90%	15.67%	18.62%
Tier-2 Ratio (percent)	1.69%	1.23%	1.14%	1.09%	0.79%
Capital to Risk Weighted Asset Ratio (percent)	17.84%	13.92%	15.04%	16.76%	19.42%
Leverage Ratio (percent) under Basel-III	9.62%	7.86%	9.87%	10.71%	14.47%
Liquidity Coverage Ratio (LCR)	289.98%	206.77%	162.28%	268.20%	380.43%
Net Stable Funding Ratio (NSFR)	106.20%	115.47%	104.26%	121.39%	134.48%
<b>Operating Performance Ratio (%)</b>					
Gross profit ratio	68.94%	66.91%	69.19%	65.26%	57.97%
Cost-income ratio	31.06%	33.09%	30.81%	34.74%	42.03%
Cost of Deposit	5.82%	6.88%	6.68%	5.52%	6.74%
Cost of Fund	7.40%	8.60%	8.42%	7.16%	8.17%
Yield on average advance	10.84%	12.83%	12.48%	10.59%	11.23%
Spread	3.44%	4.23%	4.06%	3.43%	3.06%
Earning asset to total assets (average)	90.06%	90.16%	90.42%	91.13%	90.59%
Return on average assets (ROA)	2.28%	1.29%	2.02%	1.93%	1.65%
Return on average equity (ROE)	21.70%	12.31%	16.38%	13.36%	8.43%

In million Taka

<b>Asset Quality</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Non-performing loans (NPLs)	463.84	1,073.55	650.66	88.28	45.10
NPLs to total loans and advances (percent)	1.22%	2.53%	1.83%	0.29%	0.26%
Provision for unclassified loans and advance	442.24	391.34	314.24	252.34	153.80
Provision for classified loans and advance	300.70	470.50	154.00	12.10	6.22

# Horizontal Analysis : Balance Sheet

In million Taka

## PROPERTY AND ASSETS

### Cash

Cash in hand (including foreign currencies)

Balance with Bangladesh Bank and its agent bank(s)  
(including foreign currencies)

**2,841.83 (13.83%) 3,297.94 23.26% 2,675.70 5.51% 2,535.95 24.96% 2,029.41 49.89%**

### Balance with other banks and financial institutions

In Bangladesh

Outside Bangladesh

**5,615.94 (32.46%) 8,315.57 40.79% 5,906.34 (14.50%) 6,908.39 (15.80%) 8,204.92 (3.37%)**

**218.90 41.77% 154.40 (14.51%) 180.60 100.00%**

### Investments

Government

Others

**20,926.62 65.89% 12,615.03 153.18% 4,982.62 15.68% 4,307.06 9.13% 3,946.88 52.36%**

**509.72 (6.98%) 547.98 430.64% 103.27 3.14% 100.12 0.12% 100.00 100.00%**

### Loans and advances

Loans, Cash Credit, Overdrafts etc.

Bills purchased and discounted

**38,069.78 (10.44%) 42,507.26 19.48% 35,575.65 17.87% 30,181.30 76.10% 17,138.60 71.68%**

**766.45 (14.07%) 891.92 313.34% 215.78 (1.91%) 219.99 1.55% 216.62 7.41%**

**3,639.56 40.00% 2,599.60 40.77% 1,846.67 35.68% 1,361.05 310.99% 331.16 27.64%**

**Non - banking assets**

**Total assets**

**72,914.67 2.51% 71,126.94 37.60% 51,692.74 12.93% 45,774.72 41.17% 32,424.51 36.44%**



# Horizontal Analysis : Balance Sheet

In million Taka

## LIABILITIES AND CAPITAL

### Liabilities

**Borrowings from other banks, financial institutions and its agents** **3,697.19** (62.47%) **9,851.15** 102.55% **4,863.55** (8.69%) **5,326.62** 69.92% **3,134.86** 212.42%

### Deposits and other accounts

Current Accounts and other Accounts

Bills Payable

Savings Bank Deposits

Special Notice Deposits (SND)

Fixed Deposits

Other Deposits

	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
Current Accounts and other Accounts	7,562.21	60.67%	4,706.57	(1.69%)	4,787.48	32.24%	3,620.23	27.39%	2,841.76	204.52%
Bills Payable	787.30	(29.03%)	1,109.39	(5.30%)	1,171.49	270.52%	316.17	(25.53%)	424.58	262.45%
Savings Bank Deposits	3,417.44	(27.90%)	4,739.99	68.42%	2,814.37	(14.76%)	3,301.56	(24.15%)	4,352.58	1136.98%
Special Notice Deposits (SND)	8,086.59	117.21%	3,722.88	10.19%	3,378.60	(7.21%)	3,641.32	110.89%	1,726.61	(53.45%)
Fixed Deposits	35,100.18	(2.07%)	35,842.11	40.05%	25,591.96	15.50%	22,157.15	58.74%	13,958.20	18.37%
Other Deposits	-	-	-	-	-	-	-	-	-	-
<b>Other Liabilities</b>	<b>54,953.72</b>	<b>9.64%</b>	<b>50,120.94</b>	<b>32.79%</b>	<b>37,743.91</b>	<b>14.25%</b>	<b>33,036.44</b>	<b>41.76%</b>	<b>23,303.74</b>	<b>37.86%</b>
<b>Total Liabilities</b>	<b>5,704.23</b>	<b>25.22%</b>	<b>4,555.29</b>	<b>61.06%</b>	<b>2,828.37</b>	<b>68.30%</b>	<b>1,680.55</b>	<b>207.88%</b>	<b>545.85</b>	<b>63.81%</b>
<b>Total Liabilities</b>	<b>64,355.14</b>	<b>(0.27%)</b>	<b>64,527.38</b>	<b>42.02%</b>	<b>45,435.83</b>	<b>13.47%</b>	<b>40,043.61</b>	<b>48.40%</b>	<b>26,984.45</b>	<b>47.94%</b>

### Capital/Shareholders' Equity

Paid up Capital

Statutory Reserve

Revaluation Reserve

Foreign currency translation gain

Surplus in Profit and Loss Account/ Retained Earnings

**Total Shareholders' Equity**

**Total Liabilities and Shareholders' Equity**

	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
Paid up Capital	5,007.03	5.50%	4,746.00	5.00%	4,520.00	0.00%	4,520.00	0.00%	4,520.00	0.00%
Statutory Reserve	1,854.55	35.25%	1,371.22	30.18%	1,053.29	46.94%	716.80	56.22%	458.84	50.53%
Revaluation Reserve	532.44	14475%	3.65	964.37%	0.34	(91.31%)	3.95	(47.89%)	7.58	(92.66%)
Foreign currency translation gain	-	(100.00%)	0.15	40.36%	0.11	(84.68%)	0.69	398.37%	0.14	59852.38%
Surplus in Profit and Loss Account/ Retained Earnings	1,165.50	143.56%	478.54	(29.95%)	683.17	39.52%	489.67	7.98%	453.49	(24.08%)
<b>Total Shareholders' Equity</b>	<b>8,559.53</b>	<b>29.70%</b>	<b>6,599.55</b>	<b>5.48%</b>	<b>6,256.91</b>	<b>9.17%</b>	<b>5,731.11</b>	<b>5.35%</b>	<b>5,440.06</b>	<b>(1.55%)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>72,914.67</b>	<b>2.51%</b>	<b>71,126.94</b>	<b>37.60%</b>	<b>51,692.74</b>	<b>12.93%</b>	<b>45,774.72</b>	<b>41.17%</b>	<b>32,424.51</b>	<b>36.44%</b>

# Horizontal Analysis : Profit and Loss Account

In million Taka

Particulars	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15
Interest income	4,884.58	(9.66%)	5,406.71	23.27%	4,386.05	41.45%	3,100.80	31.10%	2,365.22	66.94%
Interest paid on deposits and borrowings etc.	3,552.90	(0.21%)	3,560.47	42.32%	2,501.71	37.75%	1,816.11	14.27%	1,589.34	38.07%
<b>Net interest income</b>	<b>1,331.68</b>	<b>(27.87%)</b>	<b>1,846.25</b>	<b>(2.02%)</b>	<b>1,884.33</b>	<b>46.68%</b>	<b>1,284.69</b>	<b>65.58%</b>	<b>775.89</b>	<b>192.04%</b>
Investment income	1,975.28	210.39%	636.38	70.32%	373.63	(27.91%)	518.27	(6.55%)	554.57	(52.33%)
Commission, exchange and brokerage	413.71	(22.39%)	533.05	9.55%	486.56	24.18%	391.82	143.32%	161.03	48.10%
Other operating income	95.44	6.61%	89.53	43.88%	62.23	21.26%	51.32	33.61%	38.41	99.57%
<b>Total operating income (A)</b>	<b>2,484.44</b>	<b>97.34%</b>	<b>1,258.96</b>	<b>36.49%</b>	<b>922.42</b>	<b>(4.06%)</b>	<b>961.42</b>	<b>27.51%</b>	<b>754.01</b>	<b>(41.61%)</b>
	<b>3,816.12</b>	<b>22.89%</b>	<b>3,105.21</b>	<b>10.63%</b>	<b>2,806.75</b>	<b>24.96%</b>	<b>2,246.10</b>	<b>46.81%</b>	<b>1,529.90</b>	<b>(1.74%)</b>
Salaries and allowances	589.30	9.38%	538.78	17.02%	446.42	13.43%	393.55	28.23%	306.91	65.39%
Rent, taxes, insurance, electricity etc.	69.41	(16.58%)	83.21	(45.52%)	152.73	15.92%	131.76	19.41%	110.35	9.32%
Legal expenses	0.59	20.62%	0.49	25.97%	0.39	(28.30%)	0.54	95.25%	0.28	(24.35%)
Postage, stamp, telecommunication etc.	31.64	16.94%	27.06	6.42%	25.43	(1.29%)	25.76	33.46%	19.30	63.92%
Stationery, printing, advertisements etc.	29.66	(47.94%)	56.97	16.47%	48.91	13.56%	43.07	42.40%	30.25	(32.18%)
Managing Director's salary and fees	13.10	24.13%	10.55	10.85%	9.52	(0.14%)	9.53	22.23%	7.80	(6.28%)
Directors' fees	1.44	(20.35%)	1.81	23.50%	1.46	(20.09%)	1.83	12.25%	1.63	26.32%
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	295.19	68.37%	175.33	174.55%	63.86	12.65%	56.69	10.45%	51.33	21.06%
Other expenses	154.65	16.12%	133.17	29.09%	115.85	(1.33%)	117.42	2.05%	115.06	(12.92%)
<b>Total operating expenses (B)</b>	<b>1,185.23</b>	<b>15.34%</b>	<b>1,027.61</b>	<b>18.82%</b>	<b>864.82</b>	<b>10.82%</b>	<b>780.40</b>	<b>21.34%</b>	<b>643.14</b>	<b>21.89%</b>
<b>Profit before provision (C=A-B)</b>	<b>2,630.88</b>	<b>26.63%</b>	<b>2,077.60</b>	<b>6.99%</b>	<b>1,941.93</b>	<b>32.49%</b>	<b>1,465.71</b>	<b>65.31%</b>	<b>886.65</b>	<b>(13.85%)</b>
Provision for loans and advances										
General provision	63.80	(12.12%)	72.60	20.20%	60.40	(30.04%)	86.34	54.27%	55.97	17.74%
Specific provision	-	(100.00%)	316.50	123.04%	141.90	2,313.27%	5.88	-	6.22	-
Provision for Off-shore Banking unit	-	(100.00%)	4.50	200.00%	1.50	(87.70%)	12.20	33.39%	9.15	58.39
Provision for others	-	(100.00%)	39.15	100.00%	-	-	-	-	-	-
Special General provision-COVID-19	150.40	100.00%	-	0%	-	0%	-	0%	-	0%
Provision for off-balance sheet items	-	(100.00%)	52.20	(6.28%)	55.70	(20.43%)	70.00	54.57%	45.29	321.28%
Provision for Incentive of Good Borrowers	-	100%	3.00	100%	-	-	1.50	-	-	-
<b>Total provision (D)</b>	<b>214.20</b>	<b>(56.10%)</b>	<b>487.95</b>	<b>88.03%</b>	<b>259.50</b>	<b>47.51%</b>	<b>175.92</b>	<b>50.85%</b>	<b>116.62</b>	<b>99.57%</b>
<b>Total profit before tax (C-D)</b>	<b>2,416.68</b>	<b>52.03%</b>	<b>1,589.65</b>	<b>(5.51%)</b>	<b>1,682.43</b>	<b>30.44%</b>	<b>1,289.79</b>	<b>67.50%</b>	<b>770.02</b>	<b>(20.68%)</b>
Provision for taxation										
Current	715.57	(0.10%)	716.30	1.72%	704.17	29.00%	545.87	77.03%	308.35	50.77%
Deferred Tax	56.21	(31%)	82.05	(2299%)	(3.73)	68.84%	(2.21)	445.12%	(0.41)	(129.18%)
	<b>771.78</b>	<b>(3.33%)</b>	<b>798.35</b>	<b>13.98%</b>	<b>700.44</b>	<b>28.84%</b>	<b>543.66</b>	<b>76.55%</b>	<b>307.94</b>	<b>49.56%</b>
<b>Net profit after tax</b>	<b>1,644.90</b>	<b>107.87%</b>	<b>791.30</b>	<b>(19.42%)</b>	<b>981.99</b>	<b>31.61%</b>	<b>746.13</b>	<b>61.47%</b>	<b>462.08</b>	<b>(39.58%)</b>

# Vertical Analysis : Balance Sheet

In million Taka

## PROPERTY AND ASSETS

### Cash

	2020	%	2019	%	2018	%	2017	%	2016	%
Cash in hand (including foreign currencies)	370.04	0.51%	409.67	0.58%	347.00	0.67%	292.97	0.64%	165.46	0.51%
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2,471.79	3.39%	2,888.27	4.06%	2,328.70	4.50%	2,242.98	4.90%	1,863.95	5.75%
	<b>2,841.83</b>	<b>3.90%</b>	<b>3,297.94</b>	<b>4.64%</b>	<b>2,675.70</b>	<b>5.18%</b>	<b>2,535.95</b>	<b>5.54%</b>	<b>2,029.41</b>	<b>6.26%</b>

### Balance with other banks and financial institutions

	2020	%	2019	%	2018	%	2017	%	2016	%
In Bangladesh	5,615.94	7.70%	8,315.57	11.69%	5,906.34	11.43%	6,908.39	15.09%	8,204.92	25.30%
Outside Bangladesh	325.85	0.45%	197.24	0.28%	206.11	0.40%	160.86	0.35%	456.92	1.41%
	<b>5,941.80</b>	<b>8.15%</b>	<b>8,512.81</b>	<b>11.97%</b>	<b>6,112.46</b>	<b>11.82%</b>	<b>7,069.25</b>	<b>15.44%</b>	<b>8,661.84</b>	<b>26.71%</b>

### Money at call on short notice

	<b>218.90</b>	<b>0.30%</b>	<b>154.40</b>	<b>0.22%</b>	<b>180.60</b>	<b>0.35%</b>	-	-	-	-
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### Investments

Government	20,926.62	28.70%	12,615.03	17.74%	4,982.62	9.64%	4,307.06	9.41%	3,946.88	12.17%
Others	509.72	0.70%	547.98	0.77%	103.27	0.20%	100.12	0.22%	100.00	0.31%
	<b>21,436.34</b>	<b>29.40%</b>	<b>13,163.01</b>	<b>18.51%</b>	<b>5,085.88</b>	<b>9.84%</b>	<b>4,407.18</b>	<b>9.63%</b>	<b>4,046.88</b>	<b>12.48%</b>

### Loans and advances

Loans, Cash Credit, Overdrafts etc.	36,399.09	49.92%	39,266.92	55.21%	32,693.77	63.25%	27,785.06	60.70%	15,921.34	49.10%
Bills purchased and discounted	1,670.69	2.29%	3,240.34	4.56%	2,881.88	5.58%	2,396.24	5.23%	1,217.26	3.75%
	<b>38,069.78</b>	<b>52.21%</b>	<b>42,507.26</b>	<b>59.76%</b>	<b>35,575.65</b>	<b>68.82%</b>	<b>30,181.30</b>	<b>65.93%</b>	<b>17,138.60</b>	<b>52.86%</b>

### Fixed assets including premises, furniture and fixtures

	<b>766.45</b>	<b>1.05%</b>	<b>891.92</b>	<b>1.25%</b>	<b>215.78</b>	<b>0.42%</b>	<b>219.99</b>	<b>0.48%</b>	<b>216.62</b>	<b>0.67%</b>
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### Other assets

	<b>3,639.56</b>	<b>4.99%</b>	<b>2,599.60</b>	<b>3.65%</b>	<b>1,846.67</b>	<b>3.57%</b>	<b>1,361.05</b>	<b>2.97%</b>	<b>331.16</b>	<b>1.02%</b>
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### Non - banking assets

	-	-	-	-	-	-	-	-	-	-
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### Total assets

	<b>72,914.67</b>	<b>100.00%</b>	<b>71,126.94</b>	<b>100.00%</b>	<b>51,692.74</b>	<b>100.00%</b>	<b>45,774.72</b>	<b>100.00%</b>	<b>32,424.51</b>	<b>100.00%</b>
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# Vertical Analysis : Balance Sheet

In million Taka

## LIABILITIES AND CAPITAL

### Liabilities

	2020	%	2019	%	2018	%	2017	%	2016	%
<b>Borrowings from other banks, financial institutions and its agents</b>	<b>3,697.19</b>	<b>5.07%</b>	<b>9,851.15</b>	<b>13.85%</b>	<b>4,863.55</b>	<b>9.41%</b>	<b>5,326.62</b>	<b>11.64%</b>	<b>3,134.86</b>	<b>9.67%</b>
<b>Deposits and other accounts</b>										
Current Accounts and other Accounts	47,562.21	10.37%	4,706.57	6.62%	4,787.48	9.26%	3,620.23	7.91%	2,841.76	8.76%
Bills Payable	787.30	1.08%	1,109.39	1.56%	1,171.49	2.27%	316.17	0.69%	424.58	1.31%
Savings Bank Deposits	3,417.44	4.69%	4,739.99	6.66%	2,814.37	5.44%	3,301.56	7.21%	4,352.58	13.42%
Special Notice Deposits (SND)	8,086.59	11.09%	3,722.88	5.23%	3,378.60	6.54%	3,641.32	7.95%	1,726.61	5.33%
Fixed Deposits	35,100.18	48.14%	35,842.11	50.39%	25,591.96	49.51%	22,157.15	48.40%	13,958.20	43.05%
Other Deposits	-	-	-	-	-	-	-	-	-	-

<b>Other Liabilities</b>	<b>5,704.23</b>	<b>7.82%</b>	<b>4,555.29</b>	<b>6.40%</b>	<b>2,828.37</b>	<b>5.47%</b>	<b>1,680.55</b>	<b>3.67%</b>	<b>545.85</b>	<b>1.68%</b>
<b>Total Liabilities</b>	<b>64,355.14</b>	<b>88.26%</b>	<b>64,527.38</b>	<b>90.72%</b>	<b>45,435.83</b>	<b>87.90%</b>	<b>40,043.61</b>	<b>87.48%</b>	<b>26,984.45</b>	<b>83.22%</b>

### Capital/Shareholders' Equity

Paid up Capital	5,007.03	6.87%	4,746.00	6.67%	4,520.00	8.74%	4,520.00	9.87%	4,520.00	13.94%
Statutory Reserve	1,854.55	2.54%	1,371.22	1.93%	1,053.29	2.04%	716.80	1.57%	458.84	1.42%
Revaluation Reserve	532.44	0.73%	3.65	0.01%	0.34	0.00%	3.95	0.01%	7.58	0.02%
Foreign currency translation gain	-	0.00%	0.15	0.00%	0.11	0.00%	0.69	0.00%	0.14	0.00%
Surplus in Profit and Loss Account/ Retained Earnings	1,165.50	1.60%	478.54	0.67%	683.17	1.32%	489.67	1.07%	453.49	1.40%

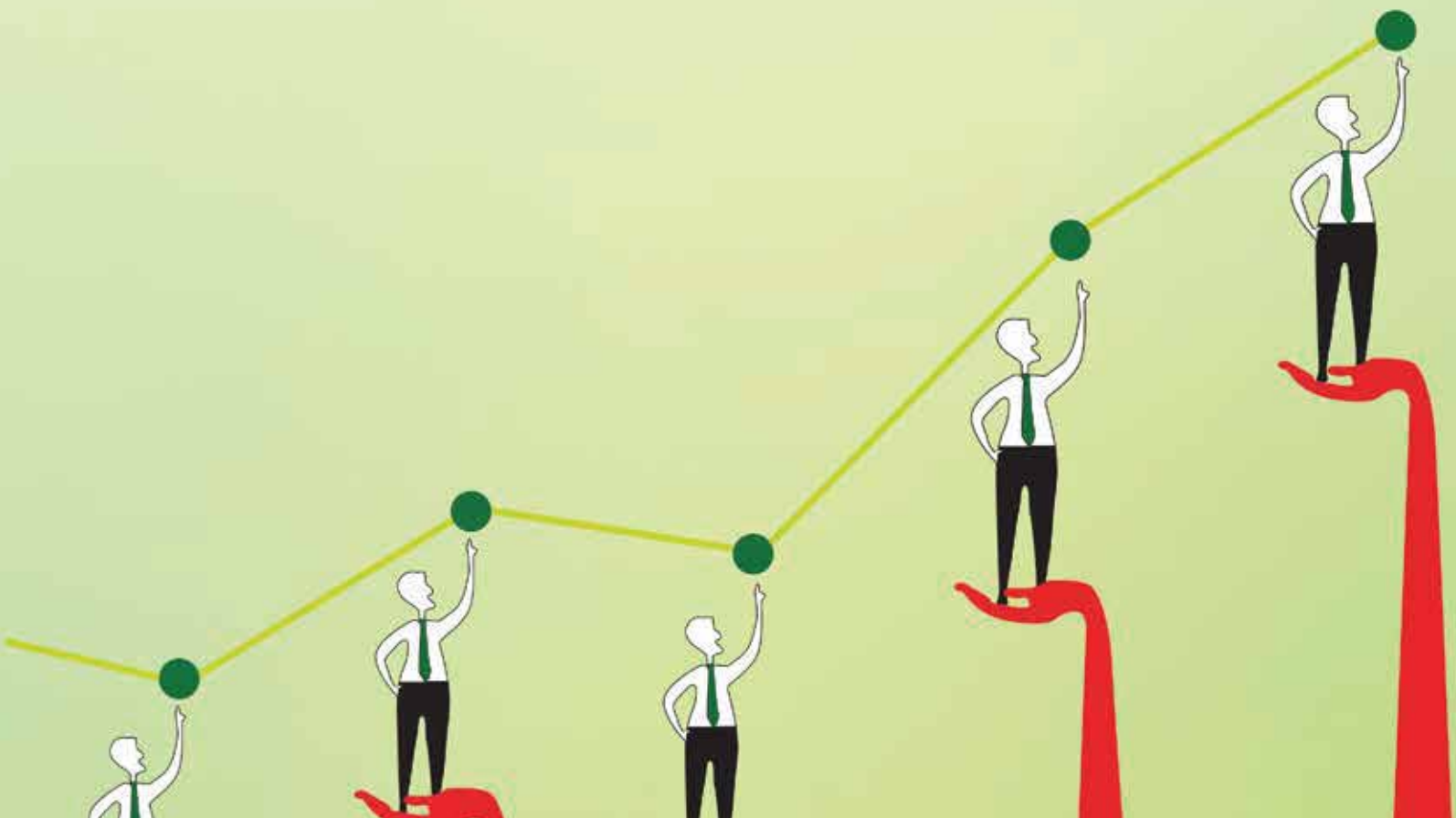
### Total Shareholders' Equity

<b>Total Shareholders' Equity</b>	<b>8,559.53</b>	<b>11.74%</b>	<b>6,599.55</b>	<b>9.28%</b>	<b>6,256.91</b>	<b>12.10%</b>	<b>5,731.11</b>	<b>12.52%</b>	<b>5,440.06</b>	<b>16.78%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>72,914.67</b>	<b>100.00%</b>	<b>71,126.94</b>	<b>100.00%</b>	<b>51,692.74</b>	<b>100.00%</b>	<b>45,774.72</b>	<b>100.00%</b>	<b>32,424.51</b>	<b>100.00%</b>

# Vertical Analysis : Profit and Loss Account

Particulars	In million Taka									
	2020	%	2019	%	2018	%	2017	%	2016	%
Interest income	4,884.58	66.29%	5,406.71	81.11%	4,386.05	82.62%	3,100.80	76.33%	2,365.22	75.83%
Interest paid on deposits and borrowings etc.	3,552.90	48.21%	3,560.47	53.41%	2,501.71	47.13%	1,816.11	44.71%	1,589.34	50.95%
<b>Net interest income</b>	<b>1,331.68</b>	<b>18.07%</b>	<b>1,846.25</b>	<b>27.70%</b>	<b>1,884.33</b>	<b>35.50%</b>	<b>1,284.69</b>	<b>31.63%</b>	<b>775.89</b>	<b>24.87%</b>
Investment income	1,975.28	26.81%	636.38	9.55%	373.63	7.04%	518.27	12.76%	554.57	17.78%
Commission, exchange and brokerage	413.71	5.61%	533.05	8.00%	486.56	9.17%	391.82	9.65%	161.03	5.16%
Other operating income	95.44	1.30%	89.53	1.34%	62.23	1.17%	51.32	1.26%	38.41	1.23%
<b>Total operating income (A)</b>	<b>2,484.44</b>	<b>33.71%</b>	<b>1,258.96</b>	<b>18.89%</b>	<b>922.42</b>	<b>17.38%</b>	<b>961.42</b>	<b>23.67%</b>	<b>754.01</b>	<b>24.17%</b>
	<b>3,816.12</b>	<b>51.79%</b>	<b>3,105.21</b>	<b>46.59%</b>	<b>2,806.75</b>	<b>52.87%</b>	<b>2,246.10</b>	<b>55.29%</b>	<b>1,529.90</b>	<b>49.05%</b>
Salaries and allowances	589.30	8.00%	522.40	7.84%	446.42	8.41%	393.55	9.69%	306.91	9.84%
Rent, taxes, insurance, electricity etc.	69.41	0.94%	83.21	1.25%	152.73	2.88%	131.76	3.24%	110.35	2.72%
Legal expenses	0.59	0.01%	0.49	0.01%	0.39	0.01%	0.54	0.01%	0.28	0.01%
Postage, stamp, telecommunication etc.	31.64	0.43%	27.06	0.41%	25.43	0.48%	25.76	0.63%	19.30	0.48%
Stationery, printing, advertisements etc.	29.66	0.40%	56.97	0.85%	48.91	0.92%	43.07	1.06%	30.25	0.74%
Managing Director's salary and fees	13.10	0.18%	10.55	0.16%	9.52	0.18%	9.53	0.23%	7.80	0.19%
Directors' fees	1.44	0.02%	1.81	0.03%	1.46	0.03%	1.83	0.05%	1.63	0.04%
Auditors' fees	0.25	0.00%	0.25	0.00%	0.25	0.00%	0.25	0.01%	0.25	0.01%
Depreciation and repairs to bank's assets	295.19	4.01%	175.33	2.63%	63.86	1.20%	56.69	1.40%	51.33	1.26%
Other expenses	154.65	2.10%	149.55	2.24%	115.85	2.18%	117.42	2.89%	115.06	2.83%
<b>Total operating expenses (B)</b>	<b>1,185.23</b>	<b>17.78%</b>	<b>1,027.61</b>	<b>15.42%</b>	<b>864.82</b>	<b>16.29%</b>	<b>780.40</b>	<b>19.21%</b>	<b>643.14</b>	<b>15.83%</b>
<b>Profit before provision (C=A-B)</b>	<b>2,630.88</b>	<b>34.00%</b>	<b>2,077.60</b>	<b>31.17%</b>	<b>1,941.93</b>	<b>36.58%</b>	<b>1,465.71</b>	<b>36.08%</b>	<b>886.65</b>	<b>33.21%</b>
Provision for loans and advances										
General provision	63.80	0.87%	72.60	1.09%	60.40	1.14%	86.34	2.13%	55.97	1.38%
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%
Provision for others	-	-	39.15	0.59%	-	0.00%	-	-	-	-
Special General provision-COVID-19	150.40	2.04%	-	0%	-	0%	-	0%	-	0%
Provision for off-balance sheet items	-	-	52.20	0.78%	55.70	1.05%	70.00	1.72%	45.29	1.11%
Provision for Incentive of Good Borrowers	-	-	3.00	0.05%	-	0.00%	1.50	0.00	-	-
<b>Total provision (D)</b>	<b>214.20</b>	<b>2.91%</b>	<b>487.95</b>	<b>7.32%</b>	<b>259.50</b>	<b>4.89%</b>	<b>175.92</b>	<b>4.33%</b>	<b>116.62</b>	<b>2.87%</b>
<b>Total profit before tax (C-D)</b>	<b>2,416.68</b>	<b>31.10%</b>	<b>1,589.65</b>	<b>23.85%</b>	<b>1,682.43</b>	<b>31.69%</b>	<b>1,289.79</b>	<b>31.75%</b>	<b>770.02</b>	<b>30.34%</b>
Provision for taxation										
Current	715.57	9.71%	716.30	10.75%	704.17	13.27%	545.87	13.44%	308.35	7.59%
Deferred Tax	56.21	0.76%	82.05	1.23%	(3.73)	(0.07%)	(2.21)	(0.05%)	(0.41)	(0.01%)
	<b>771.78</b>	<b>11.58%</b>	<b>798.35</b>	<b>11.98%</b>	<b>700.44</b>	<b>13.19%</b>	<b>543.66</b>	<b>13.38%</b>	<b>307.94</b>	<b>7.58%</b>
<b>Net profit after tax</b>	<b>1,644.90</b>	<b>19.52%</b>	<b>791.30</b>	<b>11.87%</b>	<b>981.99</b>	<b>18.50%</b>	<b>746.13</b>	<b>18.37%</b>	<b>462.08</b>	<b>22.76%</b>

# Risk Management & Control Environment



# Report of the Board Risk Management Committee (BRMC)

## Dear Shareholders/Stakeholders,

The Board Risk Management Committee (BRMC) has the pleasure of presenting the report of BRMC to the shareholders of the Bank for the year ended on December 31, 2020. 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 5<sup>th</sup> meeting of the Board of Directors held on May 25, 2014 and subsequently the committee had been re-constituted in the 16<sup>th</sup> meeting of the Board of Directors held on 14.09.2015 and 37<sup>th</sup> meeting held on 5.11.2018 respectively. The present members of the committee comprising the following members:

Sl. no.	Name	Status in the Committee	Status with the Bank	Attendance in the Meeting (2020)
1	Mr. Mostafa Kamal	Chairman	Director	4/4
2	Mrs. Sultana Jahan	Member	Director	4/4
3	Mr. A. Mannan Khan	Member	Director	4/4
4	Mr. Md. Didarul Alam	Member	Director	1/4
5	Mrs. Syeda Sharmin Hossain	Member	Director	3/4

The Company Secretary acts as the Secretary of BRMC of the Board of Directors. The Managing Director & CEO and Chief Risk Officer of the Bank attend the meeting on invitation from the Chairman of the BRMC of the Board of Directors. The members who could not attend the meetings were granted leave of absence.

## Roles and Responsibilities of BRMC

The roles and responsibilities of BRMC have been framed in line with the Risk Management Guidelines for banks dated October 8, 2018 of Bangladesh Bank and related other Bangladesh Bank circulars. The roles and responsibilities are noted below:

- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
- Monitoring implementation of risk management policies & process to ensure effective prevention and control measures;
- Ensuring construction of adequate organizational structure for managing risks within the Bank;
- Supervising the activities of Executive Risk Management Committee (ERMC) ;
- Ensuring compliance of BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;
- Approving adequate record keeping & reporting system and ensuring its proper use;
- Holding at least 4 meetings in a year (preferably one meeting in every quarter) and more if deemed necessary;
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Submitting proposal, suggestions & summary of BRMC meetings to board of directors at least on quarterly basis;
- Complying with instructions issued from time to time by the regulatory body;
- Ensuring appropriate knowledge, experience, and expertise of lower-level managers and staff involved in risk management;
- Ensuring sufficient & efficient staff resources for RMD;
- Establishing standards of ethics and integrity for staff and enforcing these standards;
- Implementing SRP in the Bank on behalf of the Board of Directors. The committee is monitoring the managerial layer of the Bank.
- Assessing overall effectiveness of risk management functions on yearly basis. Bank preserves video recording of the BRMC meetings for verification by the team from Bangladesh Bank (DOS) involved in monitoring risk management activities. The team may meet the members of BRMC and ERMC of the Bank from time to time to get a closer perspective of risk management culture and practice.

In addition to the above, 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.

### Meetings and key activities of the BRMC in 2020

Bangladesh Bank advised BRMC to hold at least 4 meetings in a year. In line with the same, BRMC held 4 (Four) meetings during 2020 and had detailed discussions and review sessions with the Management regarding their findings, observations and recommendations on the issues related to bank affairs that need improvement. The meeting detail along with dates were as follows:

Sl. no.	Particulars	Date of Meeting	Member Attended
1	22 <sup>nd</sup> Meeting of the RMC of the BoD	June 25, 2020	4/5
2	23 <sup>rd</sup> Meeting of the RMC of the BoD	September 21, 2020	3/5
3	24 <sup>th</sup> Meeting of the RMC of the BoD	October 28, 2020	5/5
4	25 <sup>th</sup> Meeting of the RMC of the BoD	December 09, 2020	4/5

The major areas discussed, reviewed and approved in the noted meetings of the BRMC during 2020 are highlighted below:

- 🌱 Reviewed monthly Risk Management Reports, half yearly Comprehensive Risk Management Reports (CRMR) and recommended the management to diversify loan portfolio.
- 🌱 Reviewed the Capital Adequacy Statement of the Bank and recommended for taking steps to increase the Credit Rated borrowers for decreasing the credit risk weighted asset and maintaining regulatory limit of Capital to Risk Weighted Asset Ratio (CRAR).
- 🌱 Reviewed the Stress Test Reports of the Bank on quarterly basis and advised the management to pursue the loans with adequate collateral to avoid additional capital deployment and recovery of loans in case of default.
- 🌱 Reviewed the 'Modhumoti Bank Comprehensive Risk Management Policy' and 'Management Action Trigger (MAT) of the Bank' which has been duly approved in the meeting of the Board of Directors.
- 🌱 Reviewed the Comprehensive Risk Management Rating of the Bank based on December-2019 and recommended the management to take appropriate steps to comply the suggestions of Bangladesh.
- 🌱 Reviewed the Green Banking activities of the Bank and advised the management to take steps for achieving the minimum requirement of Bangladesh Bank Policy in near future.
- 🌱 Advised the Management to take immediate steps for recovery and regularization of classified loans and strictly monitor the loan accounts to ensure overdue loans to minimal.
- 🌱 Monitored the implementation status of new capital accord 'BASEL III' in the bank which has already been fully implemented in the Banking sector of Bangladesh with effect from January 01, 2020.
- 🌱 Advised the Management to reduce the concentration risk and maintain it within the limit as per Risk Appetite Statement of the Bank and other regulatory guidance.
- 🌱 Advised the Management to take steps for increasing the collateral coverage of the loans and advances to increase the chances of recovery of default loans.
- 🌱 Advised the Management to take effective steps for improving and developing a systematic risk management structure and also risk resilience capacity of the Bank.

The Minutes of BRMC meetings, containing suggestions and recommendations to the Management, were being subsequently placed in the meeting of the Board of Directors for ratification.

### Acknowledgement

The Board Risk Management Committee expresses its sincere thanks to the Members of the Board of Directors and the Management for their uninterrupted support extended to the Committee, which facilitated in helping discharge its duties and responsibilities.

**On behalf of the Board Risk Management Committee (BRMC),**

Sd/-

**Mostafa Kamal**

Chairman, Board Risk Management Committee



# 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.

The risk strategy is determined taking into consideration Bank's capital adequacy, expected level of profitability, market reputation, adequacy and experienced personnel, logistic support, macro and micro economic scenario, risk management practices etc. The Board of Directors, Senior Management and other officials of the Bank are aware of and understand their respective responsibilities within the risk management system.

## Objectives of risk management

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






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

## Sources of risks

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

## Risk Management Framework of the Bank

The Bank has a robust risk management framework which includes the followings:

-  Modhumoti Bank Comprehensive Risk Management Policy;
-  Six (6) core risks management policies as per core risk guidelines issued by Bangladesh Bank;
-  Environmental & Social Risk Management Policy of the Bank;
-  Counterparty limit policy of the Bank;
-  Finally Basel III framework including other Basel documents.

The overall risk management frameworks help the Bank to assign accountability and responsibility for the management and control of risk.

## Risk management structure of Modhumoti Bank Limited

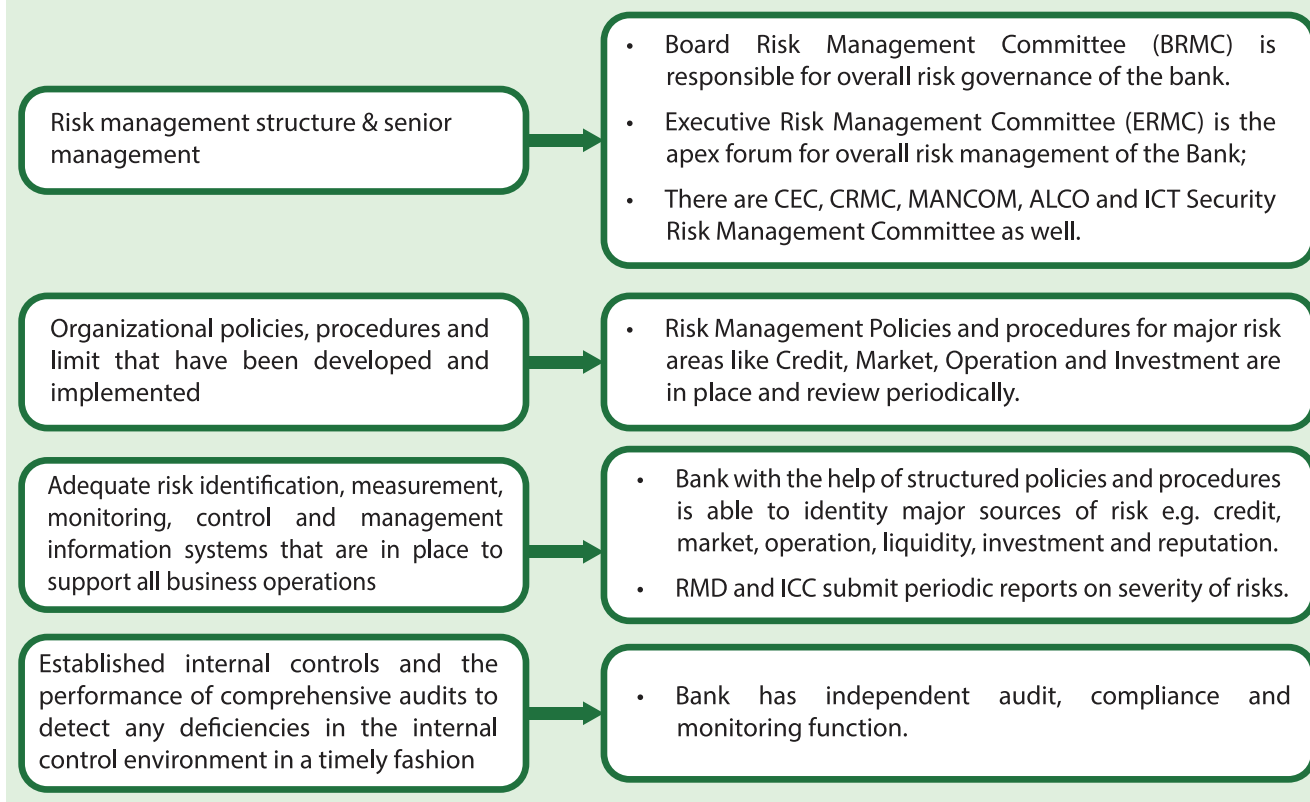
- The Board of Directors (BoD) of the Bank approves overall risk management policies of the Bank in line with the regulatory guidelines. The Board also sets the Risk Appetite of the Bank at the beginning of the year.
- Executive Committee (EC) of the Board is responsible for all sort of credit related decision as empowered by the Board. All decisions taken by EC are ratified by the Board afterward;
- 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;
- 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;
- For managing risk, MMBL established Credit Risk Management Division (CRM), Credit Administration Division (CAD), Loan 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;
- The Bank 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), Credit Evaluation Committee (CEC) and Executive Risk Management Committee (ERMC) to identify, assess, mitigate and monitor risk throughout the organization.
- Risk Management Division of the Bank is entrusted with 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 sustainable growth of the Bank.

### Layer of risk management structures:

The Bank has three level defense system for effective risk management across the Bank noted as followings:



## Key elements of Risk Management System



## Board Risk Management Committee (BRMC)

As per BRPD Circular No. 11, dated October 27, 2013, Board Risk Management Committee (BRMC) of the Bank 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 2020, four (04) BRMC meetings were held where designated memoranda were placed for perusal, recommendation and approval. The list of typical memoranda were as followings:

- Key risk issues of the Bank;
- Review of Comprehensive Risk Management Reports;
- Credit Risk Assessment and Resolution Report of Top 20 Borrowers of the Bank;
- Risk Based Capital Adequacy Statement as per Basel III;
- Comprehensive Risk Management Rating of the Bank;
- Review Report on the Risk Management Policies & Effectiveness of Risk Management Structures of the Bank;
- Review of the assessment of core risk management policies of the Bank;
- Review of the Risk Appetite Statement of the Bank;
- Stress Testing Result of the Bank;
- Review of Internal Capital Adequacy Assessment Process;
- Green Banking Report of the Bank;
- Management Action Triggers of the Bank and
- CSR activities of the Bank, etc.

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. As per SFD Circular No.05, dated December 30, 2020 the Sustainable Finance Policy of the Bank will be approved upon the Board Risk Management Committee's approach.

## Chief Risk Officer (CRO)

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. According to the Basel Committee on Banking Supervision, CRO has been referred as an independent senior executive with distinct responsibility for the risk management function and the institution's comprehensive risk management framework across the entire organization.

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. Currently the Bank has CRO with a designation of SVP having reporting line of Risk Management Division, Credit Risk Management Division and Treasury Mid Office of the 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 (CRO)	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 the 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 responsibilities/ Terms of Reference of ERMC will include, but limited to the followings:

- Identifying, measuring and managing bank's existing and potential risks through detailed risk analysis;
- Holding meeting at least once in a month upon the findings of risk reports and taking appropriate decisions to minimize and/or control risks;
- Ensuring incorporation of all the decisions in the meeting minutes with proper dissemination of responsibilities to concerned divisions/departments;
- Minimizing/controlling risks through ensuring proper implementation of the decisions;
- Reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately;
- Submitting proposals, suggestions & summary of ERMC meetings to CEO, BRMC on regular basis;
- Implementing the decisions of BRMC and Board meetings regarding risk issues;
- Assessing requirement of adequate capital in line with the risk exposures and ensuring maintenance of the same through persuading Senior Management and Board;
- Determining risk appetite, limits in line with strategic planning through threadbare discussions among the members;
- Contributing to formulation of risk policies for business units;
- Handling "critical risks" (risks that require follow-up and further reporting);
- Following up reviews and reports from BB and informing BRMC the issues affecting the bank's operation.
- Ensuring arrangement of Annual Risk Conference in the bank.

During the year 2020, eight (08) meetings of the Executive Risk Management Committee were held under the chairmanship of Chief Risk Officer (CRO) where different risk related issues were elaborately discussed and decision of the meeting disseminated across the Bank for mitigating risk issues. During the year 2020, the management took steps to reduce the large loan concentration within the regulatory limit as per the recommendation of ERM, noted as an example. It is notable that it was not possible to arrange meeting in every month due to the Covid-19 and subsequent lockdown situation of the country.

### **Risk Management Division**

As per guidelines of Bangladesh Bank, the Bank has separate Risk Management Division (RMD) headed by Chief Risk Officer (CRO) for appropriate decisions making by providing analytical data on important risk related issues arises from 6 (six) core risks as per guidelines of Bangladesh Bank and risks defined under Pillar 1 Minimum Capital Requirement and Pillar 2 Supervisory Review Process as per Basel III.

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:

- Collecting and analyzing data/information for identifying risks and making appropriate recommendations for risk mitigation;
- Designing bank's overall risk management strategy to reduce the risk under tolerable limit;
- Assisting BRMC/ERM by providing risk issues that are needed to be addressed;
- Informing the Board Risk Management Committee and Executive Risk Management Committee about the appetite for risk across the bank;
- Preparing risk management reports, arranging monthly meeting of ERM and preparing meeting minutes, disseminating the decisions to the concerned department/divisions, monitoring and follow up of implementation status;
- Establishing risk management policies and procedures;
- Assisting Senior Management in formulating strategic planning considering bank's risk exposures and industry as a whole;
- Supporting the Board, BRMC and ERM 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;
- 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)
- 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 Deputy Head of RMD looks after the overall risk management functions of the Bank under the supervision of CRO which comprised of 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;

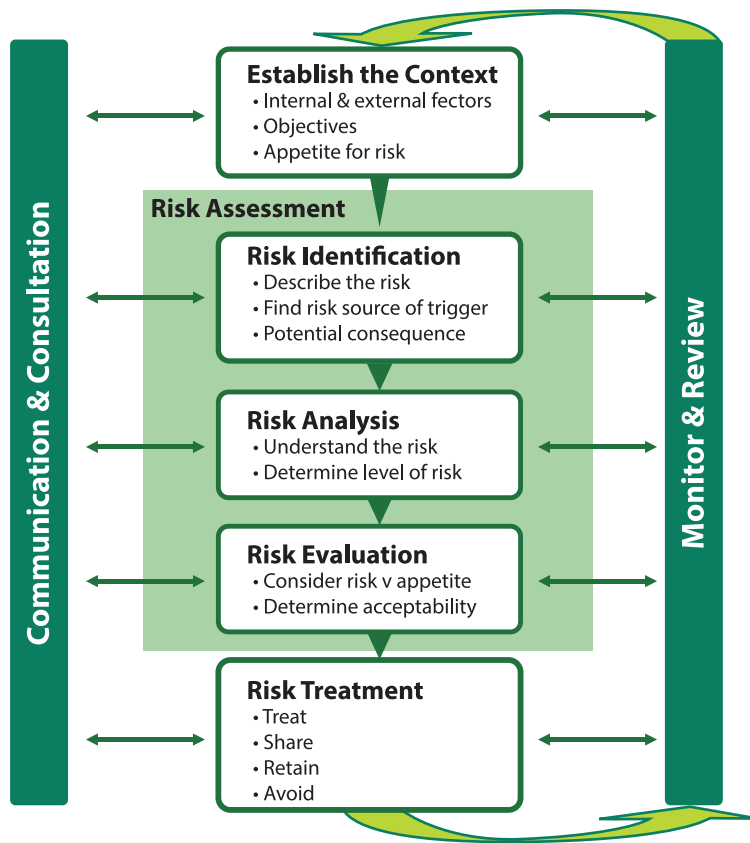
- Reviewing and processing any temporary limit requirements;
- Reviewing and reporting various risk elements like liquidity risk, market risk, interest rate risk, earning risk and counter party risk etc.;
- Monitoring the counterparty treasury limit of the Bank.

**Risk Appetite Framework**

The Bank has a Board approved Risk Appetite Framework which formulated the process of preparing and monitoring Risk Appetite Statement. The risk appetites of the Bank are determined as per annual business and profit target, CRM, ALM and Comprehensive Risk Management Policy of the Bank which are meticulously followed by the Bank.

**Risk Management Process**

The Bank 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.

**Sept 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.

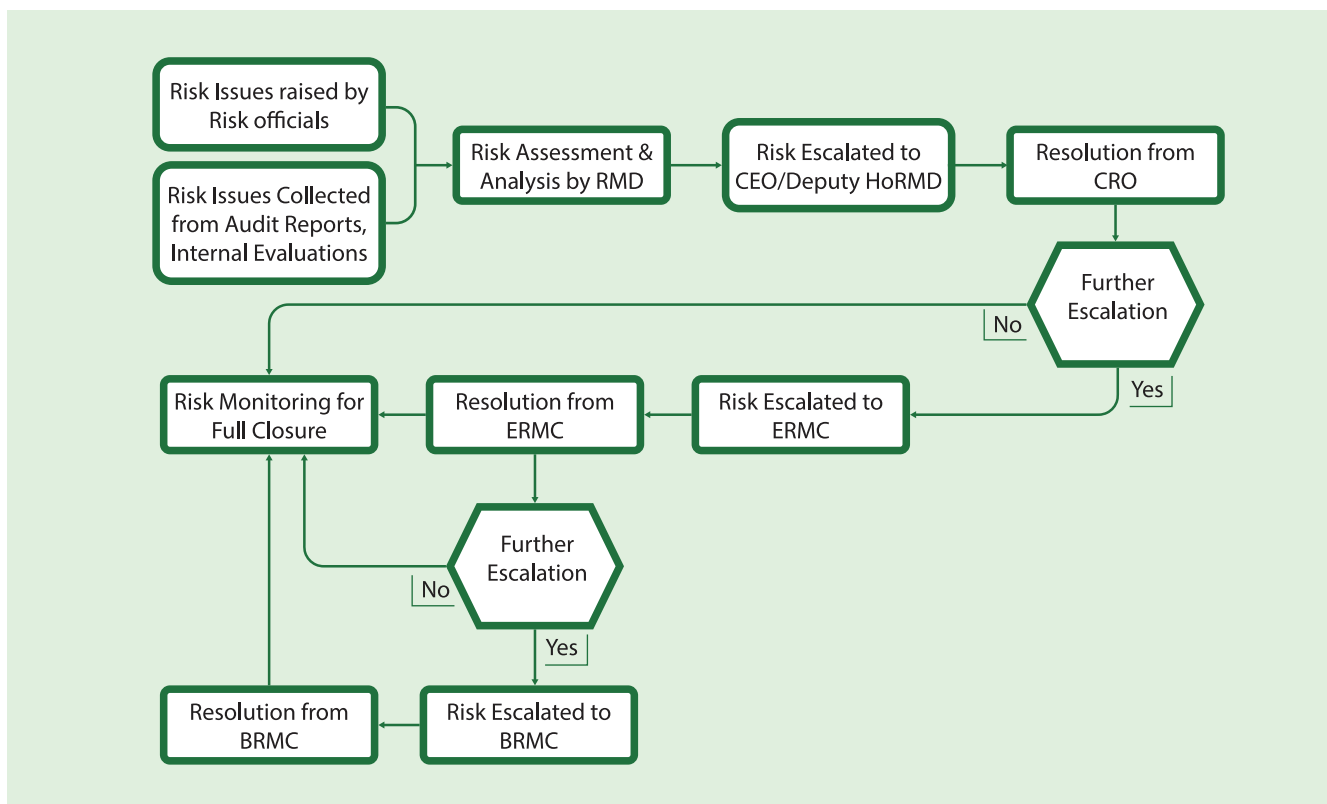
### Step 6 Treatment of Risks

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 analyze 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 report, quarterly risk management report and Credit Risk Assessment and Resolution Report on Top 20 Borrowers, yearly ICAAP Statement, assessment of core risk guidelines, Risk Appetite Statement of the Bank and Review report of Risk Management Policies and Effectiveness of Risk Management Functions etc.

RMD places memorandums to the Executive Risk Management Committee of the Bank and Board Risk Management Committee on monthly and quarterly basis respectively.

### Compliance status in risk management reporting

The RMD analyses and identifies the risk issues from the information and the activities of the bank on an ongoing basis especially at end month, quarter, semi-annual and annual basis. Accordingly RMD prepares different reporting as followings:

Sl. no.	Name of Report	Frequency	Compliance Status
1	Monthly Risk Management Report	Monthly	Complied
2	Quarterly Risk Management Report	Quarterly	Complied
3	Capital Adequacy Statement	Quarterly	Complied
4	Stress Testing & Gap Analysis	Quarterly	Complied
5	Credit Risk Assessment and Resolution Report of Top 20 Borrowers	Quarterly	Complied
6	Comprehensive Risk Management Report	Half yearly	Complied
7	Internal Capital Adequacy Assessment Process (ICAAP) Statement	Yearly	Complied
8	Risk Appetite Statement	Yearly	Complied
9	Review Report of the Risk Management Policies & Effectiveness of Risk Management Function of the Bank	Yearly	Complied
10	Assessment of Core Risk Guidelines	Yearly	Complied

The Bank met all the regulatory requirements relating to risk management activities of the Bank in 2020.

### 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	Internal Limit / Regulatory Limit	31.12.2019	31.12.2020
Credit to Risk Weighted Asset Ratio (CRAR)	≥12.50%	13.99%	17.84%
Percentage of Gross Non-performing Loan (NPL) excluding SMA	2%	2.53%	1.22%
Percentage of Net NPL excluding SMA	1.50%	1.42%	0.43%
Provision maintenance ratio (actual/ required)	≥100%	100.09%	100.01%
Large loan concentration	≤56%	62.66%	54.33%
Top borrowers' concentration	≤38%	33.71%	31.48%
High cost deposit to total deposit (%)	≤75%	71.51%	63.87%
Operating expenses to operating income (%)	≤40%	33.09%	31.06%
Return on Assets (ROA)	-	1.29%	2.28%
Return on Equity( ROE)	-	12.31%	21.70%
Advance Deposit Ratio (ADR)	85%	74.34%	62.01%
Liquidity Coverage Ratio (LCR)	>100%	206.77%	289.98%
Net Stable Funding Ratio (NSFR)	≥100%	115.47%	111.18%
Statutory Liquidity Requirement (SLR)	13%	26.84%	40.36%
Cash Reserve Ratio( CRR)	5.50%	5.78%	4.33%
EPS	-	1.58	3.29
Number of borrowers having credit rating	-	102	128



## 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 has to maintain Minimum Capital at 10% of Risk Weighted Assets among which need to maintain 4.5% 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 Basel Committee has further strengthened its liquidity framework by developing two minimum standards for funding liquidity. An additional component of the liquidity framework is a set of monitoring metrics to improve cross-border supervisory consistency. These 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 had a very healthy Liquidity throughout the year 2020.

**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 9.39% in December 2020 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:

- The committee must meet at least bi-monthly to monitor the implementation of Pillar 2 Supervisory Review Process under Basel II & Basel III;
- The team will review and assess overall capital adequacy in relation to the Bank's risk Profile and strategy for maintaining Bank's Capital at an adequate level, i.e. enough capital to compensate all the risks in the Bank's business, and to develop and practice better risk management techniques in monitoring and managing risks;
- The SRP Team of the Bank is responsible to ensure that the Bank has adequate capital to support its risks beyond the minimum regulatory requirements;
- The SRP Team will help 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.
- The Team will guide the Operational Layer during data collection, process and the preparation of ICAAP.
- The Team will maintain liaison with the Supervisory Review Evaluation Process-SREP Team of Bangladesh Bank.
- The Team will ensure effective dialogue between the Supervisory Review Process Team and the Supervisory Review Evaluation Process Team of Bangladesh Bank.

### 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

In million Taka

Sl. no.	Capital Adequacy	Solo
<b>A</b>	<b>Regulatory Capital</b>	<b>8,866.13</b>
<b>B</b>	<b>Minimum capital requirement (MCR)</b>	<b>5,000.00</b>
<b>C</b>	<b>Capital surplus (A-B)</b>	<b>3,866.13</b>
<b>D</b>	<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>17.84%</b>
	Common Equity Tier-1 to RWA ( $\geq 4.50\%$ )	16.15%
	Tier-1 Capital to RWA ( $\geq 6.00\%$ )	16.15%
	Tier-2 Capital to RWA ( $\leq 4.00\%$ or 88.89% of CET1)	1.69%
	<b>Total Capital plus Conservation Buffer (<math>\geq 12.50\%</math>)</b>	<b>17.84%</b>
	<b>Capital Conservation Buffer (2.50%)</b>	<b>7.84%</b>
	<b>Available Capital Under Pillar 2 Requirement</b>	<b>2,653.33</b>

### Internal Capital Adequacy Assessment Process (ICAAP) as per Pillar 2 of Basel III

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

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

The surplus capital maintained by MMBL will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth. Risk Management Division (RMD) under guidance of the SRP team/ERMC (Executive Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

### Borrowers' credit rating

Borrowers' credit rating plays an important role in improving capital adequacy of the bank through capital relief and also helps the bank to understand the risk associated with the borrowers. In this regard, RMD calculates capital relief on the basis of rated borrowers on quarterly basis. As per guideline on 'Risk Based Capital Adequacy for Banks', calculation of RWA follows Standardized Approach for Credit Risk, Standardized Approach for Market Risk and Basic Indicator Approach for Operational Risk. Under the Standardized Approach of the Risk Based Capital Adequacy framework (Basel III), Risk Weighted Asset (RWA) against credit risk for the corporate and SME borrowers are determined on the basis of credit rating report issued by the External Credit Assessment Institutions (ECAIs).

### Credit Rating Status of Borrowers

As a result of vigorous effort and continuous persuasion, 128 (73%) borrowers out of total 175 (Total Taka 33,708 million) eligible Corporate & SME borrowers of MMBL was completed. The rating distribution of the 100 Corporate & 28 SME borrowers of the Bank as on 31 December 2020 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	5,789	-	-	19	5,789	15%	23%
BB grade	2	42	11,918	3	396	45	12,314	35%	48%
BB grade	3	39	5,279	23	1,721	62	6,999	48%	28%
BB grade	4	-	-	2	205	2	205	2%	1%
BB grade	5	-	-	-	-	-	-	-	-
<b>Total</b>		<b>100</b>	<b>22,986</b>	<b>28</b>	<b>2,322</b>	<b>128</b>	<b>25,308</b>	<b>100%</b>	<b>100%</b>

### 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 17.84% as on 31.12.2020 upon which stress testing was conducted based on different parameters noted above. The position of CRAR after shock are noted below:

Description of different types of shocks	Extent of Shock			CRAR after Shock (%)		
	Minor	Moderate	Major	Minor	Moderate	Major
Performing loans directly downgraded to B/L: Constructions	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
<b>Combined Shock</b>				<b>10.93</b>	<b>5.16</b>	<b>-0.45</b>

## Stress situation in Duration Gap Analysis

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. The duration gap analysis of the Bank is being conducted on the total portfolio (assets & liabilities) on quarterly basis. The result of duration gap analysis as on December 31, 2020 is noted as following:

In million Taka

Sl. no.	Particulars	Amount		
1	Market value of assets	74,899.30		
2	Market value of liabilities	65,560.30		
3	Weighted average duration of assets (DA) in years	2.84		
4	Weighted average duration of liabilities (DL) in years	0.66		
5	Duration gap (DA-DL) in years	2.26		
6	Yield to maturity (YTM-Assets)	7.18%		
7	Yield to maturity (YTM-Liability)	4.15%		
8	Change of market value of equity due to increase in interest rates	1%	2%	3%
9	Fall in Market Value of Equity	(1,582.10)	(3,164.30)	(4,746.40)
10	<b>Stress testing</b>	<b>Minor Shock</b>	<b>Moderate Shock</b>	<b>Major Shock</b>
11	Regulatory capital (after shock)	7,284.00	5,701.80	4,119.70
12	RWA (After shock)	48,120.20	46,538.10	44,955.90
13	CRAR (After shock)	15.14%	12.25%	9.16%

For absorbing different shocks under Stress Testing, the Bank takes following measures on an ongoing basis:

- 🌱 Exposure on large loan customers are being monitored closely;
- 🌱 Emphasize on enhancing collateral coverage against large loan exposure;
- 🌱 Encouraging focus on SME loanlending;
- 🌱 Regular loans are being monitored closely in order to avoid classification;
- 🌱 Persuading unrated Corporate and SME borrowers to bring them under the umbrella of ECAI's credit rating.

## Pillar 3 Market Discipline

# Disclosures on Risk Based Capital (Basel III) for the year ended December 31, 2020

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

-  Capital adequacy
-  Supervisory review &
-  Market discipline; (increased public disclosure requirements).

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

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

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

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

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

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

### A. SCOPE OF APPLICATION

#### Qualitative Disclosure

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

The Risk Based Capital Adequacy Framework applies to Modhumoti Bank Limited (MMBL) on 'solo' basis as there was no subsidiary as on the reporting date (December 31, 2020).

##### 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, 2020 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 of the Bank for the year ended December 31, 2020. The report is prepared once a year and available on the website of the Bank ([www.modhumotibankltd.com](http://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, 2020). However BRPD Circular No.02, dated, January 16, 2014 and BRPD Circular Letter No.04, dated, May 10, 2016 respectively regarding 'Single Borrower Exposure Limit' are being applied by the Bank in determining maximum amount of finance.

**Quantitative Disclosure**

**d) The aggregate amount of surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.**

**Not Applicable.**

**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, Subordinated debt/instruments issued by the Bank that meet the qualifying criteria for Tier 2 capital, Minority interest i.e. Tier-2 issued by consolidated subsidiaries to third parties.

**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	√	
6	Capital conservation buffer at 2.50% of total RWA	√	

## Quantitative Disclosures

The amount of Regulatory Capital as of 31.12.2020 is noted below:

In million Taka

Sl. no.	Particulars of Regulatory Capital	Amount (Solo)
<b>1.0</b>	<b>Common Equity Tier-1 (Going Concern Capital )</b>	
1.1	Fully Paid-up Capital	5,007.03
1.2	Non-repayable Share premium account	-
1.3	Statutory Reserve	1,854.55
1.4	General Reserve	-
1.5	Retained Earnings	1,165.50
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)	-
<b>1.10</b>	<b>Sub-Total: (1.1 to 1.9)</b>	<b>8,027.09</b>
<b>1.11</b>	<b>Regulatory adjustment from Common Equity Tier-1 (Going Concern Capital )</b>	
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	-
<b>1.24</b>	<b>Sub Total (1.12 to 1.23)</b>	<b>-</b>
<b>1.25</b>	<b>Total Common Equity Tier-1 Capital (1.10 less 1.24)</b>	<b>8,027.09</b>
<b>2.0</b>	<b>Additional Tier-1 Capital</b>	
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)	-
<b>2.8</b>	<b>Sub-Total (2.1 to 2.7)</b>	<b>-</b>
<b>2.9</b>	<b>Regulatory adjustments</b>	
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	-
<b>2.13</b>	<b>Sub-Total (2.10 to 2.12)</b>	<b>-</b>
<b>2.13</b>	<b>Total Additional Tier-1 Capital Available (2.8 less 2.13)</b>	<b>-</b>
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)	2,675.43
2.15	Excess Amount over Maximum Limit of AT-1	-
<b>2.16</b>	<b>Total Admissible AT-1 Capital</b>	<b>-</b>
<b>2.17</b>	<b>Total Tier-1 Capital</b>	<b>8,027.09</b>

Sl. no.	Particulars of Regulatory Capital	Amount (Solo)
<b>3.0</b>	<b>Tier-2 Capital (Gone Concern Capital)</b>	
3.1	General Provision	839.04
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)	-
3.6	Others (if any item approved by Bangladesh Bank)	-
<b>3.7</b>	<b>Sub-Total (3.1 to 3.6)</b>	<b>839.04</b>
<b>3.8</b>	<b>Regulatory Adjustment</b>	-
3.9	Revaluation Reserve for Fixed Asset, Securities & Equity Securities (follow in deductions as per Basel-III Guidelines which is 100% in 2019)	-
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	-
<b>3.15</b>	<b>Sub-Total (3.9 to 3.14)</b>	-
<b>3.16</b>	<b>Total Tier-2 Capital Available (3.7 minus 3.15)</b>	<b>839.04</b>
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)	7,135.28
3.17	Excess Amount over Maximum Limit of T-2	-
<b>3.18</b>	<b>Total Admissible Tier-2 Capital</b>	<b>839.04</b>
<b>3.19</b>	<b>Total Regulatory Capital/Eligible Capital (2.16+3.18)</b>	<b>8,866.13</b>

## C. CAPITAL ADEQUACY

### Qualitative Disclosures

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

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

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

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

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



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

The surplus capital maintained by MMBL will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth. Risk Management Division (RMD) under guidance of the SRP team/ERMC (Executive Risk Management Committee), is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

### Quantitative Disclosures:

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

In million Taka

Sl. no.	Particulars	Solo
<b>1.</b>	<b>Risk Weighted Assets:</b>	
	For Credit Risk:	40,074.56
	On-Balance Sheet	29,489.25
	Off-Balance Sheet	10,585.30
	For Market Risk	6,355.63
	For Operational Risk	3,272.16
	<b>Total:</b>	<b>49,702.35</b>
<b>2.</b>	<b>Minimum Capital Required (10% of RWA):</b>	
	For Credit Risk	4,007.46
	For Market Risk	635.56
	For Operational Risk	327.22
	<b>Total:</b>	<b>4,970.24</b>
	Minimum capital requirement (MCR) Tk.5,000.00 million or 10% of RWA whichever is higher	5,000.00

#### Total Capital, CET-1 Capital, Total Tier-1 Capital, Tier-2 Capital Ratio Available Capital under Pillar 2: Solo

In million Taka

Sl. no.	Particulars	Solo
<b>A.</b>	<b>Regulatory Capital:</b>	
	<b>a. Tier-1 (Going Concern Capital)</b>	<b>8,027.09</b>
	i) Common Equity Tier-1 Capital (CET-1)	8,027.09
	ii) Additional Tier-1 Capital (AT-1)	-
	<b>b. Tier-2 (Gone Concern Capital)</b>	<b>839.04</b>
	<b>c. Total regulatory capital</b>	<b>8,866.13</b>
<b>B</b>	<b>Minimum capital requirement (MCR)</b>	<b>5,000.00</b>
<b>C</b>	<b>Capital surplus (A-B)</b>	<b>3,866.13</b>
<b>D</b>	<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>17.84%</b>
	Common Equity Tier-1 to RWA ( $\geq 4.50\%$ )	16.15%
	Tier-1 Capital to RWA ( $\geq 6.00\%$ )	16.15%
	Tier-2 Capital to RWA ( $\leq 4.00\%$ or 88.89% of CET1)	1.69%
	<b>Total Capital plus Conservation Buffer (<math>\geq 12.50\%</math>)</b>	<b>17.84%</b>
	<b>Capital Conservation Buffer (2.50%)</b>	<b>7.84%</b>
	<b>Available Capital Under Pillar 2 Requirement</b>	<b>2,653.33</b>

## D. CREDIT RISK

### Qualitative Disclosures:

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

##### Definition of Credit Risk:

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or 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 under Corporate & Investment Banking Division 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 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"> <li>the loan was not made in compliance with the bank's internal policies;</li> <li>failure to maintain adequate and enforceable documentation; and/or</li> <li>poor control over collateral.</li> </ul>
	ii) Assets must be classified no higher than Special Mention if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> <li>occasional overdrawn within the past year;</li> <li>below-average or declining profitability;</li> <li>barely acceptable liquidity; and</li> <li>Problems in strategic planning.</li> </ul>
Sub-standard	i) Assets must be classified no higher than Sub-standard if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> <li>recurrent overdrawn;</li> <li>low account turnover;</li> <li>competitive difficulties;</li> <li>location in a volatile industry with an acute drop in demand;</li> <li>very low profitability that is also declining;</li> <li>inadequate liquidity;</li> <li>cash flow less than repayment of principal and interest;</li> <li>weak management;</li> <li>doubts about integrity of management;</li> <li>conflict in corporate governance;</li> <li>unjustifiable lack of external audit; and</li> <li>pending litigation of a significant nature.</li> </ul>
	ii) Assets must be classified no higher than Sub-standard if the primary sources of repayment are insufficient to service the debt and the bank must look to secondary sources of repayment, including collateral.
	iii) Assets must be classified no higher than Sub-standard if the banking organization has acquired the asset without the types of adequate documentation of the obligor's net worth, profitability, liquidity, and cash flow that are required in the banking organization's lending policy, or there are doubts about the validity of that documentation.

Classification		Conditions to be fulfilled
Doubtful		Assets must be classified no higher than Doubtful if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> <li>• permanent overdrawn;</li> <li>• location in an industry with poor aggregate earnings or loss of markets;</li> <li>• serious competitive problems; failure of key products; operational losses;</li> <li>• illiquidity, including the necessity to sell assets to meet operating expenses;</li> <li>• cash flow less than required interest payments; very poor management;</li> <li>• non-cooperative or hostile management;</li> <li>• serious doubts of the integrity of management;</li> <li>• doubts about true ownership; and</li> <li>• complete absence of faith in financial statements.</li> </ul>
Bad/Loss		Assets must be classified no higher than Bad/Loss if any of the following deficiencies of the obligor is present: <ul style="list-style-type: none"> <li>• the obligor seeks new loans to finance operational losses;</li> <li>• location in an industry that is disappearing;</li> <li>• location in the bottom quartile of its industry in terms of profitability;</li> <li>• technological obsolescence and very high losses;</li> <li>• asset sales at a loss to meet operational expenses;</li> <li>• cash flow less than production costs;</li> <li>• no repayment source except liquidation;</li> <li>• presence of money laundering, fraud, embezzlement, or other criminal activity; and</li> <li>• no further support by owners.</li> </ul>

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

#### Quantitative Disclosures:

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

In million Taka

Sl. no.	Major types of loans	2020	2019
1	Cash credit and overdrafts	16,147.69	17,567.76
2	Loans (General)	16,287.09	17,329.05
3	House building loan	823.50	838.07
4	Loan against trust receipt	1,101.12	1,320.27
5	Bills purchased and discounted	3,710.38	3,240.34
6	Other Loans	16,147.69	2,211.77
<b>Total</b>		<b>38,069.78</b>	<b>42,507.26</b>

##### c) Geographical distribution of exposures:

In million Taka

	Name of Division	2020	2019
Region Based	Dhaka	31,444.48	34,714.19
	Chittagong	3,945.68	5,316.18
	Rajshahi	315.80	223.66
	Sylhet	114.08	104.67
	Khulna	1,910.00	1,916.29
	Mymensingh	59.14	47.75
	Rangpur	252.56	150.54
	Barisal	28.04	33.96
	<b>Total</b>	<b>38,069.78</b>	<b>42,507.26</b>
Country Based	Domestic	<b>38,069.78</b>	<b>42,507.26</b>
	Overseas	-	-

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

Major industry wise credit exposure of the bank as of December 31, 2020 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	2020	2019
1	Agriculture, fishing, forestry and dairy firm	299.99	260.77
2	Industry (Other than working capital)	7,573.20	5,758.11
3	Working capital financing	8,252.90	9,567.08
4	Export credit	1,344.88	1,003.81
5	Import credit	2,484.97	1,406.48
6	Commercial credit	2,935.20	13,196.66
7	Constructions	6,555.18	8,071.31
8	Transport and Communication	616.87	694.39
9	Consumer Credit	611.42	484.52
10	Others	7,395.17	2,064.13
<b>Total</b>		<b>38,069.78</b>	<b>42,507.26</b>

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

In million Taka

Particulars	2020	2019
On demand	2,074.96	2,956.87
Less than three months	5,638.82	8,481.65
More than three months but less than one year	15,066.13	13,659.51
More than one year but less than five years	10,004.32	12,438.78
More than five years	5,285.56	4,970.44
<b>Total</b>	<b>38,069.78</b>	<b>42,507.26</b>

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

In million Taka

Particulars	2020	2019
Agriculture	-	7.40
Industry	69.57	372.20
Constructions	9.67	12.30
Power, Gas, Water & Sanitary Services	-	-
Transport, Storage & Communication	-	297.06
Trade Services	184.83	182.30
Housing Services	7.72	7.50
Banking & Insurance	187.17	187.20
Professional & Misc. services	4.88	7.60
<b>Total</b>	<b>463.84</b>	<b>1,073.56</b>

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

In million Taka

Particulars	2020	2019
Gross Non-Performing Assets (NPAs)	463.84	1,073.56
Nonperforming assets to outstanding loans and advances	1.22%	2.53%
Movement of Non-Performing Assets (NPAs):		
Opening balance	1,073.56	650.66
Additions/ (Reductions)	(609.72)	422.90
Closing balance	463.84	1,073.56
Movement of specific provisions for NPAs:		
Opening balance	470.50	154.00
Provision made during the period	0.00	316.50
Write off	0.00	0.00
Write back of excess provisions	169.80	0.00
Closing balance	<b>300.70</b>	<b>470.50</b>

## E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

### Qualitative Disclosures:

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

### Quantitative Disclosures:

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

In million Taka

Particulars	Amount (Solo)	
	Cost Price	Market Price
Unquoted Share	37.50	37.50
Quoted Share	305.50	329.99

#### 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	0.51
d)	Total unrealized gains (losses)	24.49
	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	4.69
Quoted Share	66.00

## 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	74,899.30		
2	Market value of liabilities	65,560.30		
3	Weighted average duration of assets (DA) in years	2.84		
4	Weighted average duration of liabilities (DL) in years	0.66		
5	Duration gap (DA-DL) in years	2.26		
6	Yield to maturity (YTM-Assets)	7.18%		
7	Yield to maturity (YTM-Liability)	4.15%		
8	Change of market value of equity due to increase in interest rates	1%	2%	3%
9	Fall in Market Value of Equity	(1,582.10)	(3,164.30)	(4,746.40)
<b>10</b>	<b>Stress testing</b>	<b>Minor Shock</b>	<b>Moderate Shock</b>	<b>Major Shock</b>
11	Regulatory capital (after shock)	7,284.00	5,701.80	4,119.70
12	RWA (After shock)	48,120.20	46,538.10	44,955.90
13	CRAR (After shock)	15.14%	12.25%	9.16%

### 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, 2020 under earnings perspective with Simple Sensitivity Analysis:

In million Taka

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	19,710.60	2,814.59	5,629.18	27,839.39
Interest sensitive liabilities	20,142.28	4,922.51	9,845.02	15,100.01
Net gap	(431.67)	(2,107.92)	(4,215.84)	12,739.38
Cumulative gap	(431.67)	(2,539.59)	(6,755.44)	5,983.94
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	(4.32)	(25.40)	(67.55)	59.84
Accumulated earnings impact	4.32	25.40	67.55	(59.84)

## 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	2020	2019
Interest rate risk	548.59	28.30
Equity position risk	66.00	53.29
Foreign exchange risk	20.98	65.02
<b>Total</b>	<b>635.56</b>	<b>146.62</b>

**H. OPERATIONAL RISK**

**Qualitative Disclosures:**

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

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

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

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

**Performance Gap of Executives and Staffs:**

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

01.	Gender diversity among members of the Board of Directors	No. of male members-15	
		No. of female members-05	
02.	Gender diversity among permanent employees	i. entry level	No. of male employees- 154
			No. of female employees-85
		ii. mid-level	No. of male employees- 291
			No. of female employees-09
		iii. senior management	No. of male employees- 10
			No. of female employees-1
03.	Gender breakdown by age group for permanent employees	i. < 30 years	No. of male employees- 62
			No. of female employees- 31
		ii. 30-50 years	No. of male employees- 384
			No. of female employees- 63
		iii. > 50 years	No. of male employees- 10
			No. of female employees- 1

## Potential external events

-  The global economy is expected to expand 4% in 2021, assuming an initial COVID-19 vaccine rollout becomes widespread throughout the year. A recovery, however, will likely be subdued, unless policy makers move decisively to tame the pandemic and implement investment-enhancing reforms, the World Bank says in its January 2021 Global Economic Prospects.
-  Although the global economy is growing again after a 4.3% contraction in 2020, the pandemic has caused a heavy toll of deaths and illness, plunged millions into poverty, and may depress economic activity and incomes for a prolonged period.
-  The collapse in global economic activity in 2020 is estimated to have been slightly less severe than previously projected, mainly due to shallower contractions in advanced economies and a more robust recovery in China.
-  A downside scenario in which infections continue to rise and the rollout of a vaccine is delayed could limit the global expansion to 1.6% in 2021.
-  In an upside scenario with successful pandemic control and a faster vaccination process, global growth could accelerate to nearly 5 percent.
-  In advanced economies, a nascent rebound stalled in the third quarter following a resurgence of infections, pointing to a slow and challenging recovery. U.S. GDP is forecast to expand 3.5% in 2021, after an estimated 3.6% contraction in 2020. In the euro area, output is anticipated to grow 3.6% this year, following a 7.4% decline in 2020. Activity in Japan, which shrank by 5.3% in the year just ended, is forecast to grow by 2.5% in 2021.
-  Aggregate GDP in emerging market and developing economies, including China, is expected to grow 5% in 2021, after a contraction of 2.6% in 2020. China's economy is expected to expand by 7.9% this year following 2% growth last year.
-  Excluding China, emerging market and developing economies are forecast to expand 3.4% in 2021 after a contraction of 5% in 2020. Among low-income economies, activity is projected to increase 3.3% in 2021, after a contraction of 0.9% in 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	
	2020	2019
The capital requirements for operational risk	327.22	270.22

## Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

In million Taka

Year	Gross Income (GI)	Average GI	15% of Average GI
2020	2,574.95	2,181.44	327.22
2019	2,041.57		
2018	1,927.81		
<b>Total</b>	<b>6,544.32</b>	<b>2,181.44</b>	<b>327.22</b>

## I. LIQUIDITY RATIO

### Qualitative Disclosures:

#### Views of BOD on system to reduce liquidity Risk:

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

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	2020	2019
Liquidity Coverage Ratio (LCR)	289.98%	206.77%
Net Stable Funding Ratio (NSFR)	111.18%	115.47%
Stock of High quality liquid assets	23,768.45	15,912.97
Total net cash outflows over the next 30 calendar days	7,888.50	7,695.98
Available amount of stable funding	59,851.29	56,285.28
Required amount of stable funding	<b>53,830.51</b>	<b>48,743.63</b>

#### 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. The 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	2020	2019
Leverage Ratio	9.39%	7.80%
On balance sheet exposure	72,613.97	70,656.63
Off balance sheet exposure	12,886.95	13,884.37
<b>Total exposure</b>	<b>85,500.91</b>	<b>84,541.00</b>

## K. REMUNERATION

### Qualitative Disclosures:

#### a) Information relating to the bodies that oversee remuneration

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

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

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

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

##### External consultants for remuneration process:

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

##### Scope of the bank's remuneration policy:

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

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

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

There are 50 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:

<b>Fixed pay</b>	:	The purpose of the fixed pay is to attract and retain employees by paying market competitive pay for the role, skills and experience required for the business. This includes salary, fixed pay allowance, cash in lieu of pension and other cash allowances in accordance with local market practices These payments are fixed and do not vary with performance.
<b>Benefits</b>	:	The bank provides benefits in accordance with the industry practice of the country. This includes but is not limited to the provision of provident fund, gratuity fund, medical allowances, transport loan and house building loan etc.
<b>Annual incentive</b>	:	The banks provide annual incentive based on the achievement of the business and profit target of the Bank. The bank provide performance based incentive to its employees. Bonus paid based on the last basic salary of the employee of the Bank. However, bonus for MD & CEO has maximum limit of Tk.10.00 lac pa as per 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 2020.

**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 take into account when implementing remuneration.

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

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

Staff are subject to performance management reviews annually. Remuneration, including bonuses, are in alignment with the outcome of these reviews. The reviews are being done based on 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 2020**

In million Taka

Particulars	Number	Amount
Number of meetings held of Board of Directors	6	0.74

**h) Variable remuneration, bonuses and other payments during 2020**

In million Taka

Particulars	Number	Amount
Employees having received a variable remuneration award (Profit Bonuses)	2	24.44
Guaranteed bonuses awarded (Festival Bonuses)	3	43.02
Sign-on awards made	-	-
Severance payments made (PF, GF, Leave Encashment)	20 employees	11.16

**i) Deferred remuneration in 2020**

In million Taka

Particulars	Amount
<b>Total amount of outstanding deferred remuneration (PF, GF etc.):</b>	
Cash	51.12
Shares	
Share-linked instruments & others	
<b>Total amount of deferred remuneration paid out in 2020</b>	8.54

**j) Breakdown of amount of remuneration**

In million Taka

Particulars	Amount
<b>Breakdown of amount of remuneration:</b>	
Fixed (Salary & allowances)	544.05
Variable (Incentive Bonuses)	24.44
Deferred (PF, GF)	21.12
Non-deferred	-
<b>Different forms used</b>	
Cash	589.61
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 2020 due to ex post explicit adjustments	-
Total amount of reduction during 2020 due to ex post implicit adjustments	-

# Sustainability Analysis





## Managing Director & CEO's message on Sustainability Reporting



*Tomorrow's world is our commitment to stakeholders. It is about our efforts to preserve and enhance invaluable natural and social capital. It is also our endeavor to create value for our key stakeholders through net positive economic, environmental and social (EES) impacts.*

The year 2020 was extraordinary. The impact of the global pandemic has been unprecedented by all measures. While we continue to navigate the new normal, the future will see us growing stronger and better. After almost a year of uncertainty, we see new opportunities for transformation and resilient growth. Most importantly, as both individuals and businesses, we have developed a deeper appreciation for our responsibility as citizens of one planet. We have seen the spirit of cooperation that will keep humanity and the purpose of businesses alive for generations. We manage our business and people with the responsibility of delivering sustainable financial returns. A commitment to principles of good governance and the strategic role of our Board, Senior Leadership and skilled workforce collectively contribute to shaping a profitable organization.

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.

Since inception, the Bank has been demonstrating its responsibilities through various CSR programs in the field of education, health, Games & Sports, disaster management and other areas through its dedicated CSR wing in association with related service departments. 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.

To conclude, I want to make the promise to our esteemed stakeholders and the society at large on behalf of Modhumoti Bank family that we are and will certainly be aware of the challenges induced by Covid-19 and do the needful to save the best interest of our stakeholders and society during and post Covid-era. With our sincerity and determination, I wish and pray our continuous initiatives towards sustainable success will continue in coming days as well.

**Md. Shafiul 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.*

Modhumoti Bank Limited believes sustainability is the core element of competitiveness in the banking business. To ensure the sustainable financing (environment and society friendly), we have taken the endeavor to report the activities relating to sustainable financing, green banking initiatives and corporate social responsibility (CSR) under Sustainability Reporting for our stakeholders.

As per European Union (EU), United Nations Development Programme (UNDP) and International Finance Corporation (IFC), sustainable finance generally refers to the process of taking due account of environmental, social and governance (ESG) considerations when making investment decisions in the financial sector. More specifically, environmental considerations may refer to climate change mitigation and adaptation, as well as the environment more broadly, such as the preservation of biodiversity, pollution prevention and circular economy.

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 issued Guidelines on Environmental & Social Risk Management (ESRM) in 2017 and also issued Sustainable Finance Policy in 2020 for ensuring the sustainable banking practices to achieve the SDGs target of the country. Modhumoti Bank Limited has already formulated ESRM Policy as per the guidelines of Bangladesh Bank which is duly approved by the Board of Directors of the Bank and the Bank is under the way to formulate Sustainable Finance Policy as well.

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 extended loans in environment friendly brick kiln and green feature building and also has provided around 24% of its financing in SME sectors which creates huge job opportunities for the communities involved. The Bank has already established more than 366 agent points across the country from a view point of financial inclusion, an effort to include the unbanked population of the country in the formal banking channel. The Bank has also contributed to a wide range of local initiatives which includes relief and medical support to Covid-19 hit people of the country, donations to flood and cold wave affected people through Prime Minister's Relief & Welfare Fund under CSR activities of the Bank.

We are committed to be profitable and sustainable in doing business following compliance of the environmental and social risk management guidelines of Bangladesh Bank and also the SDGs of United Nations Development Programme (UNDP). We believe, this will pave 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

# Our Responsibility to Stakeholders & their future on earth



*“Sustainable action speaks of our commitment to create positive impacts in the form of Economic, Environmental and Social benefits through our day-to-day business.”*

If we want to describe the year 2020, it would of course be unprecedented. However, it was also a year of paradoxes as we experienced so many challenges both in our professional as well as social life. It was a year where we learned to appreciate the little wins and pleasures of life in an uncertain environment, from the uncertainty of the pandemic’s impact to some confidence that we will survive the consequences. From depressing lockdown situations and limited social interactions to enriching times with family and loved ones, we were finally reunited from the stress of income and job security, to reflections on the greater purpose in life. In a nutshell, it has been the most unsettling year where people were looking for meaning even as they focused on survival. At Modhumoti Bank, amid all the challenges, we found respite in our ability to be part of the many solutions for our customers, employees, partners, and communities who matter to us. We always look at sustainability as our responsibility towards our stakeholders and their future on earth. It is therefore critical to map their views on our sustainability efforts. It is equally important to seek their participation in crating long-term net positive impact in economic, environmental and social aspects in our initiatives for sustainable growth.

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.

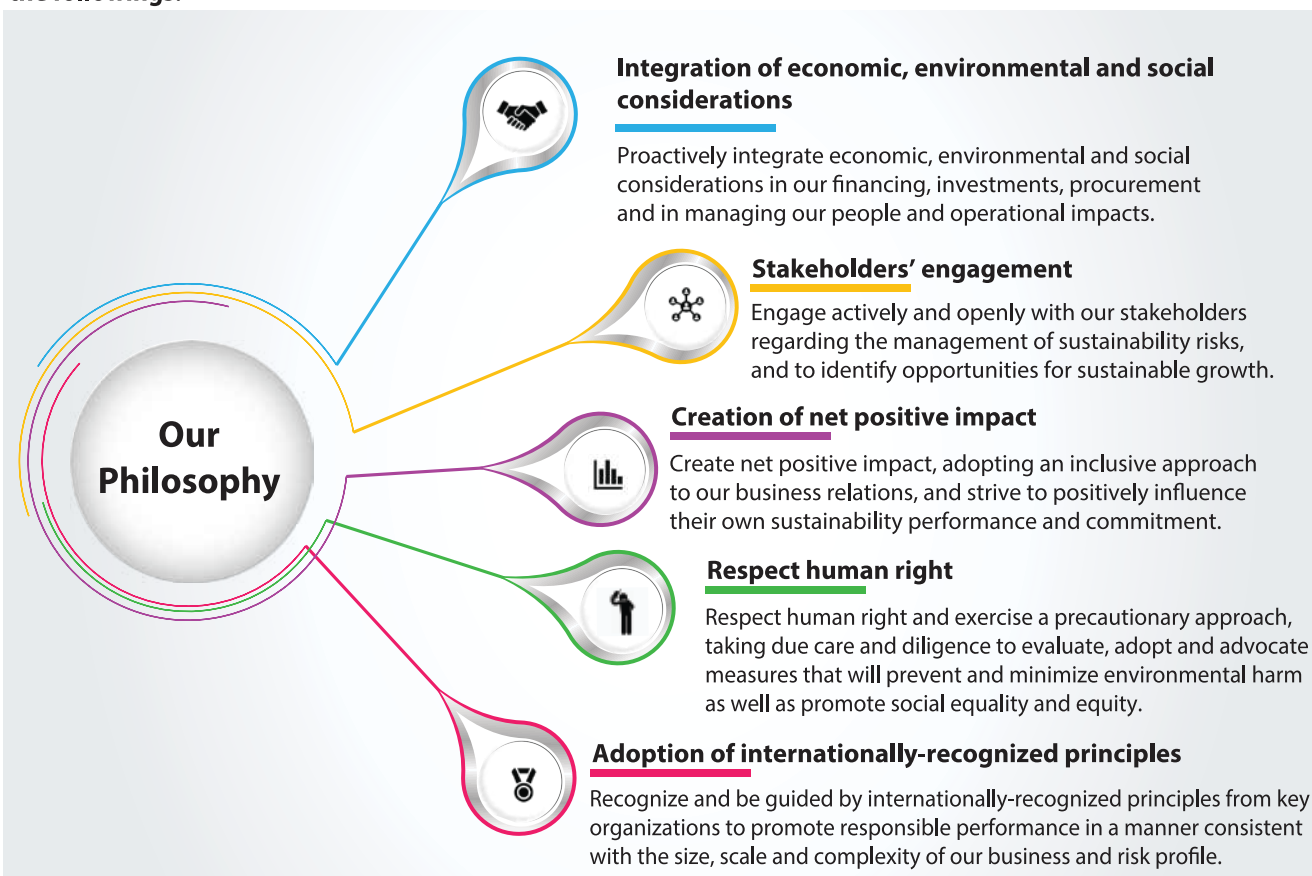
On February 27, 2011, a policy has been issued entitled ‘Guidelines for Green Banking’ by Bangladesh Bank to be followed by the scheduled banks. As per that guideline, all commercial banks are supposed to produce their sustainability reporting for their stakeholders under Independent Annual Sustainability 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.

**Our aspiration is to become a visible shaper of sustainability practices in Bangladesh. Our philosophy is to enable the followings:**



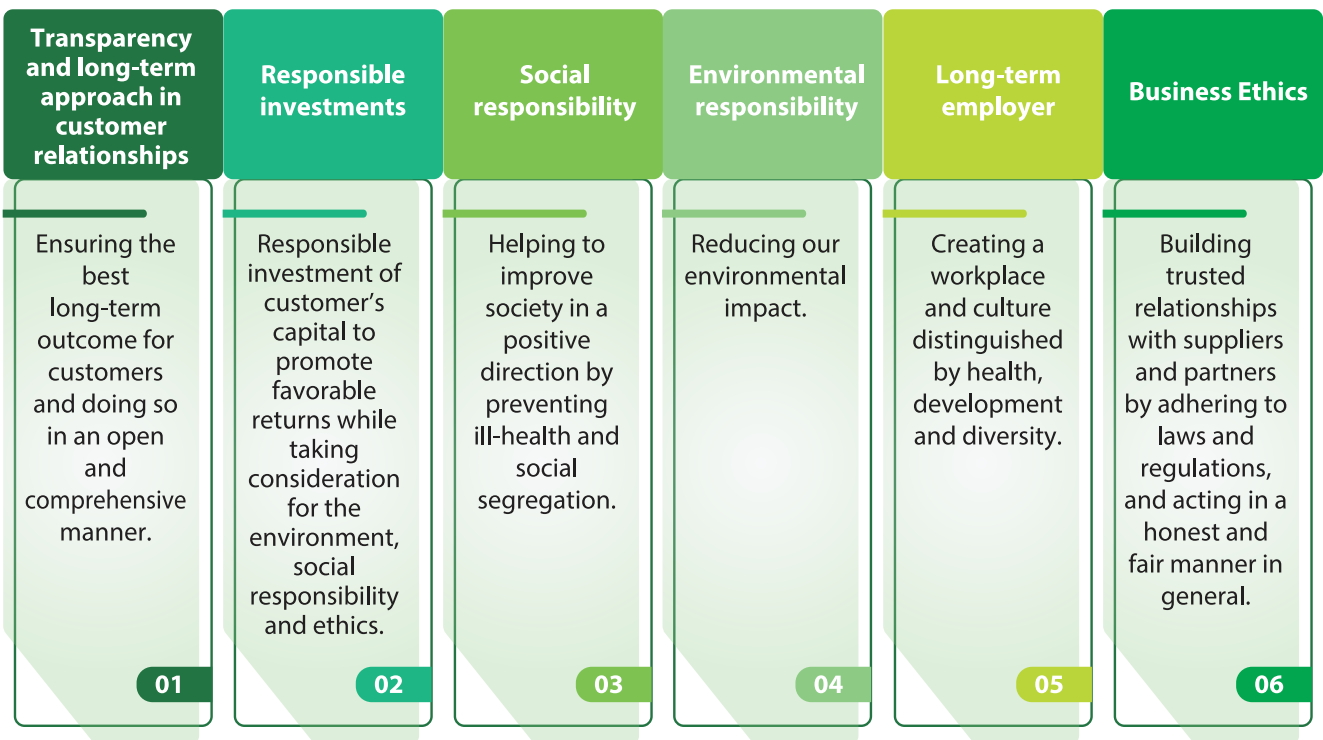
**Materiality**

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 and our stakeholders based on the stakeholders' mapping exercise. The main material topics have been outlined below are in alignment with our six sustainability focus areas.

We have improved our materiality process by conducting additional research during the issue identification step, creating a prioritization methodology tool, and consulting with our internal stakeholders in this prioritization. This has resulted in the creation of our materiality matrix, which provides more details on the prioritization of material issues in three categories; highly significant, significant, and less-significant issues. Below is a description of each of the materiality steps the Bank conducted, which are aligned with the GRI Standards:

- 1. Identification:** To complete this step, we identified a list of possible topics, and then selected the most suitable ones and grouped them into our five main sustainability focus areas. The resulting list of topics was used in Step 2.
- 2. Prioritization:** We developed a tool to depict the importance of each of the identified issues in Step 1. This tool presents the importance of each issue on two levels; importance to Modhumoti Bank's economic, social and environmental business decisions and importance to our stakeholders. A Matrix was developed by a targeted survey which shows material sustainability issues within low, medium, and high significance thresholds.
- 3. Validation:** The results of Step 2 were reviewed and approved by Modhumoti Bank's Sustainable Finance Committee.
- 4. Review:** We acknowledge that the sustainability environment is from a changing nature, and so are its related material issues for our business and stakeholders. We welcome any feedback on our sustainability reporting to integrate into our materiality process for next year's sustainability reporting.

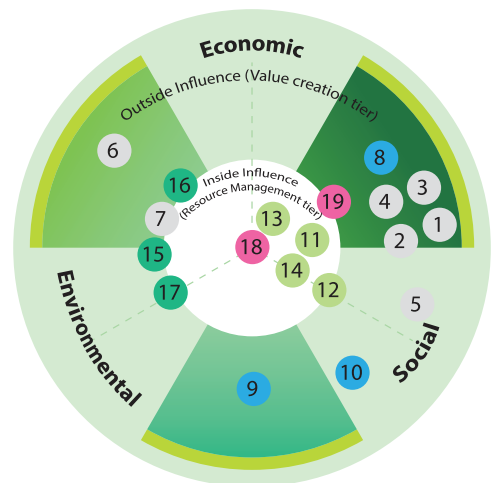
**Six areas that summarize Modhumoti Bank's most material topics:**



**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

## Engaging our Stakeholders

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.

### Overview of Stakeholders

Stakeholder Group	Their Concern	Our Responsibilities
Shareholders and Analysts	<ul style="list-style-type: none"> <li>Consistency in erformance and Dividends</li> <li>Performance and integrity of the Board and management</li> <li>Public goodwill and reputation of the Bank</li> <li>Stable Ratings of the bank based on overall financial performances</li> </ul>	<ul style="list-style-type: none"> <li>Generate profits and ensure optimal return on investment</li> <li>Proper oversight and control of the Board and management</li> <li>Bank's Code of Conduct, management oversight and response</li> <li>Public affairs management</li> <li>Maintained consistent ratings through financial commitments</li> </ul>
Bangladesh Bank and other regulators	<ul style="list-style-type: none"> <li>Good corporate governance and business ethics</li> <li>Legal compliance</li> <li>Support for government policy</li> </ul>	<ul style="list-style-type: none"> <li>Develop and communicate a framework that promotes good governance and ethical behavior at all levels.</li> <li>Contributed to National Exchequer which significantly contributed to Government's revenue collection.</li> <li>Ensure compliance at all times.</li> <li>Providing timely and accurate information.</li> <li>Immediate response to queries made by authorities.</li> <li>Comply with rules and regulations.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Dealing with MMBL is a positive experience.</li> <li>Information provided by the Bank is accurate and reliable.</li> <li>Customers' privacy is assured.</li> <li>Promises to customers are kept.</li> <li>Product Information, Affordability and Convenience.</li> <li>Product variation according to market demand.</li> </ul>	<ul style="list-style-type: none"> <li>Protect the privacy of our customers, including data protection and confidentiality.</li> <li>Provide a positive customer experience.</li> <li>Internet Banking.</li> <li>ALCO sits every month to decide pricing and rates based on market analyses.</li> <li>Comply with company values and Code of Conduct Employees.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Health, safety and well being.</li> <li>Talents and performances development.</li> <li>Regular training.</li> <li>Performance driven career Progression.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that we properly safeguard those who work for us and those who may be affected by our operations.</li> <li>Adequate hours of training to our human capital every year.</li> <li>Promoting and maintaining an amicable relationship with all employees.</li> <li>Shape future leaders.</li> <li>Recognize exceptional performers.</li> <li>Ensuring all employees have a proper work life balance</li> <li>Investment on Human Resource Information Systems</li> </ul>

Stakeholder Group	Their Concern	Our Responsibilities
Society	Social Investment	<ul style="list-style-type: none"> <li>• Do our part to improve the quality of life for all members of society.</li> <li>• Investment on citizens.</li> <li>• Investing in entrepreneurs.</li> <li>• Addressing rural youth.</li> <li>• Empowering women.</li> <li>• Encourage people for saving.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supply chain functions well.</li> <li>• Supply chain is sustainable.</li> </ul>	Work with suppliers to address issues in the supply chain

The Bank's Business & Social Responsibility begins with open dialogue with our stakeholders and hence steps have been taken to strengthen this dialogue by enabling closer connections with our stakeholders. The stakeholders identified on this basis together with topics of engagement, the method and the frequency of engagement is a continuous process which is the part of Bank's day-to-day business operation. Frequency of dialogue with stakeholders varies i.e. daily, weekly, monthly, quarterly, half-yearly and yearly, depending upon their concerned issues.

**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 in some assets and liabilities in spite of challenges during the year 2020. The Bank has expanded its branch network and alternative delivery channels by introducing IT based banking services in 2020. The Value Added Statement (presented in page 124 ) 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 125 ) 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 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.



<p><b>Transparency and long-term approach in customer relationships</b></p>					
<p>Ensuring the best long-term outcome for customers and doing so in an open and comprehensive manner.</p>					
<p><b>Responsible investments</b></p>					
<p>Responsible investment of customer’s capital to promote favorable returns while taking consideration for the environment, social responsibility and ethics.</p>					

<p><b>Social responsibility</b></p> <p>Helping to improve society in a positive direction by preventing ill-health and social segregation.</p>	
<p><b>Environmental responsibility</b></p> <p>Reducing our environmental impact.</p>	
<p><b>Long-term employer</b></p> <p>Creating a workplace and culture distinguished by health, development and diversity.</p>	
<p><b>Business Ethics</b></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 21<sup>st</sup>-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.

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.” Hence, aligning business priorities with stakeholders’ expectations is the key aspect for creating our business model valuable and sustainable. Through the provision of financial service, we have a broad range of sectors and activities that bring collective benefits to the planet, as well as economic opportunities, uplifting of living standards, and overall well-being.



**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.

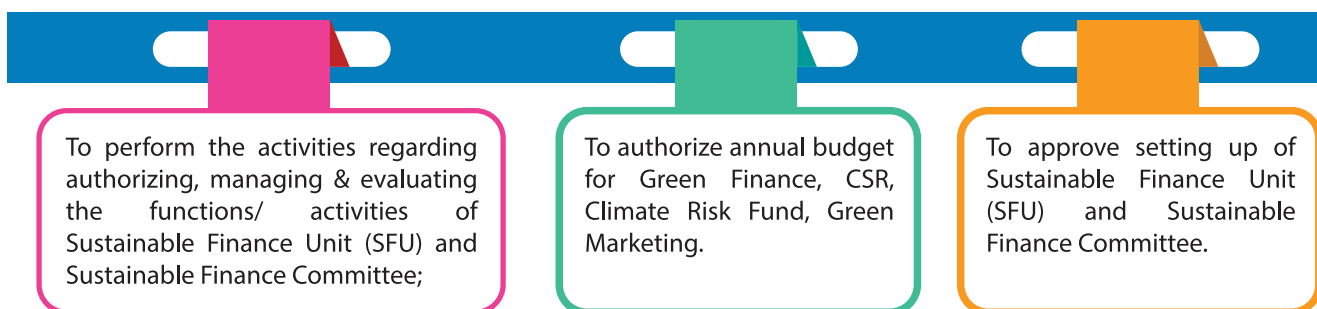
Moving towards sustainability is also a social challenge that entails international and national law, urban planning and transport, local and individual lifestyles and ethical consumerism. By integrating social and environmental responsibility into core business processes and stakeholder management, 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 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

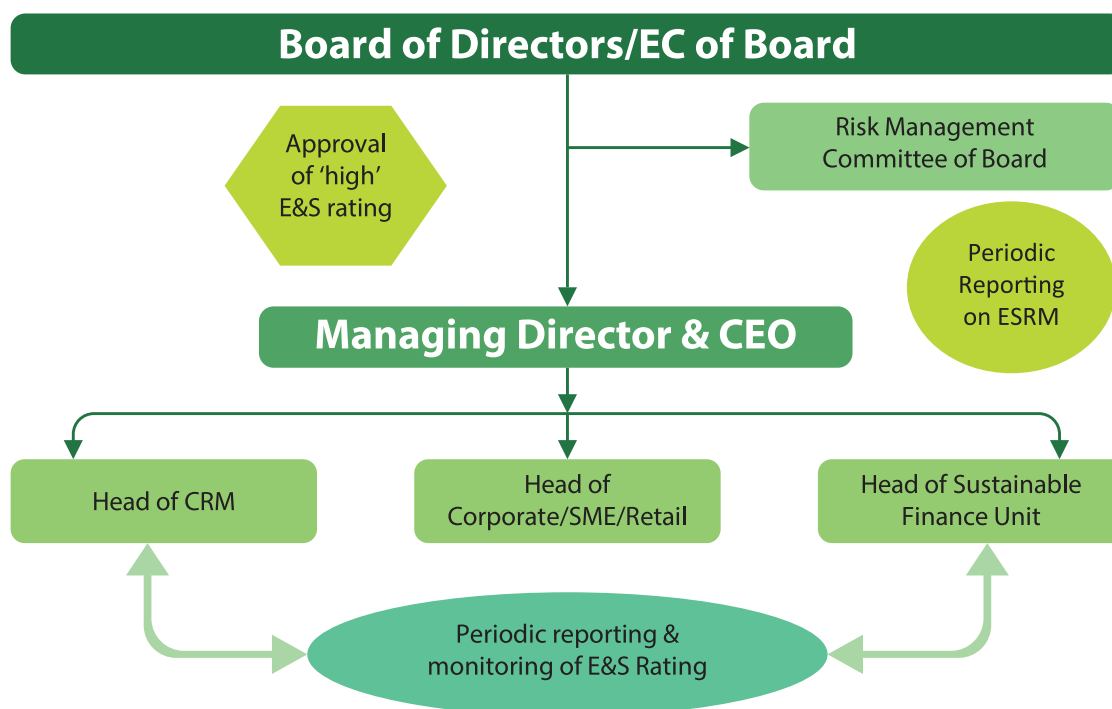
Bangladesh Bank has instructed the banks to form a 'Sustainable Finance Unit' in the Bank through SFD Circular No.02 dated December 01, 2016. As Para 2.1 of the circular, the Green Banking Cell & CSR Desk of the Bank will be dissolved with the newly formed Sustainable Finance Unit. Accordingly, the Bank 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:



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 in a quarter and proposes, coordinates and promotes the Bank's sustainability initiatives. The Sustainable Finance Committee is entrusted with the following responsibilities:



## Organizational structure of SFU in Graph



## 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	Chairman*
2	Chief Risk Officer	Member
3	Chief Operating Officer	Member
4	Head of SME & Retail Banking	Member
5	Head of ICT Division	Member
6	Head of BDMD (Corporate)	Member
7	Head of International Division	Member
8	Head of Internal Control & Compliance Division	Member
9	Head of Operations Division	Member
10	Head of Credit Administration Division	Member
11	Head of Credit Risk Management Division	Member
12	Head of Establishment & Common Services Division	Member
13	Head of Human Resources Division	Member
14	Head of Finance & Accounts Division	Member
15	Deputy Head of Risk Management Division & Focal Point Official of SFU	Member Secretary
16	Head of Card Division	Member
17	Head of Branding, Communications & Marketing (PRD)	Member

\*Senior DMD of the Bank will hold the position as Chairman

## 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 1<sup>st</sup> December, 2016) to:

1. Establish a Sustainable Finance Unit
2. Establish a Sustainable Finance Committee chaired by senior most Deputy Managing Director.
3. Ascertain the Terms of Reference (TOR) set by Bangladesh Bank for Sustainable Finance Unit and Sustainable Finance Committee in the Bank.
4. 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 Banking Activities:



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 2020

Performance criteria	Achievement of the Bank	MMBL Standing
<b>Gender diversity among permanent employees</b>	Among total 551 permanent employees, there were 95 female i.e. the Bank had 17.24% female employees as of December 31, 2020.	The Bank has no gender prejudice and treats all the employees and customers fairly and equally.
<b>Training</b>	One training on green banking was conducted during the year 2020 and 44 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.
<b>Green finance</b>	The bank had green finance of Taka 982 million in 2020.	The Bank is committed to increase the portfolio over the years.
<b>Climate Risk Fund</b>	The Bank had no funding for climate risk fund during the year 2020.	The Bank will increase the exposure in climate risk fund.
<b>Online Banking</b>	All branches (44) of the Bank operate through online coverage.	The Bank believes in hassle-free banking for the customers for the ultimate success.
<b>SMS Banking</b>	The Bank facilitate SMS alert services to 100 per cent of total deposits accounts.	The Bank is on the way to introduce full-fledged SMS Banking soon.
<b>Internet Banking</b>	Total user of internet banking was 843 during the year 2020.	The Bank has target to increase the usage of internet banking significantly in the coming years.
<b>Smartphone app based Banking</b>	The Bank started smartphone app based services 'Modhumoti Bank Digital Banking-GoSmart' during the year 2020 which was inaugurated on September 19, 2019. Total user of Smart phone app based Banking was 1,150 during the year 2020.	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.
<b>ATM Booth</b>	The Bank has total 43 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 2020		
	Rural	Urban	Total
Number of ATMs	25	18	43
Number of Branches with Online Banking	22	22	44
Number of Internet Banking Users	153	690	843
Total Number of Accounts	126,598	86,998	213,596
Number of Branches Powered by Solar Energy	2	0	2
Number of Agent Outlets	366	0	366

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

### Social Development

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






In this aspect, Modhumoti Bank Limited has taken a number of initiatives including opening of Taka10 account for the marginal farmers, employment of 700 employees including 149 support staffs, CSR expenditure for the society, opened 366 Agent Banking Points (as on 31.12.2020) 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 analyse 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 100 per cent of the total accounts are facilitated with SMS Banking. 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. 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.

On the other hand, Corporate Social Responsibility (CSR) refers to self-regulatory mechanism whereby a bank ensures its active compliance with the spirit of the law, ethical standards and national or international norms. 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 reporting on CSR activities in the prescribed format to Bangladesh Bank in timely manner.

In this respect, the Bank has a well-defined policy titled 'Corporate Social Responsibility (CSR) Policy of Modhumoti Bank Limited' with the following objectives:

-  The policy will act as the guiding principles for implementing CSR initiatives of the Bank;
-  The philosophy and spirit of corporate social responsibility is to get embedded in the core values of the Bank;
-  The Policy will help to create awareness of the responsibility of the Bank regarding CSR activities among the stakeholders;
-  The adoption of CSR activities and performance (in CSR) of the bank are being treated as an additional indicator for Management's efficiency which reflects in CAMELS rating;
-  Actively participated in achieving the Sustainable Development Goals (SDGs) by the Government of the country by 2030.

- 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 vide SFD Circular Letter No. 03 dated June 16, 2020:

CSR Initiatives	Indicative CSR Allocation
Education	30%
Preventive and curative healthcare	60%
Other areas	10%

Apart from the above, the Bank will have the CSR initiatives/activities as follows:

- Strengthening financial inclusion including subsidized lending as per BB circulars;
- Consider establishing Scholarship Program for poor and meritorious students or other CSR initiatives to participate directly in the community development program of the country.
- Other areas as per the decision of the Board of Directors from time to time.

However, the indicative allocation of CSR expenditure may vary with the proper approval of the competent authority.

#### Expenditure as Corporate Social Responsibility (CSR) in 2020

The Bank contributed a total sum of Taka 29.68 million in 2020 for the purpose of CSR in a number of local initiatives. The detail of the contribution is appended below:

Particulars	In million Taka	
	2019	2020
Education	1.70	2.90
Preventive and Curative Healthcare	0.60	12.95
Climate Risk Fund	0.00	0.00
Others	20.80	13.83
<b>Total</b>	<b>23.10</b>	<b>29.68</b>

#### Disaster Management and our commitment

The Bank always stands by the people in need and reaching out to them in crisis. We believe that as a Bank it has greater responsibility for the society we belong and we have always come forward with as much financial help as possible. Our society is our first preference, be it distributing blankets to cold-hit people of the country, reaching out relief to flood-affected people, or responding to any national emergency. In 2020, the Bank has contributed Taka 22.70 million for the flood, cold wave and Covid-19 affected people of the country.



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 Wednesday, 28th October 2020. Mr. Md. Shafiu Azam, Managing Director & CEO of Modhumoti Bank Limited handed over the blankets to PM's Principal Secretary Dr. Ahmad Kaikus at the Prime Minister's Office. Honorable Prime Minister Sheikh Hasina also graced the occasion virtually.





Under the CSR program Modhumoti Bank Limited distributed food items to 15,000 helpless families in 75 Wards (200 families of each Ward) under Dhaka South City Corporation during April 2020.



Modhumoti Bank Limited donated winter clothes (Blankets) to the cold affected people in 11 unions of Melandaha, Jamalpur on Sunday, 19<sup>th</sup> January 2020 at the Mirza Azam Modern Auditorium under CSR activities of the Bank.



Modhumoti Bank Limited donated 100 units of Trolley for Commuting Bag and Baggage of the Passengers of Bangladesh Railway on Tuesday, 14<sup>th</sup> July 2020 under CSR program of the Bank. Through Video Conference, Mr. Md. Nurul Islam Sujan, MP, Honorable Minister, Ministry of Railways, Government of the People's Republic of Bangladesh was present as Chief Guest, Mr. Md. Salim Reza, Secretary, Ministry of Railways and Mr. Md. Shamsuzzaman, Director General, Bangladesh Railway were present as Special Guests. Mr. Md. Shafiq Azam, Managing Director & CEO of Modhumoti Bank Limited handed over the Trolleys to Mr. Md. Mia Jahan, Additional Director General, Bangladesh Railway through a simple ceremony at Dhaka Railway Station, Kamalapur as Special Guest.

## Community Investment

Modhumoti Bank also contributes to economic and social development through initiatives and programs that support the community. We believe that the most rewarding investment is investing for the society. We are driven by our purpose to sustain and ensure growth by making profit for the stakeholders. We believe in creating long-lasting value for our clientele, shareholders, and employees and above all for the community we operate in. As a responsible corporate, we ensure our CSR activities are anchored on the principle of 'Building Social Capital'. We recognize that we have some definite responsibilities to our customers, employees, government, environment, and to the communities at large. In 2020, 100 units of Trolley for the passengers of Bangladesh Railway have been distributed for improvement of their customer service.

## 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 2020, the Bank donated Taka 2.90 million for the development of different educational institutions of the country.

## 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 helped the people to prevent the diseases in this sector. In 2020, MMBL has spent Taka 12.95 million in the Preventive and Curative Healthcare sector.

## Contribution to National Exchequer

Being a responsible and tax abiding corporate citizen, the Bank regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit excise duty, withheld tax and VAT to govt. exchequer on time by deducting from employees' salary as well as payments to customers and vendors according to rules. Contribution of the Bank to the national exchequer in 2020 is noted below:

In crore Taka

Sl. no.	Particulars	Amount
1	Excise duty	74.41
2	Withheld tax	507.46
3	VAT	86.78
4	Corporate income tax	650.00
<b>Total</b>		<b>1,318.65</b>

## 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, Modhumoti Bank is now gearing up for carbon trading to show its commitment to environment-friendly funding. Some of our branches and ATMs of the bank are now run partially on solar power. The Bank also ensures that customers having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities.

## 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 upto Taka 0.08 million without any collateral security but 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 125.60 million as of December 31, 2020.

### b) Community Services

To serve the community as part of our responsibility, the Bank introduced Agent Banking services in 2016 and there are 366 agent points across the country till December 2020 and 150,000 deposit accounts maintained in the agent points. The agent points are located in the Union Digital Center 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 & advances. The Bank is also serving the under privileged people, especially who get allowances under Social Safety Net of the Government, through disbursement of Govt. allowances through accounts maintained with agent points of the Bank. The Bank also sponsors different sports and individual adventure for enriching the image of the country.

# 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 2020, 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 2020, and of its profit and loss account, its cash flow statement and its statement of changes in equity 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 Bank Company 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 auditor's 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), guidelines issued by 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) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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 auditor's 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.

If, based on the work we have performed on the other information obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the financial statements and internal controls**

Management is responsible for the preparation 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 Bank Company 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, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

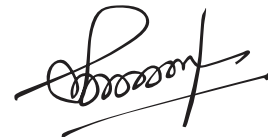
In accordance with the Companies Act, 1994, the Bank Company Act, 1991 (as amended up to date) and the rules and regulations issued by Bangladesh Bank, we also report that:

- (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 in forming the above opinion on the financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the management's responsibility for the financial statements and internal control;

- a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
  - b) nothing has come to our attention regarding material instances of forgery or Irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities.
- (iii) in our opinion, proper books of 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 1278 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.

Dhaka,  
Dated: 24 April 2021

Signed for & on behalf of  
**MABS & J Partners**  
**Chartered Accountants**



**C R Mazumder FCA**  
**Managing Partner**  
ICAB Enrollment No. 178  
**DVC No. 2104250178AS856331**

# Balance Sheet

As at 31 December 2020

Particulars	Notes	Amount in BDT	
		2020	2019
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	4		
Cash in hand (including foreign currencies)		370,040,030	409,669,225
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		2,471,791,022	2,888,273,679
		<b>2,841,831,052</b>	<b>3,297,942,904</b>
<b>Balance with other banks and financial institutions</b>	5		
In Bangladesh		5,615,943,247	8,315,569,609
Outside Bangladesh		325,851,961	197,242,698
		<b>5,941,795,209</b>	<b>8,512,812,307</b>
<b>Money at call on short notice</b>	6	<b>218,900,000</b>	<b>154,400,000</b>
<b>Investments</b>	7		
Government		20,926,622,231	12,615,028,126
Others		509,720,682	547,978,832
		<b>21,436,342,912</b>	<b>13,163,006,958</b>
<b>Loans and advances</b>	8		
Loans, Cash Credit, Overdrafts etc.		36,399,089,518	39,266,920,736
Bills purchased and discounted		1,670,692,422	3,240,337,010
		<b>38,069,781,940</b>	<b>42,507,257,746</b>
<b>Fixed assets including premises, furniture and fixtures</b>	9	<b>766,453,903</b>	<b>891,915,781</b>
<b>Other assets</b>	10	<b>3,639,562,579</b>	<b>2,599,603,240</b>
<b>Non - banking assets</b>		-	-
<b>Total assets</b>		<b>72,914,667,594</b>	<b>71,126,938,936</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions and its agents</b>	11	<b>3,697,190,713</b>	<b>9,851,151,402</b>
<b>Deposits and other accounts</b>	12		
Current Accounts and other Accounts		7,562,214,653	4,706,573,556
Bills Payable		787,297,820	1,109,393,079
Savings Bank Deposits		3,417,438,678	4,739,987,282
Special Notice Deposits (SND)		8,086,589,849	3,722,884,004
Fixed Deposits		35,100,176,468	35,842,106,740
Other Deposits		-	-
		<b>54,953,717,469</b>	<b>50,120,944,660</b>
<b>Other Liabilities</b>	13	<b>5,704,230,581</b>	<b>4,555,288,573</b>
<b>Total Liabilities</b>		<b>64,355,138,763</b>	<b>64,527,384,635</b>
<b>Capital/Shareholders' Equity</b>			
Paid up Capital	14.2	5,007,030,000	4,746,000,000
Statutory Reserve	15	1,854,552,297	1,371,215,695
Revaluation Reserve	16	532,442,230	3,653,005
Foreign currency translation gain	16 (a)	-	148,369
Surplus in Profit and Loss Account/ Retained Earnings	17	1,165,504,304	478,537,232
<b>Total Shareholders' Equity</b>		<b>8,559,528,831</b>	<b>6,599,554,301</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>72,914,667,594</b>	<b>71,126,938,936</b>



## Balance Sheet

As at 31 December 2020

Particulars	Notes	Amount in BDT	
		2020	2019
<b>Off-Balance Sheet Items</b>			
<b>Contingent liabilities</b>	18		
Acceptances and Endorsements		3,749,296,832	5,419,147,997
Letters of Guarantees		14,685,605,611	14,864,559,864
Irrevocable Letter of Credits		6,870,454,423	5,373,564,514
Bills for Collection		1,618,476,047	2,445,929,194
Other Contingent Liabilities		-	678,235,200
<b>Total Contingent Liabilities</b>		<b>26,923,832,912</b>	<b>28,781,436,770</b>
<b>Other Commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
<b>Total other commitments</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet Items including Contingent Liabilities</b>		<b>26,923,832,912</b>	<b>28,781,436,770</b>

*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*

Dhaka,  
Dated: 24 April 2021

Signed for & on behalf of  
**MABS & J Partners**  
**Chartered Accountants**



**C R Mazumder FCA**  
**Managing Partner**  
ICAB Enrollment No. 178  
**DVC No. 2104250178AS856331**

# Profit and Loss Account

For the year ended 31 December 2020

Particulars	Notes	Amount in BDT	
		2020	2019
Interest income	20	4,884,576,617	5,406,713,358
Interest paid on deposits and borrowings etc.	21	3,552,896,994	3,560,466,062
<b>Net interest income</b>		<b>1,331,679,622</b>	<b>1,846,247,296</b>
Investment income	22	1,975,278,964	636,384,241
Commission, exchange and brokerage	23	413,711,904	533,047,624
Other operating income	24	95,444,979	89,531,264
		<b>2,484,435,847</b>	<b>1,258,963,130</b>
<b>Total operating income (A)</b>		<b>3,816,115,469</b>	<b>3,105,210,425</b>
Salaries and allowances	25	589,304,442	538,783,588
Rent, taxes, insurance, electricity etc.	26	69,413,869	83,205,183
Legal expenses		585,000	485,000
Postage, stamp, telecommunication etc.	27	31,644,521	27,059,363
Stationery, printing, advertisements etc.	28	29,659,338	56,971,959
Managing Director's salary and fees	29	13,095,316	10,549,736
Directors' fees	30	1,440,000	1,808,000
Auditors' fees		250,000	250,000
Depreciation and repairs to bank's assets	31	295,193,795	175,327,352
Other expenses	32	154,646,182	133,173,095
		<b>1,185,232,463</b>	<b>1,027,613,275</b>
<b>Total operating expenses (B)</b>		<b>1,185,232,463</b>	<b>1,027,613,275</b>
<b>Profit before provision (C=A-B)</b>		<b>2,630,883,006</b>	<b>2,077,597,150</b>
Provision for loans and advances	13.1		
General provision		63,800,000	72,600,000
Specific provision		-	316,500,000
Provision for Off-shore Banking unit		-	4,500,000
Provision for others	13.1 (b)	-	39,150,000
Special General provision-COVID-19	13.1 (c)	150,400,000	-
Provision for off-balance sheet items	13.2	-	52,200,000
Provision for Incentive of Good Borrowers	13.1 (a)	-	3,000,000
		<b>214,200,000</b>	<b>487,950,000</b>
<b>Total provision (D)</b>		<b>214,200,000</b>	<b>487,950,000</b>
<b>Total profit before tax (C-D)</b>		<b>2,416,683,006</b>	<b>1,589,647,150</b>
Provision for taxation	33		
Current		715,565,343	716,297,467
Deferred Tax		56,213,989	82,054,429
		<b>771,779,332</b>	<b>798,351,896</b>
<b>Net profit after tax</b>		<b>1,644,903,674</b>	<b>791,295,254</b>
Retained Earnings brought forward from previous years		3,937,232	5,171,408
		<b>1,648,840,906</b>	<b>796,466,662</b>
<b>Appropriations</b>			
Statutory Reserve	15	483,336,602	317,929,430
Other Reserve		-	-
		<b>483,336,602</b>	<b>317,929,430</b>
<b>Retained Surplus</b>	17	<b>1,165,504,304</b>	<b>478,537,232</b>
<b>Earnings Per Share (EPS)</b>	36	<b>3.29</b>	<b>1.58</b>

*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*

Signed for & on behalf of  
MABS & J Partners  
Chartered Accountants



**C R Mazumder FCA**  
Managing Partner  
ICAB Enrollment No. 178  
DVC No. 2104250178AS856331

Dhaka,  
Dated: 24 April 2021

# Cash Flow Statement

For the year ended 31 December 2020

Particulars	Notes	Amount in BDT	
		2020	2019
<b>A. Cash Flow from Operating Activities</b>			
Interest receipts in cash		6,734,956,889	5,808,827,351
Interest payments		(3,842,516,918)	(3,252,679,370)
Dividend receipts		34,265,911	8,780,820
Fees and commission receipts in cash		413,711,904	533,047,624
Recoveries on Loans previously written-off		-	-
Cash payments to employees		(572,399,758)	(502,952,209)
Cash payments to suppliers		(29,102,421)	(57,161,026)
Income taxes paid		(804,668,090)	(720,077,577)
Receipts from other operating activities	34	95,959,857	91,693,578
Payments for other operating activities	35	(381,379,383)	(326,438,227)
<b>Operating profit before changes in operating assets and liabilities (i)</b>		<b>1,648,827,992</b>	<b>1,583,040,965</b>
<b>Increase / (decrease) in operating assets and liabilities</b>			
Purchase of trading securities (Treasury bond/bill)		(7,100,127,047)	(4,721,144,334)
Loans and advances to customers		4,437,475,806	(6,931,608,385)
Other Assets		(90,447,822)	(3,327,125)
Deposits from other banks/ Borrowings		(5,233,960,690)	5,187,602,096
Deposits from customers		4,553,039,328	11,951,818,189
Other liabilities account of customers		(322,095,259)	(62,101,909)
Other Liabilities		63,510,317	89,594,058
<b>Cash received from operating assets and liabilities (ii)</b>		<b>(3,692,605,366)</b>	<b>5,510,832,589</b>
<b>Net cash from operating activities (A=i+ii)</b>		<b>(2,043,777,374)</b>	<b>7,093,873,554</b>
<b>B. Cash flow from investing activities</b>			
Proceeds from sale of securities		-	-
Payment for purchase of securities (Treasury bond/bill/shares)		(644,687,582)	(3,352,394,522)
Purchase of property, plant & equipment		(194,490,582)	(836,330,446)
Proceeds from Sale of property, plant & equipment		52,319,892	143,323
<b>Net cash from investing activities (B)</b>		<b>(786,858,272)</b>	<b>(4,188,581,645)</b>
<b>C. Cash flows from financing activities</b>			
Receipts from issue of ordinary shares		-	-
Proceeds from Lease Liability		241,513,304	673,463,233
Payment of Lease Liability (principal reduction)		(131,504,804)	(109,652,888)
Interest Expense on lease liabilities paid in cash		(28,551,336)	(20,469,834)
Dividends paid		(213,570,000)	(452,000,000)
<b>Net cash from financing activities (C)</b>		<b>(132,112,836)</b>	<b>91,340,511</b>
<b>D. Net increase / decrease in cash &amp; cash equivalent (A+B+C)</b>		<b>(2,962,748,482)</b>	<b>2,996,632,420</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>		<b>(148,369)</b>	<b>42,663</b>
<b>F. Cash and cash equivalents at beginning period</b>		<b>11,965,797,511</b>	<b>8,969,122,428</b>
<b>G. Cash and cash equivalents at end of period (D+E)</b>		<b>9,002,900,660</b>	<b>11,965,797,511</b>
<b>Cash and cash equivalents at end of the year represents</b>			
Cash in hand (including foreign currencies)		370,040,030	409,669,225
Balance with Bangladesh Bank & its agent bank (including foreign currencies)		2,471,791,022	2,888,273,679
Balance with other banks and financial institutions		5,941,795,209	8,512,812,307
Money at call and on short notice		218,900,000	154,400,000
Prize bond (note: 7.1)		374,400	642,300
		<b>9,002,900,660</b>	<b>11,965,797,511</b>

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



Chairman



Vice Chairman



Director



Managing Director & CEO

## Statement of Changes in Equity

For the year ended 31 December 2020

Amount in BDT

Particulars	Paid up capital	Statutory Reserve	Revaluation Reserve	Foreign currency translation gain	Surplus in Profit and Loss Account/ Retained Earnings	Total
<b>Balance as at 1 January 2020</b>	4,746,000,000	1,371,215,695	3,653,005	148,369	478,537,232	6,599,554,301
Statutory Reserve	-	483,336,602	-	-	(483,336,602)	-
Suplus/deficit on account of revaluation of investment	-	-	528,789,225	-	-	528,789,225
Issue of ordinary share	-	-	-	-	-	-
Cash dividend	-	-	-	-	(213,570,000)	(213,570,000)
Dividend (Bonus Share)	261,030,000	-	-	-	(261,030,000)	-
Foreign currency translation gain	-	-	-	(148,369)	-	(148,369)
Net profit for the year	-	-	-	-	1,644,903,674	1,644,903,674
<b>Balance as at 31 December 2020</b>	<b>5,007,030,000</b>	<b>1,854,552,297</b>	<b>532,442,230</b>	<b>-</b>	<b>1,165,504,304</b>	<b>8,559,528,831</b>
<b>Balance as at 31 December 2019</b>	<b>4,746,000,000</b>	<b>1,371,215,695</b>	<b>3,653,005</b>	<b>148,369</b>	<b>478,537,232</b>	<b>6,599,554,301</b>

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



Chairman



Vice Chairman



Director



Managing Director & CEO

## Liquidity Statement

(Assets and liabilities Maturity Analysis)  
As at 31 December 2020

Amount in BDT

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	979,601,052	-	-	-	1,862,230,000	2,841,831,052
Balance with other banks and financial institutions	2,477,795,209	3,189,000,000	-	275,000,000	-	5,941,795,209
Money at call and on short notice	218,900,000	-	-	-	-	218,900,000
Investments	374,400	40,117,607	342,977,026	4,857,786,997	16,195,086,882	21,436,342,912
Loans and advances	3,074,956,672	5,638,815,195	16,066,125,520	10,004,323,302	3,285,561,251	38,069,781,940
Fixed assets incl. premises, furniture and fixtures	-	-	44,336,935	626,605,750	95,511,218	766,453,903
Other assets	272,146,363	511,794,144	2,855,622,071	-	-	3,639,562,579
Non banking assets	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>7,023,773,696</b>	<b>9,379,726,946</b>	<b>19,309,061,552</b>	<b>15,763,716,049</b>	<b>21,438,389,351</b>	<b>72,914,667,594</b>
<b>Liabilities:</b>						
Borrowings from Bangladesh bank, other banks, financial institutions and its agents	2,567,325,000	466,925,000	-	662,940,713	-	3,697,190,713
Deposits	4,088,422,645	9,258,552,907	19,881,235,541	12,524,990,050	9,200,516,326	54,953,717,469
Provision and other liabilities	-	-	-	171,126,917	5,533,103,663	5,704,230,581
<b>Total liabilities (B)</b>	<b>6,655,747,645</b>	<b>9,725,477,907</b>	<b>19,881,235,541</b>	<b>13,359,057,681</b>	<b>14,733,619,989</b>	<b>64,355,138,763</b>
<b>Net liquidity gap (A - B)</b>	<b>368,026,051</b>	<b>(345,750,961)</b>	<b>(572,173,988)</b>	<b>2,404,658,368</b>	<b>6,704,769,361</b>	<b>8,559,528,831</b>

# Notes to the Financial Statements

As at and for the year ended 31 December 2020

## 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 the date), 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 December 31, 2020 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 44 branches and 1 Off-shore Banking Unit as on 31 December 2020. 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 April 02, 2015. The Off-shore Banking Unit commenced its commercial operation on September 23, 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 2020 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 the date), 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"), 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, there is a Financial Reporting Council (FRC) to adopt & 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 IAS/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 84.95 (closing rate as at 31st December 2020) and Taka 84.95 (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 2020.

### 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, 2020.

### **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 2020.

### 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 2020.

### 2.3.9 Provision for current taxation

Provision for current income tax has been made as per prescribed rate in the Finance Act, 2020 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 International 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 2020 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 (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 (BAMLCO) in the Branches, who independently review the transactions of the accounts to verify suspicious transactions. Training is continuously given to all category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

The CAMLCO, De-CAMLCO and BAMLCO 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 balance 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 IAS 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 2020 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 2020 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 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 2020, 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 55th Board Meeting held on April 24, 2021 approved the Financial Statements for the year ended 31 December 2020.

### **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	
	2020	2019
<b>4. Cash of the Bank</b>		
<b>In hand:</b>		
Local currency	365,971,332	405,266,677
Foreign currencies	4,068,698	4,402,548
	<b>370,040,030</b>	<b>409,669,225</b>
<b>Balance with Bangladesh Bank:</b>		
Local currency	2,232,203,981	2,799,171,955
Foreign currencies	228,747,214	83,500,805
	<b>2,460,951,195</b>	<b>2,882,672,760</b>
<b>Balance with Sonali Bank Limited (as agent of Bangladesh Bank):</b>		
Local currency	10,839,827	5,600,920
	<b>2,471,791,022</b>	<b>2,888,273,679</b>
	<b>2,841,831,052</b>	<b>3,297,942,904</b>

**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, MPD circular no. 01 dated 03 April 2018 and MPD circular no. 03 dated 09 April 2020.

The Cash Reserve Requirement (CRR) on the Bank's time and demand liabilities is calculated at the rate of 3.5% on daily basis and 4.0% on bi-weekly basis and has been maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio (SLR), 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 are maintained by the Bank, detail of which is presented 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, MPD circular no. 01 dated 03 April 2018 and MPD circular no. 03 dated 09 April 2020, Bank has to maintain CRR @ 4.00% on bi-weekly average basis and minimum @ 3.50% on daily basis.

##### i) Daily basis

##### 3.5% of average Demand and Time Liabilities

Required reserve	1,862,230,000	2,426,976,100
Actual reserve held (Average daily on bi-weekly basis)	2,311,370,889	2,806,444,849
Surplus	<b>449,140,889</b>	<b>379,468,749</b>

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

##### 4.0% of average Demand and Time Liabilities

Required reserve	2,128,908,000	2,669,673,710
Actual reserve held (Average daily on bi-weekly basis)	2,311,370,889	2,806,444,849
Surplus	<b>182,462,889</b>	<b>136,771,139</b>

#### 4.1.2 Statutory Liquidity Ratio (SLR)

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

Required reserve	6,933,629,300	6,310,137,860
Actual reserve held	21,478,750,750	13,024,659,377
Surplus	<b>14,545,121,450</b>	<b>6,714,521,517</b>

##### Held for Statutory Liquidity Ratio

Cash in hand	370,040,030	409,669,225
Balance with agent bank (Sonali Bank Ltd.) as per statement	-	-
Prize Bond	-	-
Excess of CRR	182,462,889	136,771,140
Bangladesh Bank Bills	-	-
Government treasury bonds	20,926,247,831	12,478,219,012
	<b>21,478,750,750</b>	<b>13,024,659,377</b>

## 5 Balance with other banks and financial institutions

In Bangladesh (Note -5.1)  
Outside Bangladesh (Note -5.2)

Also refer to Note -5.3 for maturity wise grouping.

### 5.1 In Bangladesh

#### Current account:

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

NCC Bank Limited  
NRB Bank Limited  
AB Bank Limited

	Amount in BDT	
	2020	2019
	5,615,943,247	8,315,569,609
	325,851,961	197,242,698
	<b>5,941,795,209</b>	<b>8,512,812,307</b>
	48,804	51,894
	3,825,352	2,437,672
	3,853,195	6,877,265
	-	-
	<b>7,727,351</b>	<b>9,366,831</b>
	1,311,241	5,007,253
	102,038,999	3,045,710
	48,404,316	35,431,317
	1,041,045	3,055,906
	1,821,703,514	76,564,784
	79,953	3,025,539
	36,029	72,269
	<b>1,974,615,096</b>	<b>126,202,778</b>
	-	500,000,000
	-	500,000,000
	-	700,000,000
	-	300,000,000
	-	-
	-	<b>2,000,000,000</b>
	-	-
	50,000,000	260,000,000
	350,000,000	1,100,000,000
	684,000,000	821,000,000
	450,000,000	810,000,000
	470,000,000	524,000,000
	-	-
	275,000,000	325,000,000
	100,000,000	800,000,000
	800,000,000	1,100,000,000
	40,000,000	60,000,000
	45,000,000	80,000,000
	-	-
	200,000,000	-
	-	300,000,000
	<b>3,464,000,000</b>	<b>6,180,000,000</b>
	169,600,800	-
	-	-
	-	-
	<b>169,600,800</b>	-
	<b>5,615,943,247</b>	<b>8,315,569,609</b>



## 5.2 Outside Bangladesh (NOSTRO Accounts)

Name of the Foreign Bank / Correspondent	Amount in BDT				2019 Amount in Taka
	Currency	2020		2019	
		Amount In F.C	Conversion Rate		
AB Bank Ltd. (MUMBI)	ACU	11,249.89	84.80	953,995	35,968,362
Sonali Bank (Kolikata)	ACU	10,970.88	84.80	930,335	20,771,197
Masherq Bank, PSC, NY (OBU)	USD	136,921.81	84.80	10,187,868	37,587,053
Masherq Bank, PSC, NY	USD	2,560,422.70	84.80	217,124,869	12,594,878
Habib American Bank	USD	334,216.13	84.80	28,341,662	38,603,908
Banca Popolare DI Sondrio	GBP	4,474.99	114.85	513,950	686,849
United Bank of India (KOLIKATA)	ACU	68,863.85	84.80	5,839,682	5,241,077
State Bank of India (Sydney)	AUD	33,768.50	64.94	2,192,788	372,491
MCB Bank Ltd. (Karachi)	ACU	4,868.10	84.80	412,817	804,096
HDFC BANK (ACU)	ACU	169,229.79	84.80	14,350,754	
Institute Centrale Delle Banche Popolari Italiane	EURO	248,828.69	104.21	25,929,691	388,895
Bank of Huzhou Co. Ltd. (CNY)	CNY	17,383.23	13.00	225,954	161,601
National Bank of Pakistan (TOKYO)	YEN	131,545.00	0.82	107,998	131,068
Axis Bank Ltd. Mumbai (ACU)	ACU	34,586.97	84.80	2,932,989	5,665,419
Kookmin Bank, Seoul (USD)	ACU	84,805.51	84.80	7,191,541	
Kookmin Bank, (GBP)	GBP	3,205.82	114.85	368,187	487,700
Kookmin Bank, (AUD)	AUD	4,800.00	64.94	311,692	
Kookmin Bank, (CAD)	CAD	4,048.36	66.31	268,446	
Masherq Bank Mumbai, (ACU)	ACU	90,409.28	84.80	7,666,743	37,778,102
<b>Total</b>				<b>325,851,961</b>	<b>197,242,698</b>

## 5.3 Maturity grouping of balance with other banks and financial institutions

On demand	333,579,313	206,609,528
Not more than three months	5,203,215,896	7,406,202,778
More than three months but not more than six months	-	900,000,000
More than six months but not more than one year	-	-
More than one year but less than five years	405,000,000	-
Above five years	-	-
	<b>5,941,795,209</b>	<b>8,512,812,307</b>
<b>6 Money at call and on short notice</b>	<b>218,900,000</b>	<b>154,400,000</b>
<b>7 Investments</b>		
Government securities (Note-7.1)	20,926,622,231	12,615,028,126
Others (Note-7.2)	509,720,682	547,978,832
	<b>21,436,342,912</b>	<b>13,163,006,958</b>
<b>7.1 Government Securities</b>		
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	455,801,681	2,954,811,022
5 years BGTB Bond	2,772,569,490	1,378,249,875
10 years BGTB Bond	3,445,786,851	1,729,044,243
15 years BGTB Bond	8,431,989,605	1,230,979,470
20 years BGTB Bond	5,820,100,204	1,404,829,949
Prize Bonds	374,400	642,300
	<b>20,926,622,231</b>	<b>12,615,028,126</b>
Add: Reverse repo with other banks	-	-
	<b>20,926,622,231</b>	<b>12,615,028,126</b>
<b>7.2 Other Investment</b>		
Investment in Preference Shares (Note-7.2.1)	166,720,000	207,400,000
Investment in Shares (Note-7.2.2)	343,000,682	340,578,832
	<b>509,720,682</b>	<b>547,978,832</b>

	Amount in BDT	
	2020	2019
<b>7.2.1 Investment in Preference Shares</b>	<b>2020</b>	<b>2019</b>
	<b>Market Price (BDT)</b>	<b>Cost Price (BDT)</b>
Summit Narayangonj Power Limited	24,000,000	24,000,000
Summit LNG Terminal Co.(Pvt) Ltd.	98,720,000	98,720,000
Summit Barisal Power Limited	44,000,000	44,000,000
	<b>166,720,000</b>	<b>166,720,000</b>
		<b>Cost Price (BDT)</b>
		30,000,000
		123,400,000
		54,000,000
		<b>207,400,000</b>

	2020		2019
	Market Price (BDT)	Cost Price (BDT)	Cost Price (BDT)
<b>7.2.2 Investment in Shares</b>			
<b>Quoted:</b>			
Coppertech	-	-	47,410
NewLine	-	-	75,130
RINGSHINE	1,351,802	2,112,190	1,810,600
Grameen Phone	319,744,702	299,999,732	299,999,732
CRYSTALINE	425,330	108,780	-
ROBI	8,083,339	2,712,530	-
SILVAPHL	-	-	36,470
Runner Auto	385,109	567,450	540,450
AND Telecom	-	-	569,040
Genexil	-	-	-
	<b>329,990,282</b>	<b>305,500,682</b>	<b>303,078,832</b>
<b>Unquoted:</b>			
Investment in CCBL	37,500,000	37,500,000	37,500,000
	<b>367,490,282</b>	<b>343,000,682</b>	<b>340,578,832</b>

<b>7.3 Investments classified as per Bangladesh Bank Circular</b>		
Held for trading (HFT)	12,325,693,114	5,225,566,067
Held to maturity (HTM)	8,600,554,716	7,388,819,759
Other securities	374,400	642,300
	<b>20,926,622,231</b>	<b>12,615,028,126</b>

<b>7.4 Maturity-wise grouping</b>		
On demand	374,400	642,300
Not more than three months	40,117,607	3,251,001,767
More than three months but not more than one year	342,977,026	968,548,332
More than one year but not more than five years	4,857,786,997	5,038,087,553
Above five years	16,195,086,882	3,904,727,006
	<b>21,436,342,912</b>	<b>13,163,006,959</b>

<b>7.5 Repo and Reverse-repo</b>				
<b>7.5.1 Repo as on 31 December 2020</b>				
Counter party name	Agreement date	Reversal date	Amount	Amount
Bangladesh Bank	30/12/2019	1/1/2020	-	850,000,000
Agrani Bank Ltd	29/12/2020	5/1/2021	1,650,024,836	-
Agrani Bank Ltd	30/12/2020	6/1/2021	847,383,944	-
			<b>2,497,408,780</b>	<b>850,000,000</b>

<b>7.5.2 Transactions of Repo and Reverse-repo during the year 2020</b>			
	<b>Minimum outstanding</b>	<b>Maximum outstanding</b>	<b>Maximum outstanding</b>
<b>Securities sold under repo</b>			
i) With Bangladesh Bank	123,500,000	1,706,812,733	-
ii) With Other Bank & FIs	593,091,873	2,496,785,550	1,494,440,500
<b>Securities purchase under reverse repo</b>			
i) With Bangladesh Bank	-	-	-
ii) With Other Bank & FIs	-	-	405,404,518

		Amount in BDT	
		2020	2019
<b>8</b>	<b>Loans and advances</b>		
	Loans, cash credit, overdrafts etc. (Note 8.1)	36,399,089,518	39,266,920,736
	Bills purchased and discounted (Note 8.13)	1,670,692,422	3,240,337,010
		<b>38,069,781,940</b>	<b>42,507,257,746</b>
<b>8.1</b>	<b>Loans, cash credit, overdrafts etc.</b>		
	<b>In Bangladesh</b>		
	Cash credit and overdrafts	16,147,686,036	17,567,758,666
	Loans (General)	16,287,093,815	17,329,049,216
	House building loan	823,503,840	838,073,151
	Loan against trust receipt	1,101,122,740	1,320,265,827
	Other Loans	2,039,683,087	2,211,773,877
		<b>36,399,089,518</b>	<b>39,266,920,736</b>
	<b>Outside Bangladesh</b>	-	-
		<b>36,399,089,518</b>	<b>39,266,920,736</b>
<b>8.2</b>	<b>Performing loans and advances</b>		
	Gross loans and advances	37,605,942,089	41,433,698,156
	Non-performing loans and advances	463,839,851	1,073,559,590
		<b>38,069,781,940</b>	<b>42,507,257,746</b>
<b>8.3</b>	<b>Maturity-wise grouping</b>		
	On demand	2,074,956,672	2,956,872,827
	Less than three months	5,638,815,195	8,481,654,203
	More than three months but less than one year	15,066,125,520	13,659,512,058
	More than one year but less than five years	10,004,323,302	12,438,780,743
	More than five years	5,285,561,251	4,970,437,915
		<b>38,069,781,940</b>	<b>42,507,257,746</b>
<b>8.4</b>	<b>Loans and Advances on the basis of significant concentration</b>		
	Advances to allied concerns of directors	-	-
	Advances to chief executive and other senior executives	39,381,922	20,012,755
	<b>Advances to customers' group:</b>		
	Advances to large and medium industries	29,140,332,859	25,399,949,378
	Advances to small and cottage industries	3,030,797,663	2,504,440,445
	Commercial Lending	2,935,198,248	13,196,660,519
	House Building Loan	823,503,840	838,073,151
	Consumer Credit Scheme	611,419,353	43,533,626
	Other Loans and Advances	1,489,148,054	504,587,873
		<b>38,069,781,940</b>	<b>42,507,257,746</b>
<b>8.5</b>	<b>Sector-wise allocation of loans and advances</b>		
		<b>% of total loan</b>	
	Agriculture, fishing, forestry and dairy firm	0.79%	260,769,857
	Industry (Other than working capital)	19.89%	5,758,111,173
	Working capital financing	21.68%	9,567,081,866
	Export credit	3.53%	1,003,807,299
	Import credit	6.53%	1,406,478,979
	Commercial credit	7.71%	13,196,660,519
	Constructions	17.22%	8,071,313,266
	Transport and Communication	1.62%	694,386,115
	Consumer Credit	1.61%	484,516,581
	Others	19.43%	2,064,132,089
		<b>100.00%</b>	<b>42,507,257,746</b>
		<b>38,069,781,940</b>	<b>42,507,257,746</b>

## 8.6 Details of large loans and advances

### Amount in BDT

2020

2019

Number of clients with outstanding amount and classified loans exceeding 10% of total capital of the Bank. Total capital of the Bank was Taka 886.61 crore as at 31 December 2020 (Taka 723.76 crore in 2019).

Number of clients	70	77
Amount of outstanding loans and advances (BDT in crore)	2,799.78	3,565.28
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	39.76	9.82	49.58	40.61
IFAD Motors Limited	27.38	1.94	29.32	27.60
Hashem Foods Limited	97.24	-	97.24	91.13
A.K.M. Knit Wear Limited	61.15	175.15	236.30	222.91
Al Muslim Washing Limited	-	0.13	0.13	8.16
Al Muslim Garments Accessories	6.53	11.06	17.59	
Pacific Blue Jeans Ltd	-	-	-	20.15
Mir Akhter Hossain Limited	65.11	90.04	155.15	231.99
Merits Technologies Ltd.	11.02	16.75	27.77	
M/s. Logic & Thoughts	14.44	3.63	18.07	
Deliverone Ltd.	-	22.50	22.50	
Toma Construction & Co. Limited	20.00	382.37	402.37	559.60
Drug International Limited	-	74.94	74.94	53.28
ATI Ceramics Limited	-	32.48	32.48	37.90
Harnest Label Industries Limited	-	2.38	2.38	0.94
Afil Paper Mills Limited	-	-	-	70.62
M.M Tea States Ltd.	-	0.07	0.07	
Smart Technologies [BD] Limited	12.01	9.38	21.39	93.27
Smart Properties Ltd	3.38	-	3.38	3.05
AL-Mostafa Printing & Packaging Industries Ltd. Unit-1	-	-	-	-
AL-Mostafa Printing & Packaging Industries Ltd. Unit-2	-	-	-	0.77
Mercantile Color Print & Pack	-	-	-	7.79
Sunny Foils & Polymer Industries Ltd.	-	-	-	1.35
Meghna Star Cables & Electrical Appliances Ltd	-	-	-	148.74
Thai- Foils & Ploymer Industries Ltd	-	-	-	10.88
GAZI Satellite Television Ltd.	-	-	-	3.59
GAZI Pipes	26.51	3.27	29.78	27.15
GAZI Tanks	12.74	-	12.74	9.95
GAZI International	-	-	-	1.16
GAZI Infrastructure Development Company Limited	-	-	-	6.69
Poton Traders	54.20	18.93	73.13	87.27
Nitol Motors Limited	57.72	-	57.72	76.88
Abdul Monem Limited	51.16	85.14	136.30	121.49
Pran Dairy Limited	17.21	19.11	36.32	45.06
Sylvan Technologies Limited	15.78	31.95	47.73	62.71
Advance Personal Care Limited	9.89	1.91	11.80	10.31
Evince Textiles Limited	-	-	-	149.58
Libas Knitwear Ltd.	-	-	-	25.38
Lan-tabur Apparels Ltd.	-	-	-	17.19
Taqwa Fabrics Ltd.	-	-	-	28.20
Energypac Engineering Limited	28.89	29.11	58.00	25.06
ECPV Chitagong Ltd.	75.52	-	75.52	75.55
EPV Thakurgaon Ltd.	-	81.04	81.04	81.04
Patriot Spinning Mills Ltd.	69.10	38.14	107.24	96.48
Navana Construction Ltd.	32.06	5.40	37.46	40.92
Pratibha-Navana JV	2.33	-	2.33	2.53
Navana Batteries Limited	10.38	6.36	16.74	19.11

Name of clients	Amount in BDT			
	2020		2019	
	Outstanding (BDT in crore)	Total BDT in crore	Total BDT in crore	Total BDT in crore
	Funded	Non-Funded		
Winter Dress Ltd.	2.17	7.53	9.70	-
A & A Fashion Sweater Industries Ltd.	14.84	-	14.84	-
Md. Abdul Wadud and Monowara Begum	5.51	-	5.51	-
American International University Bangladesh	-	-	-	71.56
The Fashion Ltd.	-	-	-	1.15
Knit City Ltd.	6.85	13.86	20.71	6.80
Riviera Composite Industries Ltd.	45.48	6.28	51.76	40.61
Baraka Engineers Ltd.	84.97	0.75	85.72	82.59
Business Information Technology Ltd.	-	-	-	0.05
Baraka Renewable Energy	-	1.93	1.93	2.14
CMECC-BEL JV	-	19.65	19.65	18.33
BUCG-BEL JV	-	14.01	14.01	14.75
Career Travel International Ltd.	-	1.45	1.45	-
Abul Khair Tobacco Co. Limited	0.63	3.61	4.24	79.70
Clamoon Garments Limited	5.06	14.87	19.93	13.33
Crossline Woven Apparels Ltd.	5.56	24.62	30.18	39.86
Crossline Woven Garments Limited	3.02	11.88	14.90	9.08
Sonali Paper & Board Mills Limited	8.28	-	8.28	40.65
Sonali Dredger Ltd	5.55	9.98	15.53	20.86
Labaid Hospital Ltd.	84.86	1.21	86.07	-
Younus Paper Mills Limited	29.42	0.34	29.76	45.74
YSR Logistics Ltd	0.46	-	0.46	0.50
Five Star Ice & Cold Stroge (Pvt) Ltd	6.77	-	6.77	4.32
Fly Glaxy Tours Travels	-	0.07	0.07	0.20
Srinagar Ice & Cold Stroge Ltd	13.60	-	13.60	12.83
Western Engineering (Pvt.) Ltd.	76.47	49.69	126.16	163.84
Oversease Marketing Corp Ltd	-	-	-	25.79
Global Instrument Supply Co.	-	-	-	3.81
Mahabub Brothers ( Pvt) ltd	89.58	14.94	104.52	123.35
Ambient Steel (BD) Ltd	15.82	37.06	52.88	27.53
Disney Sweater Ltd.	8.84	33.21	42.05	22.83
A. K. Oxygen Ltd.	13.37	0.89	14.26	17.56
Mittal Ispat Ltd	30.33	-	30.33	31.49
	<b>1,378.95</b>	<b>1,420.83</b>	<b>2,799.78</b>	<b>3,565.28</b>

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

Service Sector	5,547,647,611	4,228,171,945
Trading Sector	978,357,774	959,432,745
Industrial Sector	2,247,210,785	1,956,420,154
	<b>8,773,216,170</b>	<b>7,144,024,844</b>

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

	% of total loan	2020	2019
Dhaka region	82.60%	31,444,483,804	34,714,194,531
Chittagong region	10.36%	3,945,680,256	5,316,181,021
Rajshahi region	0.83%	315,804,724	223,664,700
Sylhet region	0.30%	114,079,025	104,672,946
Khulna region	5.02%	1,909,999,738	1,916,293,853
Mymensing Region	0.16%	59,135,132	47,749,294
Rangpur region	0.66%	252,557,176	150,537,245
Barisal region	0.07%	28,042,084	33,964,157
	<b>100.00%</b>	<b>38,069,781,940</b>	<b>42,507,257,746</b>

**Amount in BDT**

**2020**

**2019**

**8.9 Classification of loans and advances**

**Unclassified:**

Standard including staff loan  
Special Mention Account (SMA)

**Classified:**

Sub-standard  
Doubtful  
Bad and loss

2020		2019	
97.99%	37,305,119,949	96.26%	40,915,775,355
0.79%	300,822,139	1.22%	517,922,801
98.78%	37,605,942,089	97.47%	41,433,698,156
<b>Classified:</b>		<b>Classified:</b>	
0.11%	43,063,651	0.83%	350,716,092
0.01%	5,317,544	0.15%	64,294,274
1.09%	415,458,656	1.55%	658,549,224
1.22%	463,839,851	2.53%	1,073,559,590
<b>100%</b>	<b>38,069,781,940</b>	<b>100%</b>	<b>42,507,257,746</b>

**8.10 Particulars of loans and advances**

i) Debts considered good in respect of which the bank is fully secured; Debts considered good for which the bank holds no other security than the debtors'	33,336,240,787	35,963,624,015
ii) Personal guarantee;	839,386,142	1,165,010,713
iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal guarantee of the debtors;	3,748,432,752	5,226,295,117
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;	145,722,259	152,327,900
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;	145,722,259	152,327,900
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	297,446,999	383,439,041
(c) Amount of interest charged in suspense account	235,929,817	129,127,988
xi) Loans written off:		
- Current year	-	-
- Cumulative to-date	-	-
- The amount of written off loans for which lawsuit filed	-	-

## Amount in BDT

2020

2019

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

	2020				2019
	Outstanding Loans	Base for Provision	% of required provision	Required provision	Required provision
<b>For loans and advances:</b>					
<b>Unclassified - General provision</b>					
All unclassified loans (other than small enterprises, housing finance, Loan to MBs ,loans for professional, consumer financing and special mention account)	26,967,612,765	26,967,612,765	1%	379,882,154	328,171,903
Small and medium enterprise financing	8,515,975,487	8,515,975,487	0.25%	28,138,307	15,347,938
Loan to BHs/MBs/SDs against shares	819,362,312	819,362,312	2%	16,387,246	15,878,968
Housing	241,829,266	241,829,266	1%	2,418,293	2,834,316
Loan for professional	-	-	2%	-	-
Consumer finance	460,346,818	460,346,818	5%	9,206,936	22,052,573
Agriculture finance	299,993,302	299,993,302	1.00%	2,999,933	2,607,699
Special Mention Account (SMA)	300,822,139	300,822,139	0.25%-5%	2,984,757	3,880,203
	<b>37,605,942,089</b>	<b>37,605,942,089</b>		<b>442,017,627</b>	<b>390,773,600</b>
<b>Classified - Specific provision:</b>					
Sub-standard	43,063,651	16,652,486	5% & 20%	1,320,900	64,183,697
Doubtful	5,317,544	3,368,584	50%	1,684,292	22,689,396
Bad and loss	415,458,656	297,446,999	100%	297,446,999	383,439,041
	<b>463,839,851</b>	<b>317,468,069</b>		<b>300,452,191</b>	<b>470,312,133</b>
Required provision for loans and advances				<b>742,469,818</b>	<b>861,085,733</b>
Total provision maintained				<b>742,940,000</b>	<b>861,840,000</b>
Excess provision at 31 December				<b>470,182</b>	<b>754,267</b>

## 8.12 Listing of assets pledged as security/collaterals

## Nature of the secured assets

Gold & Gold Ornaments	-	-
Shares & Securities	39,628,143	39,939,143
Merchandise	1,949,873,024	2,470,892,128
Machinery with other Fixed Asset and Financial obligation	1,020,767,280	1,153,224,932
Real Estate with Financial obligation	18,593,292,262	20,553,656,006
Financial Obligation only (Insurance policies, Savings certificates, Bank deposit etc)	1,699,639,778	2,536,760,325
Miscellaneous;		
i) Crops/stock of crops hypothecations	509,500	200,307,699
ii) Guarantee of individuals/ Institutions	3,748,432,752	6,391,305,830
ii) Others	11,017,639,200	9,161,171,683
	<b>38,069,781,940</b>	<b>42,507,257,746</b>

## 8.13 Bills purchased and discounted

In Bangladesh	1,463,384,196	2,757,582,062
Outside Bangladesh	207,308,226	482,754,948
	<b>1,670,692,422</b>	<b>3,240,337,010</b>

### 8.13.1 Maturity-wise grouping

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

Amount in BDT	
2020	2019
12,835,066	91,694,223
165,024,494	414,318,567
1,492,832,862	2,734,324,220
-	-
-	-
<b>1,670,692,422</b>	<b>3,240,337,010</b>
<b>9 Fixed assets including premises, furniture and fixtures</b>	
<b>Cost Price:</b>	
Land	-
Building	-
Furniture and fixture	177,572,916
Computer and Computer peripheral	68,034,817
Electrical Equipments	153,573,665
Motor vehicles	28,830,002
Capital work in progress (CWIP)	45,835,930
<b>488,904,160</b>	<b>473,847,330</b>
<b>Less: Accumulated depreciation:</b>	
Land	-
Building	-
Furniture and fixture	57,190,509
Computer and Computer peripheral	34,826,947
Electrical Equipments	70,641,482
Motor vehicles	16,346,368
<b>250,126,116</b>	<b>179,005,306</b>
<b>238,778,045</b>	<b>294,842,024</b>
<b>Leased Assets:</b>	
Right-of-Use (ROU) Assets	669,264,344
Less: Accumulated depreciation on ROU Assets	111,979,662
<b>483,338,923</b>	<b>557,284,683</b>
<b>Software:</b>	
Computer Software	68,529,974
SWIFT Software	4,221,235
Capital work in progress (CWIP)	13,646,000
<b>101,357,507</b>	<b>86,397,209</b>
Less: Amortization during the year	46,608,135
<b>44,336,935</b>	<b>39,789,074</b>
<b>Written down value at the end of the year</b>	<b>891,915,781</b>
<b>766,453,903</b>	

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

#### Cost Price:

Land
Building
Furniture and fixture
Computer and Computer peripheral
Electrical Equipments
Motor vehicles
Capital work in progress (CWIP)

#### Less: Accumulated depreciation:

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

#### Leased Assets:

Right-of-Use (ROU) Assets
Less: Accumulated depreciation on ROU Assets

#### Software:

Computer Software
SWIFT Software
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**

**2020**

**2019**

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 expense during the year 2020 for premises leases was Taka 175,997,528 out of which Taka 160,056,140 has been presented in accordance with the IFRS 16: Leases and remaining Taka 15,941,388 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.

**10 Other assets**

**3,639,562,579**

**2,599,603,240**

**10.1 Classification of other assets**

Interest Receivable (Accrued Interest Income)	511,794,144	421,676,243
Other receivable-Bangladesh Industrial Finance Company Ltd.	130,000,000	130,000,000
Stationery, stamps, printing materials, etc.	1,088,404	1,645,321
Advance rent	115,846,610	150,064,168
Preliminary, renovation, development and prepaid expenses	9,191,928	3,437,011
Branch adjustment (Note 10.3)	-	-
Off-shore Banking Unit	819,767,500	670,710,000
Advance income tax (Note 10.2)	2,650,275,461	1,845,607,371
Protested bills	89,500,000	-
Others	131,866,031	47,173,126
	<b>4,459,330,079</b>	<b>3,270,313,240</b>
Less: Off-shore Banking Unit	819,767,500	670,710,000
	<b>3,639,562,579</b>	<b>2,599,603,240</b>

**10.2 Advance income tax**

Opening balance	1,845,607,372	1,392,320,737
Paid during the year	804,668,090	720,077,577
	<b>2,650,275,461</b>	<b>2,112,398,314</b>
Less: Settlement/ Adjustment of previous year's tax liability	-	266,790,943
Closing balance	<b>2,650,275,461</b>	<b>1,845,607,372</b>

**10.3 Branches' adjustment**

General accounts debit	-	-
	-	-

**11 Borrowing from other banks, financial institutions and agents**

In Bangladesh (Note 11.1)	3,663,140,760	9,346,937,742
Outside Bangladesh (Note 11.2)	34,049,953	504,213,660
	<b>3,697,190,713</b>	<b>9,851,151,402</b>

	Amount in BDT	
	2020	2019
<b>11.1 In Bangladesh</b>		
<b>A) Re-Finance from Bangladesh Bank:</b>		
Re-finance for women entrepreneurs	3,750,000	5,200,000
Re-Finance for UBSP JICA FUND	174,967,742	174,967,742
Re-Finance scheme for small / micro enterprise holding 10 Taka Account	450,000	-
Re-Finance scheme for Working Capital for Large industry	393,998,018	-
Re-Finance scheme for Working Capital for CMSME	55,725,000	-
	<b>628,890,760</b>	<b>180,167,742</b>
<b>B) Borrowing from Banks (In Local Currency):</b>		
Janata Bank Limited	-	200,000,000
Eastern Bank Limited	-	520,000,000
United Commercial Bank Limited	100,000,000	250,000,000
Rupali Bank Limited	250,000,000	-
Uttara Bank Limited	300,000,000	620,000,000
Agrani Bank Limited	250,000,000	-
Community Bank Bangladesh Limited	-	100,000,000
Pubali Bank Limited	-	50,000,000
Sonali Bank Limited	250,000,000	1,400,000,000
IFIC Bank Limited	230,000,000	-
Commercial Bank of Ceylon PLC.	-	160,000,000
Meghna Bank Limited	130,000,000	590,000,000
One Bank Limited	-	250,000,000
Midland Bank Limited	-	380,000,000
Bangladesh Development Bank Ltd.	100,000,000	420,000,000
Prime Bank Limited	210,000,000	80,000,000
Habib Bank Limited	200,000,000	130,000,000
Basic Bank Limited	-	300,000,000
AB Bank Limited	250,000,000	550,000,000
South Bangla Agriculture and Commerce Bank Ltd.	-	-
	<b>2,270,000,000</b>	<b>6,000,000,000</b>
<b>C) Borrowing from Banks (In Foreign Currency):</b>		
United Commercial Bank Limited	-	509,400,000
National Credit and Commerce Bank Limited	297,325,000	254,700,000
Rupali Bank Limited	127,425,000	-
NRB Bank Ltd.	-	339,600,000
Bank Asia Ltd.	-	764,100,000
Off-shore Banking Unit	819,767,500	670,710,000
One Bank Limited	-	169,800,000
NRB Global Bank Limited	-	254,700,000
Southeast Bank Limited	169,600,000	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	169,900,000	297,150,000
	<b>1,584,017,500</b>	<b>3,837,480,000</b>
Less: Off-shore Banking Unit	819,767,500	670,710,000
	<b>764,250,000</b>	<b>3,166,770,000</b>
<b>(A+B+C) In Bangladesh</b>	<b>3,663,140,760</b>	<b>9,346,937,742</b>
<b>11.2 Outside Bangladesh</b>		
Symbiotics S.A	-	470,179,716
Value Port Ltd.	34,049,953	34,033,945
	<b>34,049,953</b>	<b>504,213,660</b>
	<b>3,697,190,713</b>	<b>9,851,151,402</b>

	Amount in BDT	
	2020	2019
<b>11.3 Maturity grouping of borrowings</b>		
Repayable on demand	2,270,000,000	4,090,000,000
Repayable within one month	297,325,000	2,446,720,000
Over one month but within six months	466,925,000	2,630,050,000
Over six months but within one year	-	-
Over one year	662,940,713	684,381,402
	<b>3,697,190,713</b>	<b>9,851,151,402</b>
<b>12 Deposits and other accounts</b>		
<b>Current and other accounts</b>		
Current deposits	2,767,488,302	1,592,174,475
Foreign currency deposits	496,313,332	590,459,336
Sundry deposits (Note 12.1)	4,298,413,019	2,523,939,745
	<b>7,562,214,653</b>	<b>4,706,573,556</b>
<b>Bills payable</b>		
Payment order issued	787,297,820	1,109,393,079
Demand draft	-	-
	<b>787,297,820</b>	<b>1,109,393,079</b>
<b>Savings bank deposits</b>	<b>3,417,438,678</b>	<b>4,739,987,282</b>
<b>Term/Fixed deposits</b>		
Fixed deposits Receipts (FDR)	24,970,354,667	27,144,231,292
Special notice deposits (SND)	8,086,589,849	3,722,884,004
Scheme deposits	9,642,423,766	7,892,306,153
Interest Payable on FDR/Scheme	487,398,035	805,569,295
	<b>43,186,766,317</b>	<b>39,564,990,744</b>
	<b>54,953,717,469</b>	<b>50,120,944,660</b>
<b>12.1 Sundry deposits</b>		
Margin deposits	1,824,623,955	1,274,885,442
Withholding Tax, VAT and Excise duty etc.	176,262,949	153,588,514
FC held against Export Development Fund (EDF)	812,542,189	577,873,052
Cover Fund against Term Loan (Salary from BB)	616,322,562	-
BLO account -USD	648,495,623	412,945,456
Others	220,165,741	104,647,280
	<b>4,298,413,019</b>	<b>2,523,939,745</b>
<b>12.2 Deposits and Other Accounts</b>		
Deposits from Banks	1,120,000,000	200,000,000
Deposits from Customers	53,833,717,469	49,920,944,660
	<b>54,953,717,469</b>	<b>50,120,944,660</b>
<b>12.3 Sector-wise break-up of Deposits and Others account</b>		
Government	6,265,541,651	4,208,613,128
Deposit money banks	1,120,000,000	200,000,000
Other public	7,455,951,357	6,779,885,990
Foreign currency	496,313,332	590,459,336
Private	39,615,911,129	38,341,986,206
	<b>54,953,717,469</b>	<b>50,120,944,660</b>

	Amount in BDT	
	2020	2019
<b>12.4 Analysis of residual maturity grouping of deposits</b>		
<b>Inter-bank deposits</b>		
Repayable on demand	-	-
Repayable within 1 month	1,120,000,000	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	-	-
	<b>1,120,000,000</b>	<b>200,000,000</b>
<b>Other Deposits</b>		
Repayable on demand	2,452,034,309	1,005,841,487
Repayable within 1 month	1,516,388,336	4,397,193,271
Over 1 month but within 6 months	21,760,306,988	19,448,224,231
Over 6 months but within 1 year	15,379,481,459	9,992,294,503
Over 1 year but within 5 years	10,524,990,050	11,728,901,059
Over 5 years but within 10 years	2,200,516,326	3,348,490,109
	<b>53,833,717,469</b>	<b>49,920,944,660</b>
	<b>54,953,717,469</b>	<b>50,120,944,660</b>
<b>12.5 Unclaimed Deposits and valuables</b>	-	-
	-	-
<b>13.00 Other liabilities</b>		
Provision for loans and advances (Note 13.1)	742,940,000	861,840,000
Provision for Incentive of Good borrowers (Note 13.1 (a))	-	4,500,000
Provision for diminution in value of investments (Note 13.1 (b))	950,000	36,900,000
Provision for other assets (Note 13.1 (b))	400,000	250,000
Provision for protested bills (Note 13.1 (b))	89,500,000	-
Provision for other assets (BIFCL) (Note 13.1 (b))	133,100,000	-
Provision for Risk Coverage Fund (Note 13.1 (b))	2,000,000	2,000,000
Special General provision for COVID-19 (Note 13.1 (c))	150,400,000	-
Lease Liability	513,762,704	563,810,345
Provision for off-balance sheet exposures (Note 13.2)	246,400,000	250,500,000
Provision for taxation (Note 13.3)	3,251,313,921	2,479,534,589
Provision for incentive bonus	53,890,885	48,290,788
Interest Suspense Account (Note 13.4)	235,929,817	129,127,988
Accrued expenses	18,862,913	2,056,279
Interest payable on borrowings	12,226,889	75,619,445
Branch adjustment (Note-13.5)	88,970	621
Provision for audit fee	250,000	250,000
Payable against protested bills	89,500,000	-
Others	162,714,480	100,608,518
	<b>5,704,230,581</b>	<b>4,555,288,573</b>
<b>13.1 Provision for loans and advances</b>		
<b>A. General</b>		
Provision held as on 1 January	363,840,000	291,240,000
Add: Provision made during the year	63,800,000	72,600,000
Less: Transferred to provision for other assets (BIFCL)	(400,000)	-
<b>Provision held as on 31 December</b>	<b>427,240,000</b>	<b>363,840,000</b>

	Amount in BDT	
	2020	2019
<b>B. Specific</b>		
<b>Movement in specific provision on classified loans</b>		
Provision held as on 1 January	470,500,000	154,000,000
Add: Specific provision made during the year	-	316,500,000
Less: Transferred to provision for protested bills	(89,500,000)	-
Less: Transferred to provision for other assets (BIFCL)	(80,300,000)	-
<b>Provision held as on 31 December</b>	<b>300,700,000</b>	<b>470,500,000</b>
<b>C. Provision for Off-shore Banking Unit (OBU)</b>		
Provision held as on 1 January	27,500,000	23,000,000
Add: Provision made during the year	-	4,500,000
Less: Transferred to provision for other assets (BIFCL)	(12,500,000)	-
<b>Provision held as on 31 December</b>	<b>15,000,000</b>	<b>27,500,000</b>
<b>Total provision on loans and advances (A+B+C)</b>	<b>742,940,000</b>	<b>861,840,000</b>
<b>13.1 (a) Provision for Incentive of Good borrowers</b>		
Provision held as on 1 January	4,500,000	1,500,000
Add: Provision made during the year	-	3,000,000
	<b>4,500,000</b>	<b>4,500,000</b>
Less: Paid/adjustment during the year	4,500,000	-
<b>Provision held as on 31 December</b>	<b>-</b>	<b>4,500,000</b>
<b>13.1 (b) Provision for others</b>		
<b>(b-1) Provision for diminution in value of investments</b>		
Provision held as on 1 January	36,900,000	-
Add: Provision made during the year	-	36,900,000
Less: Transferred to provision for other assets	(150,000)	-
Less: Transferred to provision for other assets (BIFCL)	(35,800,000)	-
	<b>950,000</b>	<b>36,900,000</b>
<b>(b-2) Provision for other assets</b>		
Provision held as on 1 January	250,000	-
Add: Provision made during the year	-	250,000
Add: Transferred from provision for diminution in value of investments	150,000	-
	<b>400,000</b>	<b>250,000</b>
<b>(b-3) Provision for protested bills</b>		
Provision held as on 1 January	-	-
Add: Transferred from Specific Provision	89,500,000	-
	<b>89,500,000</b>	-
<b>(b-4) Provision for other assets (BIFCL)</b>		
Provision held as on 1 January	-	-
Add: Transferred from provision for diminution in value of investments	35,800,000	-
Add: Transferred from provision for OBU	12,500,000	-
Add: Transferred from General Provision	400,000	-
Add: Transferred from provision for Off-balance sheet exposure	4,100,000	-
Add: Transferred from Specific Provision	80,300,000	-
	<b>133,100,000</b>	-
<b>(b-5) Provision for Risk Coverage Fund</b>		
Provision held as on 31 December	2,000,000	2,000,000
	<b>2,000,000</b>	<b>2,000,000</b>
	<b>225,950,000</b>	<b>39,150,000</b>

	Amount in BDT	
	2020	2019
<b>13.1 (c) Special General provision for COVID-19</b>		
Provision held as on 1 January	-	-
Add: Provision made during the year	150,400,000	-
	<b>150,400,000</b>	-
<b>13.2 Provision for off-balance sheet exposures</b>		
Provision held as on 1 January	250,500,000	198,300,000
Add: Provision made during the year	-	52,200,000
Less: Transferred to Provision for other assets (BIFCL)	(4,100,000)	-
	<b>246,400,000</b>	<b>250,500,000</b>
Less: Adjustments made during the year	-	-
<b>Provision held as on 31 December</b>	<b>246,400,000</b>	<b>250,500,000</b>
<b>13.3 Provision for taxation</b>		
Current tax ( Note 13.3.1)	3,106,283,637	2,390,718,294
Deferred tax ( Note 13.3.2)	145,030,284	88,816,295
	<b>3,251,313,921</b>	<b>2,479,534,589</b>
<b>13.3.1 Provision for current tax</b>		
<b>Provision</b>		
Balance at the beginning of the year	2,390,718,294	1,941,211,770
Add: Provision made during the year	715,565,343	716,297,467
	3,106,283,637	2,657,509,237
Less: Settlement/ Adjustment of previous year's tax liability	-	266,790,943
<b>Balance at the end of the year</b>	<b>3,106,283,637</b>	<b>2,390,718,294</b>
Provision for current tax of Taka 715,565,343/- has been kept following 40.00% Tax rate as prescribed by Finance Act 2020 based on the accounting profit made by the Bank after considering some add-backs to income and disallowances of expenditure as per "Income Tax Ordinance 1984".		
<b>13.3.2 Provision for deferred tax</b>		
Balance at the beginning of the year	88,816,295	6,761,866
Add : Provision made for deferred tax liabilities:		
Charged/(credited) to profit and loss account	56,213,989	82,054,429
	145,030,284	88,816,295
Adjustment made during the year	-	-
	145,030,284	88,816,295
Less: Provision made for deferred tax assets	-	-
<b>Balance at the end of the year</b>	<b>145,030,284</b>	<b>88,816,295</b>
<b>13.4 Interest Suspenses Account</b>		
Balance at the beginning of the year	129,127,988	29,893,032
Add: Amount transferred during the year	250,738,804	227,939,957
Less: Amount recovered during the year	(143,936,975)	(128,705,001)
Less: Amount written off during the year	-	-
<b>Balance at the end of the year</b>	<b>235,929,817</b>	<b>129,127,988</b>
<b>13.5 Branches' adjustment</b>		
General accounts debit	4,011	-
General accounts credit	92,981	621
	<b>88,970</b>	<b>621</b>

**14 Share capital****14.1 Authorised capital:**

2,000,000,000 ordinary shares of BDT 10 each

**14.2 Issued, subscribed and paid up capital:**

452,000,000 ordinary shares of BDT 10 each issued for cash  
 22,600,000 ordinary shares of BDT 10 each issued for bonus share  
 26,103,000 ordinary shares of BDT 10 each issued for bonus share

Amount in BDT	
2020	2019
<b>20,000,000,000</b>	<b>20,000,000,000</b>
4,520,000,000	4,520,000,000
226,000,000	226,000,000
261,030,000	-
<b>5,007,030,000</b>	<b>4,746,000,000</b>

**14.3 Share capital at a glance from inception**

Year	Particulars	Number of shares	Capital amount	Capital amount
2013	Opening Capital	452,000,000	4,520,000,000	4,520,000,000
2018	Bonus share Issued	22,600,000	226,000,000	226,000,000
2019	Bonus share Issued	26,103,000	261,030,000	-
		<b>500,703,000</b>	<b>5,007,030,000</b>	<b>4,746,000,000</b>

**14.4 Name of the Directors and their shareholdings in the year 2020**

SI	Name of the directors	Status	Number of Shares	
			At 31 December	At 31 December
			2020	2019
1	Mr. Humayun Kabir	Chairman	13,293,000	12,600,000
2	Mr. Shaikh Salahuddin	Vice- Chairman	19,939,500	18,900,000
3	Mr. Sheikh Fazle Noor Taposh	Director	44,310,000	42,000,000
4	Sharmin Apparels Limited Represented by Mr. Mohammad Ismail Hossain	Director	22,155,000	21,000,000
5	Sandhani Life Insurance Company Limited Represented by Mr. Nemai Kumar Saha	Director	33,232,500	31,500,000
6	Mr. Salahuddin Alamgir	Director	22,155,000	21,000,000
7	Tanveer Oils Limited Represented by Mr. Mostafa Kamal	Director	22,155,000	21,000,000
8	Everest Power Generation Company Limited Represented by Mrs. Tanjima Binthe Mostafa	Director	22,155,000	21,000,000
9	Mr. Humayun Kabir Bablu	Director	22,155,000	21,000,000
10	Mrs. Shahana Yasmin	Director	22,155,000	21,000,000
11	Mrs. Sultana Jahan	Director	22,155,000	21,000,000
12	Mango Teleservices Limited Represented by Mr. A. Mannan Khan	Director	22,155,000	21,000,000
13	Azbal International Limited Represented by Mrs. Ferdousi Islam	Director	22,155,000	21,000,000
14	Anwar Jute Spinning Mills Limited Represented by Mr. Manwar Hossain	Director	11,077,500	10,500,000
15	Meghna Flour & Dal Mills Limited Represented by Mr. Tanveer Ahmed Mostafa	Director	13,293,000	12,600,000
16	Mona Financial Consultancy & Securities Limited Represented by Mr. Md. Mahbubur Rahman	Director	11,077,500	10,500,000
17	Mr. Didarul Alam	Director	8,862,000	8,400,000
18	Sharmin Fashions Limited Represented by Mrs. Syeda Sharmin Hossain	Director	8,862,000	8,400,000
19	Advocate Yusuf Hussain Humayun	Independent Director	-	-
20	Mr. Shaheduzzaman Choudhury, FCA	Independent Director	-	-
			<b>363,342,000</b>	<b>344,400,000</b>

#### 14.5 Classification of shareholders by holding

	Amount in BDT			
	2020		2019	
	Number of holders	% of total holding	Number of holders	% of total holding
	2020	2019	2020	2019
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	-	-	-	-
Over 1,000,000 shares	41	41	100.00	100.00
	<b>41</b>	<b>41</b>	<b>100.00</b>	<b>100.00</b>

#### 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 2020 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

Paid up capital	5,007,030,000	4,746,000,000
Share premium	-	-
Statutory reserve (Note 14)	1,854,552,297	1,371,215,695
General reserve	-	-
Surplus in Profit and Loss account/ Retained earnings (Note 17)	1,165,504,304	478,537,232
	<b>8,027,086,601</b>	<b>6,595,752,927</b>
b) Additional Tier-1 Capital	-	-
<b>Total Tier-1 Capital</b>	<b>8,027,086,601</b>	<b>6,595,752,927</b>

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

General provision maintained against unclassified loan	592,640,000	391,340,000
General provision on off-balance sheet items	246,400,000	250,500,000
Asset revaluation reserve	-	-
Revaluation reserve (50% of Fixed Assets & Securities and 10% of Equities)	-	8,535,650
	<b>839,040,000</b>	<b>650,375,650</b>

###### Less: Regulatory Adjustment

Revaluation Reserve for Fixed Assets, Securities & Equity Securities  
(deduction of 100% in 2019 as per Basel-III Guidelines)

	-	8,535,650
<b>Total Tier-2 Capital</b>	<b>839,040,000</b>	<b>641,840,000</b>
<b>A) Regulatory Capital (1+2)</b>	<b>8,866,126,601</b>	<b>7,237,592,927</b>

###### B) Risk weighted assets (RWA)

Credit Risk		
On-Balance Sheet	29,489,254,972	34,530,210,856
Off-Balance Sheet	10,585,302,710	13,312,334,272
	<b>40,074,557,682</b>	<b>47,842,545,128</b>
Market Risk Weighted Assets	6,355,631,762	1,466,152,933
Operational Risk Weighted Assets	3,272,161,057	2,702,928,884
<b>Total RWA</b>	<b>49,702,350,501</b>	<b>52,011,626,945</b>

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

	<b>4,970,235,050</b>	<b>5,201,162,694</b>
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		Amount in BDT	
		2020	2019
<b>D) Surplus (A-C)</b>		<b>3,895,891,551</b>	<b>2,036,430,232</b>
<b>Capital to Risk weighted Asset Ratio (CRAR):</b>			
On Core Capital, i.e. CET 1 - (against standard of minimum 6%)		<b>16.15%</b>	<b>12.68%</b>
On Total Capital to Risk Weighted Asset Ratio (CRAR)- [against standard of minimum 10% plus Capital Conservation Buffer 2.50% (total 12.50%)]		<b>17.84%</b>	<b>13.92%</b>
<p>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 ratio of Modhumoti Bank Limited (16.14%) is well above the required level.</p>			
	<b>Leverage Ratio (against standard of 3%):</b>	<b>9.62%</b>	<b>7.86%</b>
<b>15 Statutory reserve</b>			
Balance as at 1 January 2020		1,371,215,695	1,053,286,265
Addition during the year ( 20% of pre-tax profit)		483,336,602	317,929,430
Balance as at 31 December 2020		<b>1,854,552,297</b>	<b>1,371,215,695</b>
<b>16 Revaluation gain/(loss) on investment</b>			
<b>Revaluation reserve on HTM securities</b>			
Balance as at 1 January 2020		3,143,329	193,143
Addition during the year		4,398,629	2,950,186
		7,541,958	3,143,329
Adjustment of amortization/ revaluation gain against sale/maturity		-	-
Balance as at 31 December 2020		<b>7,541,958</b>	<b>3,143,329</b>
<b>Revaluation reserve on HFT securities</b>			
Balance as at 1 January 2020		509,676	150,064
Addition during the year		524,900,272	509,676
		525,409,948	659,740
Adjustment of amortization/ revaluation gain against sale/maturity		509,676	150,064
<b>Balance as at 31 December</b>		<b>524,900,272</b>	<b>509,676</b>
		<b>532,442,230</b>	<b>3,653,005</b>
<b>16 (a) Foreign currency translation gain/(loss)</b>			
Balance as at 1 January 2020		148,369	105,706
Addition during the year		-	148,369
Disposal during the year		(148,369)	(105,706)
<b>Balance as on 31 December 2020</b>		<b>-</b>	<b>148,369</b>
<b>17 Surplus in profit and loss account/Retained earnings</b>			
Balance as at 1 January 2020		478,537,232	683,171,408
Prior year adjustment		-	-
		<b>478,537,232</b>	<b>683,171,408</b>
Add: Addition during the year		1,644,903,674	791,295,254
		2,123,440,906	1,474,466,662
<b>Less:</b>			
Transfer to Statutory reserve		483,336,602	317,929,430
Issue of bonus shares		261,030,000	226,000,000
Cash dividend paid		213,570,000	452,000,000
		<b>957,936,602</b>	<b>995,929,430</b>
<b>Balance as on 31 December 2020</b>		<b>1,165,504,304</b>	<b>478,537,232</b>

	Amount in BDT	
	2020	2019
<b>18 Contingent liabilities</b>		
<b>18.1 Acceptances and endorsements</b>		
Acceptance under Letters of Credit -Cash (Foreign) Deferred	2,296,627,522	3,745,144,474
Acceptance under Letters of Credit -BTB (Foreign) Usance	404,900,448	433,928,949
Acceptance under Letters of Credit -BTB EPZ (Foreign) Usance	116,950,434	99,745,051
Acceptance under Letters of Credit -BTB (Local) Usance	930,818,427	1,140,329,522
Acceptance under Letters of Credit -BTB (Foreign) EDF	-	-
Acceptance under Letters of Credit -Others	-	-
	<b>3,749,296,832</b>	<b>5,419,147,997</b>
Less: Margin	-	-
	<b>3,749,296,832</b>	<b>5,419,147,997</b>
<b>18.2 Letters of guarantee</b>		
Letters of guarantee (Local)	13,341,434,824	13,647,528,777
Letters of guarantee (Foreign)	1,344,170,787	1,217,031,087
Foreign counter guarantees	-	-
	<b>14,685,605,611</b>	<b>14,864,559,864</b>
Less: Margin	829,128,896	752,530,665
	<b>13,856,476,715</b>	<b>14,112,029,199</b>
<b>Money for which the Bank is contingently liable in respect of guarantee issued favouring:</b>		
Directors or officers	5,000,000	29,059,335
Government	-	-
Banks and other financial institutions	-	-
Others	14,680,605,611	14,835,500,529
	<b>14,685,605,611</b>	<b>14,864,559,864</b>
Less: Margin	829,128,896	752,530,665
	<b>13,856,476,715</b>	<b>14,112,029,199</b>
<b>18.3 Irrevocable letters of credit</b>		
Letter of Credit - Foreign	4,636,402,274	3,380,145,078
Letter of Credit - BTB Foreign	737,693,247	654,564,977
Letter of Credit - BTB - EPZ	105,892,403	74,086,830
Letter of Credit - BTB (Local)	1,271,614,507	1,169,792,985
Letter of Credit - EDF & Others	118,851,992	94,974,644
	<b>6,870,454,423</b>	<b>5,373,564,514</b>
Less: Margin	995,495,059	522,354,777
	<b>5,874,959,364</b>	<b>4,851,209,737</b>
<b>18.4 Bills for collection</b>		
Foreign bills for collection	555,086,206	1,069,864,813
Local bills for collection	1,063,389,841	1,376,064,381
	<b>1,618,476,047</b>	<b>2,445,929,194</b>
<b>18.5 Other contingent liabilities</b>		
Other contingent liabilities	-	678,235,200
	-	<b>678,235,200</b>

19	Income statement	Amount in BDT	
		2020	2019
	<b>Income:</b>		
	Interest, discount and similar income	6,046,054,909	6,010,172,973
	Dividend income	34,265,911	8,780,820
	Fees, commission and brokerage	297,498,249	293,282,319
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	779,534,760	24,143,806
	Gains less losses arising from dealing in foreign currencies	116,213,655	239,765,305
	Income from non-banking assets	-	-
	Other operating income	95,444,979	89,531,264
	Profit less losses on interest rate changes	-	-
		<b>7,369,012,464</b>	<b>6,665,676,488</b>
	<b>Expenses:</b>		
	Interest, fees and commission	3,552,896,994	3,560,466,062
	Losses on loans and advances	-	-
	Administrative expenses	762,118,715	717,268,428
	Other operating expenses	155,481,182	150,289,210
	Depreciation on banking assets	267,632,566	160,055,638
		<b>4,738,129,458</b>	<b>4,588,079,338</b>
	Income over expenditure	<b>2,630,883,006</b>	<b>2,077,597,150</b>
<b>20</b>	<b>Interest income</b>		
	Interest on loans and advances	4,244,680,708	4,625,019,935
	Interest on placement with other banks and financial institutions	626,711,479	767,211,796
	Interest income from OBU	32,710,137	27,383,068
	Interest on foreign currency balances	13,184,430	14,481,627
		<b>4,917,286,754</b>	<b>5,434,096,426</b>
	Less: Interest income from OBU	32,710,137	27,383,068
		<b>4,884,576,617</b>	<b>5,406,713,358</b>
<b>21</b>	<b>Interest paid on deposits and borrowings etc.</b>		
	Interest on deposits	3,003,377,773	3,104,796,811
	Interest on borrowings	520,967,885	435,199,418
	Interest expense on lease liability	28,551,336	20,469,834
	Interest paid on borrowings (OBU)	32,710,137	27,383,068
		<b>3,585,607,131</b>	<b>3,587,849,130</b>
	Less: Interest paid on borrowings (OBU)	32,710,137	27,383,068
		<b>3,552,896,994</b>	<b>3,560,466,062</b>
<b>22</b>	<b>Investment income</b>		
	Interest income from Government Securities (Note-22.1)	1,160,963,414	601,297,301
	Gain on sale of Government Securities (Note-22.2)	779,534,760	24,143,806
	Dividend on shares	34,265,911	8,780,820
	Other Investment Income	-	-
	Gain on sale of shares	514,878	2,162,314
		<b>1,975,278,964</b>	<b>636,384,241</b>
<b>22.1</b>	<b>Interest Income from Government Securities</b>		
	Interest on treasury bills	115,217,219	-
	Interest on treasury bonds	2,667,936,625	915,601,885
		<b>2,783,153,844</b>	<b>915,601,885</b>
	Interest Expenses on treasury bills/bonds	(1,622,190,430)	(314,304,584)
	<b>Interest Income from Government Securities</b>	<b>1,160,963,414</b>	<b>601,297,301</b>
<b>22.2</b>	<b>Capital Gain on Government Securities</b>		
	Capital Gain on treasury bills	3,110,251	-
	Capital Gain on treasury bonds	776,424,509	24,143,806
		<b>779,534,760</b>	<b>24,143,806</b>

		Amount in BDT	
		2020	2019
<b>23</b>	<b>Commission, exchange and brokerage</b>		
	Commission on L/Cs	83,578,334	88,205,591
	Commission on L/Cs - EPZ	2,536,755	1,842,671
	Commission on Inland L/Cs	923,227	1,370,349
	Commission on L/Cs-back to back	32,768,454	32,708,960
	Commission on L/Gs	169,130,634	158,156,836
	Commission on Export L/C	2,750,633	2,601,884
	Commission on remittance	157,980	197,736
	Commission on collection on FDBP/ FDBC/ FDD	3,779,411	3,775,548
	Others Commission	1,872,820	4,422,745
	Exchange gain (Note-23.1)	116,213,655	239,765,305
		<b>413,711,904</b>	<b>533,047,624</b>
<b>23.1</b>	<b>Exchange gain</b>		
	Exchange gain from revaluation/trade of foreign currency	116,213,655	239,765,305
	Exchange loss from revaluation/trade of foreign currency	-	-
		<b>116,213,655</b>	<b>239,765,305</b>
<b>24</b>	<b>Other operating income</b>		
	Account Maintenance Charges	6,863,157	9,968,542
	Postage / SWIFT/ fax recoveries from Import L/Cs	16,386,535	17,563,371
	Postage / SWIFT/ fax recoveries from Export related L/Cs	8,212,151	7,716,406
	Fees on Share Transfer	-	-
	Cards Fees and Charges (Note 24.1)	4,502,922	7,360,851
	Other Fees and Charges	45,692,862	31,890,347
	Fees and Charges on Export related L/Cs	13,787,352	15,031,749
		<b>95,444,979</b>	<b>89,531,264</b>
<b>24.1</b>	<b>Cards Fees and Charges:</b>		
	Fees and Charges (debit and prepaid card)	3,644,228	4,107,750
	<b>Credit Cards:</b>		
	Annual Fees	937,046	821,959
	VISA POS Reimbursement charges	505,396	1,283,351
	Cash Advance Fees	456,667	389,556
	Late payment and overlimit fees	1,309,875	1,491,609
	Card Cheque Fees (Processing and Issues)	785,519	1,085,982
	Replacement Fees and Others	774,721	1,964,986
		<b>8,413,453</b>	<b>11,145,194</b>
	<b>Cards Direct Expenses:</b>		
	VISA POS Reimbursement Charges	342,371	68,499
	VISA Associated Membership Sponsor Charges	504,300	300,600
	Fees and Charges of Card	2,787,945	3,142,463
	ATM Expenses NPSB	275,915	272,781
		<b>3,910,531</b>	<b>3,784,343</b>
	<b>Cards Fees and Charges (Net)</b>	<b>4,502,922</b>	<b>7,360,851</b>
<b>25</b>	<b>Salaries and Allowances</b>		
	Basic salary	209,842,746	183,552,350
	Bonus	67,154,930	63,405,198
	Other Salary & Allowances	291,191,148	273,412,260
	Bank Contribution to Provident Fund	21,115,618	18,413,779
		<b>589,304,442</b>	<b>538,783,588</b>

		Amount in BDT	
		2020	2019
<b>26</b>	<b>Rent, taxes, insurance, Electricity etc.</b>		
	Rent, rates and taxes (26.1)	21,459,793	37,039,075
	Insurance	30,700,434	26,592,664
	Utilities (except telecommunication)	17,253,643	19,573,444
		<b>69,413,869</b>	<b>83,205,183</b>
<b>26.1</b>	<b>Rent, rates and taxes</b>		
	Office Rent	15,941,388	31,127,999
	Rent for ATM Booth	2,477,004	2,224,542
	Rates and Taxes	3,041,401	3,686,535
		<b>21,459,793</b>	<b>37,039,075</b>
<p>Since 'IFRS 16: Leases' has already been implemented in Bangladesh, The Bank started to comply with the reporting requirements as prescribed in IFRS 16 from the year 2019. To comply with the accounting treatment prescribed in this IFRS, out of total rental expense of Taka 175,997,528 , an amount of rental expenses (office premises for head office &amp; twenty seven branches) of Taka 160,056,140 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><b>Reconciliation of rental expense is presented as under:</b></p>			
<p><b>A) Total Rent expense incurred for office premises paid during 2020:</b></p>			
	Rent Expenses	155,264,739	140,296,198
	VAT on Rent	20,732,789	20,954,523
	Total Rent expense incurred in 2020	<b>175,997,528</b>	<b>161,250,721</b>
<p><b>B) Rental expense converted into the Interest expense on lease liability &amp; depreciation expense on ROU Assets:</b></p>			
	Rent Expenses	139,179,252	113,150,193
	VAT on Rent Expenses	20,876,888	16,972,529
	Rent expense considered for IFRS 16- Leases	<b>160,056,140</b>	<b>130,122,722</b>
<p><b>C)= (A-B), Rent Expenses presented in Note 26.1:</b></p>			
	Rent Expenses	<b>15,941,388</b>	<b>31,127,999</b>
<p><b>D) Expenses charged during 2020 for IFRS 16- Leases:</b></p>			
	Interest Expenses on lease liability (Note 21)	28,551,336	20,469,834
	Depreciation Expenses on ROU Assets (Note 31)	155,402,923	116,178,550
	Total expenses charged for ROU Assets during the year	<b>183,954,260</b>	<b>136,648,384</b>
<p><b>E) = (D-B), Additional expense incurred for leases during 2020</b></p>			
		<b>23,898,120</b>	<b>6,525,662</b>
<b>27</b>	<b>Postage, stamp, telecommunication etc.</b>		
	Postage	3,441,453	3,807,033
	Telephone / Mobile	5,741,357	5,415,910
	Networklink, Internet, SWIFT, Reuters etc.	22,461,711	17,836,420
		<b>31,644,521</b>	<b>27,059,363</b>
<b>28</b>	<b>Stationery, printing, advertisements etc.</b>		
	Printing & security stationery	3,020,588	10,173,566
	Petty stationery	5,229,385	6,235,525
	Computer consumable stationery	1,522,893	1,486,654
	Publicity and advertisement	19,886,472	39,076,214
		<b>29,659,338</b>	<b>56,971,959</b>

	Amount in BDT	
	2020	2019
<b>29 Managing Director's salary and fees</b>		
Basic Salary	6,000,000	4,916,129
Bonus	2,000,000	1,400,000
Other Salary & Allowance	4,495,316	3,741,994
Bank Contribution to Provident Fund	600,000	491,613
	<b>13,095,316</b>	<b>10,549,736</b>
<b>30 Directors' fees and expenses</b>		
Meeting attendance fees	1,440,000	1,808,000
	<b>1,440,000</b>	<b>1,808,000</b>

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, EC Meeting, Board Audit Committee Meeting and Risk Management Committee Meeting held during the year 2020.

### 31 Depreciation and repairs of Bank's assets

#### A) Depreciation on Fixed Assets:

Furniture and fixtures	32,525,885	12,040,570
Machinery & Equipment	46,307,173	16,485,596
Computer and Computer peripherals	19,544,488	6,706,500
Motor Vehicles	3,439,660	3,894,267
Software	10,412,437	4,750,154
	<b>112,229,643</b>	<b>43,877,088</b>

#### B) Depreciation on Right-of-Use Assets:

	<b>155,402,923</b>	<b>116,178,550</b>
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#### Depreciation Expense for the year

	<b>267,632,566</b>	<b>160,055,638</b>
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#### C) Repairs/ Replacements of the Bank's assets:

Furniture & Fixtures	1,013,942	270,970
Machinery & Equipment	5,490,495	4,098,158
Motor Vehicles	369,210	471,392
Software maintenance	20,687,581	10,431,194
	<b>27,561,229</b>	<b>15,271,714</b>

#### D) = (A+B+C), See Annexure - A for detail of Depreciation expense

	<b>295,193,795</b>	<b>175,327,352</b>
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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	41,659,905	33,492,956
Entertainment	4,672,384	8,108,544
Other Professional Service charges	1,222,500	253,750
Books and periodicals	234,243	362,515
Subscription	1,111,409	1,350,500
Donation	29,648,715	23,271,279
Travelling expenses	2,240,069	4,941,531
Conveyance	2,611,718	2,628,343
Gratuity expenses	30,000,000	24,000,000
Fuel	1,324,166	1,705,649
Leverage & Uniform	89,760	639,065
Training/seminar	139,282	3,427,076
Annual General Meeting (AGM)	355,749	2,574,981
Bank charges	10,978,695	6,785,072
Cash carrying charges	2,488,795	3,237,653
NID verification charge	158	-
Revaluation loss for foreign currency	48,475	492
Exchange loss	190,152	1,210,508
Office maintenance	5,145,637	6,167,176

	Amount in BDT	
	2020	2019
Office maintenance (MMBL Lounge)	387,325	-
Honorarium for Banking Diploma	550,000	-
Business development expense	112,359	211,425
Washing and cleaning	35,100	13,755
Newspaper and periodicals	-	458,261
Croceries	99,998	797,010
Croceries (MMBL Lounge)	800,000	-
Holiday banking allowance	7,200	-
Loss on sale of Properties	14,349,969	-
Law charges	12,650	-
Stamp charges	1,800	-
Expenses regrading Agent Banking	671,060	3,520,728
Papers	38,325	-
Cartridge	3,376,115	3,997,548
Miscellaneous Expenses	42,469	17,279
	<b>154,646,182</b>	<b>133,173,095</b>
<b>33 Tax expense</b>		
Current tax	715,565,343	716,297,467
Deferred tax	56,213,989	82,054,429
	<b>771,779,332</b>	<b>798,351,896</b>
<b>34 Cash received from other operating activities</b>		
Account Maintenance Charges	6,863,157	9,968,542
Postage / SWIFT/ fax recoveries from Import L/Cs	16,386,535	17,563,371
Postage / SWIFT/ fax recoveries from Export related L/Cs	8,212,151	7,716,406
Gain on sale of shares	514,878	2,162,314
Fees on Share Transfer	-	-
Cards Fees and Charges	4,502,922	7,360,851
Other Fees and Charges	45,692,862	31,890,347
Fees and Charges on Export related L/Cs	13,787,352	15,031,749
	<b>95,959,857</b>	<b>91,693,578</b>
<b>35 Payments for other operating activities</b>		
Rent, rates and taxes	195,252,451	156,009,940
Postage	31,644,521	27,059,363
Directors fees	1,440,000	1,808,000
Repairs	27,561,229	15,271,714
Legal expenses	585,000	485,000
Audit fees	250,000	250,000
Others expenses (Note 32)	124,646,182	125,554,210
	<b>381,379,383</b>	<b>326,438,227</b>
<b>36 Earnings per share (EPS)</b>		
Net profit after tax for the year ended 31 December (BDT)	<b>1,644,903,674</b>	<b>791,295,254</b>
Number of ordinary shares outstanding	<b>500,703,000</b>	<b>500,703,000</b>
Weighted average number of ordinary shares	<b>500,703,000</b>	<b>500,703,000</b>
Earnings per share (EPS) on closing number of share	<b>3.29</b>	<b>1.58</b>
Earnings per share (EPS) - (Weighted Average)	<b>3.29</b>	<b>1.58</b>

Earnings per share (EPS) has been calculated in accordance with IAS - 33: "Earnings Per Share (EPS)". Previous year's figure (2019: Taka 1.67 per share) has been adjusted for the issue of bonus shares (5.5% Stock Dividend was approved for the year 2019) during the year 2020.

## 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 14 November 2020 following re-constitution earlier as on 27 June 2019 comprising the following members as per provisions contained in Bangladesh Bank's BRPD Circular No. 11 dated 27 October 2013. Composition of the Audit Committee and qualification of its members is presented below:

<u>Sl. no.</u>	<u>Name</u>	<u>Status with the committee</u>
1)	Mr. Shaikh Salahuddin	Chairman
2)	Mr. A. Mannan Khan	Member
3)	Mr. Md. Mahbubur Rahman	Member
4)	Advocate Yusuf Hussain Humayun	Member
5)	Mr. Shaheduzzaman Choudhury, FCA	Member

#### **Role of the Bank's Audit Committee:**

To oversee financial reporting process, the Audit Committee does the following tasks:

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

During the year 2020, the audit committee conducted 5 (five) meetings. In these meetings, the Committee reviewed the Audited Financial Statements for the year 2020 in presence of external auditors and also Inspection Reports by ICCD of the Bank from time to time and also Reports by Bangladesh Bank and advised the Management to take necessary compliance and also for establishing a unique and up-to-the-mark Internal Control and Audit System within the Bank along with adequate facilities in compliance with policy & guidelines issued by Bangladesh Bank.

### 37.2 Related party/(ies) disclosure

#### 37.2.1 Related party transactions

During the year 2020, the Bank conducted business deals with the following organizations in which the directors has interest:

##### **i) Loans and advances to directors and their related concern**

<b>Name of party</b>	<b>Name of Directors</b>	<b>Related by</b>	<b>Nature of Facilities</b>	<b>Outstanding as on 31.12.2020</b>	<b>Status</b>
Everest CNG Re-Fuelling and Conversion Ltd.	Mr. Mostafa Kamal	Director	LC	-	Regular
Sonargaon Seeds Crushing Mills Limited	Mr. Mostafa Kamal	Director	LC	-	Regular
Meghna Container Terminal Ltd.	Mr. Mostafa Kamal	Director	LC	-	Regular
Meghna Edible Oils Refinery Limited	Mr. Mostafa Kamal	Director	LC	-	Regular
Meghna Pulp & Papers Mills Ltd.	Mr. Mostafa Kamal	Director	LC	13,650,000	Regular
United Sugar Mills Limited	Mr. Mostafa Kamal	Director	LC	-	Regular
Meghna Sugar Refinery Ltd.	Mr. Mostafa Kamal	Director	LC	749,000	Regular
Unique Cement Industries Ltd.	Mr. Mostafa Kamal	Director	LC	102,000	Regular
M.S.A Services	Mr. Md. Didarul Alam	Director	BG	5,000,000	Regular
Mr. Didarul Alam	Mr. Md. Didarul Alam	Director	SOD	4,136	Regular
China Bangla Ceramic Industries Ltd.	Mrs. Ferdousi Islam	Director	SOD	38,364,463	Regular



**ii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2020**

a)

Amount in Taka

Name of Directors	Relationship with the Bank	Nature of transaction	Limit	Security Value	Outstanding as on 31.12.2020
Mr. Sheikh Fazle Noor Taposh	Director	Credit Card	2,000,000	Lien on FDR for Tk. 20,00,000/-	BDT 1,314.40
Mr. Mohammad Ismail Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	BDT 136,012.62
		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/-	BDT 762.35
Mr. Manwar Hossain	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	-
Mr. Humayun Kabir Bablu	Director	Credit Card	1,540,000	Lien on DBSR for Tk. 25,00,000/-	BDT 3,497.15
			USD 12,000		
Mr. Didarul Alam	Director	Credit Card	750,000	Lien on FDR for Tk. 7,50,000/-	-
Mr. Shaikh Salahuddin	Director	Credit Card	500,000	Lien on FDR for Tk. 5,00,000/-	BDT 20,210.10

**b)** The 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 1,691,235.00. The Bank has paid BDT 50,400,000.00 as advance against Office Rent. During the year, the Bank has paid total rent of BDT 20,203,585.00 and outstanding balance of advance is Zero as on 31 December 2020.

**c) Related party transactions**

Nature of Party/ Contract	Relationship	Amount
Information Technology Consultants Limited (ITCL)	Common Director	7,988,629
Bengal Media Corporation Ltd.	Common Director	4,196,500

**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 551 at the end of December 2020.

**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, MABS & J Partners, Chartered Accountants worked about in excess of 1278 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**

**Dividend**

The Board of Directors of the Bank recommended 5.00% Stock Dividend and 17.50% Cash Dividend for the year ended December 31, 2020 at the 55<sup>th</sup> board meeting held on April 24, 2021. The dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank. The financial statements for the year ended December 31, 2020 do not include the effect of dividend. As it has been declared after the reporting period, it was not recognized as a liability in the financial statements at the end of reporting period i.e. December 31, 2020.

### 37.7 Covid 19

The COVID-19 (Corona Virus) pandemic has evolved rapidly in 2020 and it impacts operations of Banks & other business entities in Bangladesh as well as in other countries of the world. The World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19 on March 11, 2020. This global pandemic has had an severe impact on the overall business and economic activities of the all the sectors in Bangladesh. 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 lockdown, social distancing etc. in the year 2020. Recently, the country has been set again to embrace a hard lockdown for the second time since April 14, 2021 which will also have an impact on financial & other sectors. The risks related to financial sectors may be stated as reduced profitability, weaker asset quality, lower credit growth etc. which may have large second-round repercussions on the real economy of Bangladesh. As the situation is constantly changing, there is no certainty at present as to how long the situation will prevail and, therefore, the potential impact of COVID 19 related matters on Bank's operation and financial result so far cannot be reasonably assessed.



**Chairman**



**Vice Chairman**



**Director**



**Managing Director & CEO**

## Schedule of Fixed Assets

As at 31 December 2020

Amount in BDT

Particulars	Cost				Rate of Dep.	Depreciation				Written down value as at 31.12.2020
	Opening balance as on 01.01.2020	Addition during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2020		Opening balance as on 01.01.2020	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2020	
Land	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	177,572,916	63,895,780	42,250,411	199,218,285	10%	57,185,616	32,525,885	23,777,224	65,934,277	133,284,008
Computer and Computer peripheral	68,034,817	5,870,370	311,400	73,593,787	20%	34,826,947	19,544,488	402,591	53,968,844	19,624,943
Electrical Equipments	153,573,665	22,836,970	1,982,000	174,428,635	20%	70,646,376	46,307,173	6,316,582	110,636,967	63,791,668
Motor vehicles	28,830,001	5,470,000	200,001	34,100,000	20%	16,346,367	3,439,660	199,999	19,586,028	14,513,972
Right-of-Use (ROU) Assets	669,264,344	81,457,165	48,454,319	702,267,190	**	111,979,662	155,402,923	48,454,319	218,928,267	483,338,923
Capital work in progress (CWIP)	45,835,930	-	38,272,476	7,563,454		-	-	-	-	7,563,454
<b>Sub-total</b>	<b>1,143,111,674</b>	<b>179,530,284</b>	<b>131,470,607</b>	<b>1,191,171,351</b>		<b>290,984,968</b>	<b>257,220,129</b>	<b>79,150,715</b>	<b>469,054,383</b>	<b>722,116,967</b>
Software	72,751,209	12,335,500	-	85,086,709	20%	46,608,135	10,412,437	-	57,020,572	28,066,137
Capital work in progress (CWIP)	13,646,000	2,624,798	-	16,270,798		-	-	-	-	16,270,798
<b>Sub-total</b>	<b>86,397,209</b>	<b>14,960,298</b>	<b>-</b>	<b>101,357,507</b>		<b>46,608,135</b>	<b>10,412,437</b>	<b>-</b>	<b>57,020,572</b>	<b>44,336,935</b>
<b>Total as at 31<sup>st</sup> December 2020</b>	<b>1,229,508,883</b>	<b>194,490,582</b>	<b>131,470,607</b>	<b>1,292,528,858</b>		<b>337,593,103</b>	<b>267,632,566</b>	<b>79,150,715</b>	<b>526,074,955</b>	<b>766,453,902</b>
<b>Total as at 31<sup>st</sup> December 2019</b>	<b>413,827,325</b>	<b>836,330,446</b>	<b>20,648,888</b>	<b>1,229,508,883</b>		<b>198,043,030</b>	<b>160,055,638</b>	<b>20,505,565</b>	<b>337,593,103</b>	<b>891,915,781</b>

\*\* 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 Valley Boarding School	Director
Ishayat Fashions Limited	Director			
5	Mr. Nemaï Kumar 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	
			Juthi Packaging Industries Limited	Managing Director
			Labib Dyeing Mills Limited	Managing Director
			Nice Cotton Limited	Managing Director
			Excel Telecom (Pvt) Limited	Managing Director
			R & R Agro Complex Limited	Managing Director
			Labib Poultry & Fisheries Limited	Managing Director
			Information Technology Consultants Limited (ITCL)	Director
			X- Telecom (pvt) Limited	Director
Modhumoti Bank 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	Unique Power Plant Limited	Managing Director
			Unique Cement Industries 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
			Meghna Shipbuilders & Dockyard Limited	Managing Director
			Meghna Aviation 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 Steel Fabricate Limited	Managing Director
			Sonargaon Printing & Packaging Industries Limited	Managing Director
			Sonargaon Salt Industries Limited	Managing Director
			Tasnim Condensed Milk Limited	Managing Director
			Cumilla Economic Zone Limited	Managing Director
			Dhaka Securities Limited	Managing Director
			Meghna Seeds Crushing Mills Limited	Managing Director
			Meghna Edible Oils Refinery Limited	Managing Director
			Meghna Pulp & Paper Mills Limited	Managing Director
			Meghna Sugar Refinery Limited	Managing Director
			Meghna Fresh LPG Limited	Managing Director
			Meghna Noodles & Biscuit Factory Limited	Managing Director
			Meghna Ballpen & Accessories MFG Limited	Managing Director
			Meghna Bulk Bag Industries Limited	Managing Director
			Meghna Economic Zone Limited	Managing Director
			Meghna Industrial Economic Zone 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	Unique Power Plant Limited	Director
			Unique Cement Industries 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
			Meghna Shipbuilders & Dockyard Limited	Director
			Meghna Aviation Limited	director
			Global Ad Star Bag Industries Limited	Director
			Surma Mustard Oil Mills Limited	Director
			Tasnim Chemical Complex Limited	Director
			Sonargaon Steel Fabricate Limited	Director
			Sonargaon Printing & Packaging Industries Limited	Director
			Sonargaon Salt Industries Limited	Director
			Tasnim Condensed Milk Limited	Director
			Cumilla Economic Zone Limited	Director
			Dhaka Securities Limited	Director
			Meghna Seeds Crushing Mills Limited	Director
			Meghna Edible Oils Refinery Limited	Director
			Meghna Pulp & Paper Mills Limited	Director
			Meghna Sugar Refinery Limited	Director
			Meghna Fresh LPG Limited	Director
			Meghna Noodles & Biscuit Factory Limited	Director
			Meghna Ballpen & Accessories MFG Limited	Director
			Meghna Bulk Bag Industries Limited	Director
			Meghna Economic Zone Limited	Director
			Meghna Industrial Economic Zone 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 Hotels and Resorts Ltd.	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 Concept & Holdings Limited	Director
			Bengal Feed and Fisheries Limited	Director
			Bengal Renewable Engery Limited	Director
			Power Utility BD Limited	Director
			Hemilton Metal Corporation Limited	Director
			Hemilton Mold and Engineering Limited	Director
			Bengal Retails Limited	Director
Linnex Technologies Limited	Managing Director			
Bengal Melamine 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
			Juthi Packaging Industries Limited	Director
			Labib Dyeing Mills Limited	Director
			Nice Cotton Limited	Director
			Excel Telecom (Pvt) Limited	Director
			Labib Poultry & Fisheries Limited	Director
			Alamgir Ranch	Director
			Modhumoti Bank 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
			Bangladesh Auto Industries Limited	Chairman
			Mango Technologies Limited	Chairman
			Bangladesh Lithium Battery Limited	Chairman
			HKGE Consortium Limited	Chairman
			Playpen Centre	Managing Partner
			Purple Telecom Limited	Chairman
			Platinum Communication Limited	Chairman
			Mango Electronics Limited	Chairman
			Mango Holdings Limited	Managing Director
			Clix Limited	Chairman
			Telefort Limited	Chairman
			CSL Distribution Limited	Chairman
13	Mrs. Ferdousi Islam Representing Azbal International Limited	Director	China Bangla Ceramic Industries Ltd	Chairman
			Bajnabo Textile Mills Ltd	Chairman
			China Bangla Engineering & Technology Services Ltd	Chairman
			Azbal International Limited	Chairman
			Trustee Securities Ltd	Managing Director
			Northern General Insurance Co. Ltd	Director
			Total Merchandising & Trims Ltd	Director
			United Shipping Lines Ltd	Director
			Bengal Tiger Cement Industries Ltd	Director
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
			Unique Cement Industries 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
			Meghna Shipbuilders & Dockyard Limited	Director
			Meghna Aviation Limited	Director
			Global Ad Star Bag Industries Limited	Director
			Surma Mustard Oil Mills Limited	Director
			Tasnim Chemical Complex Limited	Director
			Sonargaon Steel Fabricate Limited	Director
			Sonargaon Printing & Packaging Industries Limited	Director
			Sonargaon Salt Industries Limited	Director
			Tasnim Condensed Milk Limited	Director
			Cumilla Economic Zone Limited	Director
			Dhaka Securities Limited	Director
			Meghna Seeds Crushing Mills Limited	Director
			Meghna Edible Oils Refinery Limited	Director
			Meghna Pulp & Paper Mills Limited	Director
			Meghna Sugar Refinery Limited	Director
			Meghna Fresh LPG Limited	Director
			Meghna Noodles & Biscuit Factory Limited	Director
			Meghna Ballpen & Accessories MFG Limited	Director
			Meghna Bulk Bag Industries Limited	Director
			Meghna Economic Zone Limited	Director
			Meghna Industrial Economic Zone 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
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			
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
Ishayat Fashions Limited	Director			
19	Mr. Yusuf Hussain Humayun	Independent Director	Law & Lawyers	Lawyer
20	Mr. Shaheduzzaman Choudhury	Independent Director	Fakir Fashion Limited	Chief Financial Officer
			Innovative Minds Consulting Limited	Director
21	Mr. Md. Shafiu Azam	Managing Director & CEO	-----	-----

## Highlights on the overall activities

Annexure-C

As at and for the year ended 31 December 2020

Sl. No.	Particulars		2020	2019
1	Paid-up capital	Taka	5,007,030,000	4,746,000,000
2	Total capital	Taka	8,866,126,601	7,237,592,927
3	Capital surplus	Taka	3,895,891,551	2,036,430,232
4	Total assets	Taka	72,914,667,594	71,126,938,936
5	Total deposits	Taka	54,953,717,469	50,120,944,660
6	Total loans and advances	Taka	38,069,781,940	42,507,257,746
7	Total contingent liabilities and commitments	Taka	26,923,832,912	28,781,436,770
8	Advance Deposit Ratio (ADR)	%	62.01%	74.34%
9	Percentage of classified loans against total loans and advances (NPL Ratio)	%	1.22%	2.53%
10	Net Profit after tax and provision (NPAT)	Taka	1,644,903,674	791,295,254
11	Amount of classified loans (NPL)	Taka	463,839,851	1,073,559,590
12	Provisions kept against Classified Loans	Taka	300,700,000	470,500,000
13	Provision surplus/(deficit) against classified loans	Taka	470,182	754,267
14	Cost of fund	%	7.40%	8.60%
15	Interest earning assets	Taka	65,666,820,061	64,130,867,482
16	Non-interest earning assets	Taka	7,247,847,533	6,996,071,454
17	Return on investment (ROI) [PAT/{Average Equity+ Long Term Borrowings+Deposits-Non Cash Fund}]	%	2.54%	1.32%
18	Return on assets (ROA) [PAT/ Average assets]	%	2.28%	1.29%
19	Income from investment	Taka	1,975,278,964	636,384,241
20	Capital to Risk weighted Asset Ratio (CRAR)	%	17.84%	13.92%
21	Stock dividend		-	5.50%
22	Earnings per share (EPS)	Taka	3.29	1.58
23	Net income per share	Taka	3.29	1.58
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
<b>External Revenue</b>			
Interest Income	5,902,496,803	143,043,227	6,045,540,031
Less: Interest Expense	3,456,785,145	96,111,850	3,552,896,994
<b>Net Interest Income</b>	<b>2,445,711,659</b>	<b>46,931,378</b>	<b>2,492,643,036</b>
Commission, exchange and brokerage	411,589,644	2,122,261	413,711,904
Capital gain	779,534,760	-	779,534,760
Other Income	130,225,769	-	130,225,769
<b>Operating Income</b>	<b>3,767,061,831</b>	<b>49,053,638</b>	<b>3,816,115,469</b>
Less: Administrative Expense	1,184,109,456	1,123,008	1,185,232,463
<b>Profit</b>	<b>2,582,952,375</b>	<b>47,930,631</b>	<b>2,630,883,006</b>
<b>Inter-Segment Revenue</b>	-	-	-
<b>Total Segment profit before provision</b>	<b>2,582,952,375</b>	<b>47,930,631</b>	<b>2,630,883,006</b>
<b>Segment Assets</b>	<b>71,409,834,195</b>	<b>1,504,833,399</b>	<b>72,914,667,594</b>
<b>Segment Liabilities</b>	<b>62,898,235,995</b>	<b>1,456,902,768</b>	<b>64,355,138,763</b>

## Statement of Tax Position of the Bank

Annexure-E

As at December 31, 2020

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	Under process
8	2020	2021-2022	715,565,343	Submission of Tax Return is not due
<b>Total</b>			<b>3,373,074,580</b>	

## Off-shore Banking Unit

### Balance Sheet

As at 31 December 2020

Particulars	Note	2020		2019	
		USD	BDT	USD	BDT
<b>PROPERTY AND ASSETS</b>					
<b>Cash</b>					
Cash in hand (including foreign currency)		-	-	-	-
Balance with Bangladesh Bank and its Agents Bank (including foreign currency)		-	-	-	-
<b>Balance with other Banks and financial institutions</b>	3	<b>136,922</b>	<b>11,631,508</b>	<b>442,721</b>	<b>37,587,053</b>
In Bangladesh		-	-	-	-
Outside Bangladesh		136,922	11,631,508	442,721	37,587,053
<b>Money at call on short notice</b>		-	-	-	-
<b>Investments</b>					
Government securities		-	-	-	-
Other investments		-	-	-	-
Outside Bangladesh		-	-	-	-
<b>Loans and advances</b>	4	<b>17,573,077</b>	<b>1,492,832,862</b>	<b>32,206,410</b>	<b>2,734,324,220</b>
Loans, cash credits, overdrafts, etc.		-	-	-	-
Bills purchased and discounted	5	17,573,077	1,492,832,862	32,206,410	2,734,324,220
<b>Fixed assets including premises, furniture and fixtures</b>	6	<b>3,219</b>	<b>273,468</b>	<b>3,219</b>	<b>273,307</b>
<b>Other assets</b>	7	<b>1,125</b>	<b>95,561</b>	<b>26,230</b>	<b>2,226,941</b>
Non Banking Assets		-	-	-	-
<b>Total assets</b>		<b>17,714,343</b>	<b>1,504,833,399</b>	<b>32,678,581</b>	<b>2,774,411,521</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>Liabilities</b>					
<b>Borrowing from other banks, financial Institutions and agents</b>	8	<b>17,050,823</b>	<b>1,448,467,453</b>	<b>32,138,912</b>	<b>2,728,593,660</b>
In Bangladesh		16,650,000	1,414,417,500	26,200,000	2,224,380,000
Outside Bangladesh		400,823	34,049,953	5,938,912	504,213,660
<b>Deposit and other accounts</b>	9	<b>58,235</b>	<b>4,947,060</b>	<b>58,235</b>	<b>4,944,148</b>
Current deposits and other accounts		58,235	4,947,060	58,235	4,944,148
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
<b>Other liabilities</b>	10	<b>41,062</b>	<b>3,488,255</b>	<b>119,559</b>	<b>10,150,524</b>
<b>Total liabilities</b>		<b>17,150,121</b>	<b>1,456,902,768</b>	<b>32,316,706</b>	<b>2,743,688,333</b>
<b>Capital / Shareholders' equity</b>					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
Other reserve		-	-	-	-
Foreign currency translation gain		-	-	-	148,369
Surplus in Profit and Loss Account	11	564,222	47,930,631	361,875	30,574,820
<b>Total shareholders' equity</b>		<b>564,222</b>	<b>47,930,631</b>	<b>361,875</b>	<b>30,723,188</b>
<b>Total liabilities and shareholders' equity</b>		<b>17,714,343</b>	<b>1,504,833,399</b>	<b>32,678,581</b>	<b>2,774,411,521</b>

## Off-shore Banking Unit

### Balance Sheet

As at 31 December 2020

Particulars	Note	2020		2019	
		USD	BDT	USD	BDT
<b>OFF BALANCE SHEET ITEMS</b>					
<b>Contingent liabilities</b>	12				
Acceptances and endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
		-	-	-	-
<b>Other Commitments:</b>					
Documents credit and short term trade -related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
"Undrawn formal standby facilities, credit lines and other commitments"		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-

**Off-shore Banking Unit**  
**Profit and Loss Account**  
For the year ended 31 December 2020

Particulars	Note	2020		2019	
		USD	BDT	USD	BDT
Interest income	13	1,683,852	143,043,227	1,557,666	131,607,189
Less: Interest paid on deposits, borrowings, etc.	14	1,131,393	96,111,850	1,210,518	102,276,680
<b>Net Interest income</b>		<b>552,459</b>	<b>46,931,378</b>	<b>347,148</b>	<b>29,330,509</b>
Income from investment		-	-	-	-
Commission, exchange and brokerage	15	24,982	2,122,261	35,692	3,015,622
Other operating income	16	-	-	-	-
<b>Total operating income</b>		<b>577,441</b>	<b>49,053,638</b>	<b>382,840</b>	<b>32,346,131</b>
Salaries and allowances	17	13,220	1,123,008	16,623	1,404,496
Rent, taxes, insurance, lighting and travelling	18	-	-	1,712	144,651
Legal expenses		-	-	-	-
Postage, stamp, telegram and telephone	19	-	-	4	302
Auditors' fee		-	-	-	-
Stationery, printing and advertisement	20	-	-	92	7,747
Charges on loan loss		-	-	-	-
Managing Director's salary		-	-	-	-
Directors' meeting fee		-	-	-	-
Repair, maintenance and depreciation of assets	21	-	-	659	55,640
Other expenses	22	-	-	1,876	158,476
<b>Total operating expenses</b>		<b>13,220</b>	<b>1,123,008</b>	<b>20,965</b>	<b>1,771,312</b>
<b>Profit before provision</b>		<b>564,222</b>	<b>47,930,631</b>	<b>361,875</b>	<b>30,574,820</b>
Provision for loans & advance, other assets & off BS items		-	-	-	-
<b>Profit before taxation</b>		<b>564,222</b>	<b>47,930,631</b>	<b>361,875</b>	<b>30,574,820</b>



**Off-shore Banking Unit**  
**Cash Flow Statement**  
For the year ended 31 December 2020

Particulars	Note	2020		2019	
		USD	BDT	USD	BDT
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest received in cash		1,683,852	143,043,227	1,557,666	131,607,189
Interest payments		(1,131,393)	(96,111,850)	(1,210,518)	(102,276,680)
Dividend received		-	-	-	-
Fees and commission received in cash		24,982	2,122,261	35,692	3,015,622
Recovery of loans and advances in cash previously written-off		-	-	-	-
Cash paid to employees		(13,220)	(1,123,008)	(16,623)	(1,404,496)
Income tax paid		-	-	-	-
Cash received from other operating activities		-	-	-	-
Cash paid for other operating activities		-	206,390	(3,683)	(160,547)
<b>Cash flows before charges in operating assets and liabilities</b>		<b>564,222</b>	<b>48,137,021</b>	<b>362,534</b>	<b>30,781,088</b>
<b>Increase / Decrease in operating assets and liabilities</b>					
Loans and advances to customers		14,633,333	1,241,491,358	(4,789,283)	(434,027,226)
Other assets		25,105	2,131,380	30,634	2,543,996
Borrowing from Banks		-	-	-	-
Deposits from other Banks		-	-	-	-
Deposit from customers		-	2,912	-	58,235
Other Liabilities		(78,496)	(6,868,820)	35,031	2,904,426
		<b>14,579,943</b>	<b>1,236,756,829</b>	<b>(4,723,617)</b>	<b>(428,520,569)</b>
<b>Net cash from operating activities</b>		<b>15,144,164</b>	<b>1,284,893,851</b>	<b>(4,361,084)</b>	<b>(397,739,480)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of securities		-	-	-	-
Cash payments for purchase of securities		-	-	-	-
Purchase/ Sale of property, Plant & equipment of fixed assets		-	-	-	-
Sales of fixed assets		-	-	-	-
<b>Net cash from investing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Borrowing from other banks, financial institutions and agents		(15,088,089)	(1,280,126,207)	4,830,786	437,441,854
Net profit transferred to main operations		(361,875)	(30,574,820)	(264,265)	(22,066,114)
<b>Net Cash from Financing activities</b>		<b>(15,449,964)</b>	<b>(1,310,701,027)</b>	<b>4,566,521</b>	<b>415,375,739</b>
<b>Net increase/(decrease) in cash and cash equivalent</b>		<b>(305,800)</b>	<b>(25,807,176)</b>	<b>205,437</b>	<b>17,636,259</b>
Effects of exchange rate changes on cash and cash equivalents		-	(148,369)	-	42,663
<b>Opening cash and cash equivalent</b>		<b>442,721</b>	<b>37,587,053</b>	<b>237,284</b>	<b>19,908,131</b>
		<b>136,922</b>	<b>11,631,508</b>	<b>442,721</b>	<b>37,587,053</b>

# Off-shore Banking Unit

## Notes to the Financial Statements

As at and for the year ended 31 December 2020

### 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 1<sup>st</sup> January to 31<sup>st</sup> December 2020.

### 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 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) 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 International 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 84.95 (closing rate as at 31<sup>st</sup> December 2020) and Taka 84.95 (average rate which represents the year end).
- c) Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

	2020		2019	
	USD	BDT	USD	BDT
<b>3.00 Balance with other Banks and Financial Institutions</b>				
In Bangladesh ( <i>Note -3.01</i> )	-	-	-	-
Outside Bangladesh ( <i>Note -3.02</i> )	136,922	11,631,508	442,721	37,587,053
	<b>136,922</b>	<b>11,631,508</b>	<b>442,721</b>	<b>37,587,053</b>
<b>3.01 In Bangladesh</b>	-	-	-	-
	-	-	-	-
<b>3.02 Outside Bangladesh</b>				
Current Account	136,922	11,631,508	442,721	37,587,053
	<b>136,922</b>	<b>11,631,508</b>	<b>442,721</b>	<b>37,587,053</b>
<b>4.00 Loans and advances</b>				
<b>i) Loans, cash credits, overdrafts, etc</b>				
Term Loan				
Lease Finance				
T.R. Loan				
	-	-	-	-
<b>ii) Bills purchased and discounted (note-5)</b>				
<b>Inside Bangladesh</b>				
Inland bills purchased and discounted	16,857,633	1,432,055,943	31,575,899	2,680,793,823
<b>Outside Bangladesh</b>				
Foreign bills purchased and discounted	715,443	60,776,919	630,511	53,530,397
	<b>17,573,077</b>	<b>1,492,832,862</b>	<b>32,206,410</b>	<b>2,734,324,220</b>
	<b>17,573,077</b>	<b>1,492,832,862</b>	<b>32,206,410</b>	<b>2,734,324,220</b>
<b>4.01 Geographical location-wise Loans and Advances</b>				
Dhaka	17,573,077	1,492,832,862	32,206,410	2,734,324,220
Chittagong Division	-	-	-	-
Sylhet	-	-	-	-
Rajshahi Division	-	-	-	-
Khulna	-	-	-	-
Barisal	-	-	-	-
	<b>17,573,077</b>	<b>1,492,832,862</b>	<b>32,206,410</b>	<b>2,734,324,220</b>
<b>4.02 Classification of Loans and Advances</b>				
<b>Unclassified :</b>				
(i) Standard	17,573,077	1,492,832,862	32,206,410	2,734,324,220
(ii) Special mention account	-	-	-	-
<b>Classified :</b>				
(i) Substandard	-	-	-	-
(ii) Doubtful	-	-	-	-
(iii) Bad / Loss	-	-	-	-
	<b>17,573,077</b>	<b>1,492,832,862</b>	<b>32,206,410</b>	<b>2,734,324,220</b>

	2020		2019	
	USD	BDT	USD	BDT
<b>5.00 Bills purchased and discounted</b>				
In Bangladesh	16,857,633	1,432,055,943	31,575,899	2,680,793,823
Outside Bangladesh	715,443	60,776,919	630,511	53,530,397
	<b>17,573,077</b>	<b>1,492,832,862</b>	<b>32,206,410</b>	<b>2,734,324,220</b>
<b>6.00 Fixed assets including premises, furniture and fixtures</b>				
<b>Cost</b>				
Furniture and fixtures	4,196	356,491	4,196	356,281
Electrical Equipments	1,452	123,367	1,452	123,294
	<b>5,649</b>	<b>479,858</b>	<b>5,649</b>	<b>479,575</b>
<b>Less: Accumulated depreciation</b>				
Furniture and fixture	1,436	121,970	1,436	121,899
Electrical Equipments	994	84,420	994	84,370
	<b>2,430</b>	<b>206,390</b>	<b>2,430</b>	<b>206,269</b>
	<b>3,219</b>	<b>273,468</b>	<b>3,219</b>	<b>273,307</b>
<b>7.00 Other assets</b>				
Advance deposits and advance rent	1,125	95,561	1,125	95,505
Other prepaid expense	-	-	25,105	2,131,437
Interest receivable on Bills discount	-	-	-	-
	<b>1,125</b>	<b>95,561</b>	<b>26,230</b>	<b>2,226,941</b>
<b>8.00 Borrowing from other banks, financial Institutions and its agents</b>				
<b>In Bangladesh:</b>				
Modhumoti Bank Limited	9,650,000	819,767,500	7,900,000	670,710,000
Jamuna Bank Limited	2,000,000	169,900,000	1,500,000	127,350,000
Rupali Bank Limited	1,500,000	127,425,000	-	-
South Bangla Agriculture and Commerce Bank Ltd.	-	-	-	-
National Credit and Commerce Bank Limited	3,500,000	297,325,000	3,000,000	254,700,000
Bank Asia Limited	-	-	2,000,000	169,800,000
United Commercial Bank Limited	-	-	6,000,000	509,400,000
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.	-	-	-	-
	<b>16,650,000</b>	<b>1,414,417,500</b>	<b>26,200,000</b>	<b>2,224,380,000</b>
<b>Outside Bangladesh</b>	400,823	34,049,953	5,938,912	504,213,660
	<b>17,050,823</b>	<b>1,448,467,453</b>	<b>32,138,912</b>	<b>2,728,593,660</b>
<b>9.00 Deposit and other accounts</b>				
Current deposits and other accounts	58,235	4,947,060	58,235	4,944,148
Modhumoti Bank Limited	-	-	-	-
Bangladesh Bank	-	-	-	-
	<b>58,235</b>	<b>4,947,060</b>	<b>58,235</b>	<b>4,944,148</b>
<b>10.00 Other liabilities</b>				
Interest payable on borrowings	35,665	3,029,766	111,353	9,453,876
Due to Head Office	5,397	458,490	8,206	696,649
Others	-	-	-	-
	<b>41,062</b>	<b>3,488,255</b>	<b>119,559</b>	<b>10,150,524</b>

	2020		2019	
	USD	BDT	USD	BDT
<b>11.00 Surplus in Profit and Loss Account</b>				
Opening balance	361,875	30,574,820	264,265	22,066,114
Less: Adjustment/ payment for the year	(361,875)	(30,574,820)	(264,265)	(22,066,114)
Add: Addition during the year	564,222	47,930,631	361,875	30,574,820
	<b>564,222</b>	<b>47,930,631</b>	<b>361,875</b>	<b>30,574,820</b>
<b>12.00 Contingent liabilities</b>				
<b>12.01 Acceptance &amp; endorsement</b>				
Back to Back bills	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
<b>12.02 Letters of credits</b>				
Letters of credits	-	-	-	-
Back to Back letter of credit	-	-	-	-
	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
<b>12.03 Letter of guarantee</b>				
Letters of guarantee (Local)	-	-	-	-
Letters of guarantee (Foreign)	-	-	-	-
Foreign counter guarantees	-	-	-	-
	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
<b>12.04 Bills for collection</b>				
Outward local bills for collection	-	-	-	-
Inward foreign bills for collection	-	-	-	-
	-	-	-	-
Less: Margin	-	-	-	-
	-	-	-	-
<b>13.00 Interest income</b>				
Term Loan				
LTR loan				
Bills discount	1,632,387	138,671,310	1,550,354	130,989,441
Others	-	-	-	-
Interest on loans and advances	<b>1,632,387</b>	<b>138,671,310</b>	<b>1,550,354</b>	<b>130,989,441</b>
Interest on balance with other banks and financial institutions	51,465	4,371,917	7,312	617,749
Interest received from foreign banks	-	-	-	-
	51,465	4,371,917	7,312	617,749
Total Interest income	<b>1,683,852</b>	<b>143,043,227</b>	<b>1,557,666</b>	<b>131,607,189</b>
<b>14.00 Interest paid on deposits, borrowings, etc.</b>				
Interest paid on borrowings, etc.	1,131,393	96,111,850	1,210,518	102,276,680
Interest paid on Bangladesh Bank				
	<b>1,131,393</b>	<b>96,111,850</b>	<b>1,210,518</b>	<b>102,276,680</b>

	2020		2019	
	USD	BDT	USD	BDT
<b>15.00 Commission, exchange and brokerage</b>				
Commission, exchange and brokerage	24,982	2,122,261	35,692	3,015,622
	<b>24,982</b>	<b>2,122,261</b>	<b>35,692</b>	<b>3,015,622</b>
<b>16.00 Other operating income</b>				
Postage / SWIFT/ fax recoveries from Others Business	-	-	-	-
	-	-	-	-
<b>17.00 Salaries and Allowances</b>				
Basic salary	5,434	461,598	6,422	542,579
Other Salary & Allowances	7,251	616,012	9,573	808,857
Provident Fund	534	45,398	628	53,060
	<b>13,220</b>	<b>1,123,008</b>	<b>16,623</b>	<b>1,404,496</b>
<b>18.00 Rent, taxes, insurance, electricity etc.</b>				
Rent, rates and taxes	-	-	1,495	126,313
Insurance	-	-	-	-
Electricity and lighting	-	-	217	18,339
	-	-	<b>1,712</b>	<b>144,651</b>
<b>19.00 Postage, stamp, telecommunication etc.</b>				
Postage	-	-	4	302
Telephone	-	-	-	-
	-	-	<b>4</b>	<b>302</b>
<b>20.00 Stationery, printing, advertisements etc.</b>				
Petty stationery	-	-	48	4,020
Publicity and advertisement	-	-	44	3,727
	-	-	<b>92</b>	<b>7,747</b>
<b>21.00 Depreciation and repairs of Bank's assets</b>				
Furniture and fixtures	-	-	389	32,882
Electrical appliance	-	-	269	22,758
Repairs of assets	-	-	-	-
	-	-	<b>659</b>	<b>55,640</b>
<b>22.00 Other expenses</b>				
Security and cleaning	-	-	1,639	138,453
Entertainment	-	-	74	6,220
Travelling expenses	-	-	-	-
Conveyance	-	-	22	1,887
Other expense	-	-	141	11,916
	-	-	<b>1,876</b>	<b>158,476</b>



# Media Highlights

**The Financial Express**  
 VOL. 28 NO. 214 REGD. NO. DA-1988 (Sunday) 20 June 2021 | © Crown FE |  
 Digi-Paper: | Aramb

■ FIRST PAGE ■ POLITICS & POLICIES ■ METRO / NEWS ■ VIEWS & OPINION ■ EDITORIAL ■ VIEWS & REVIEWS ■ LAST PAGE  
 WORLD ■ SPORTS ■ TRADE & MARKET ■ EDUCATION & YOUTH ■ FEATURES & ANALYSIS ■ SPECIAL ISSUES ■ BUDGET FY21: GOLD OF EN

# STOCK & CORPORATE

News Briefs

### Modhumoti Bank holds 7th AGM

© September 19, 2020 00:00:00

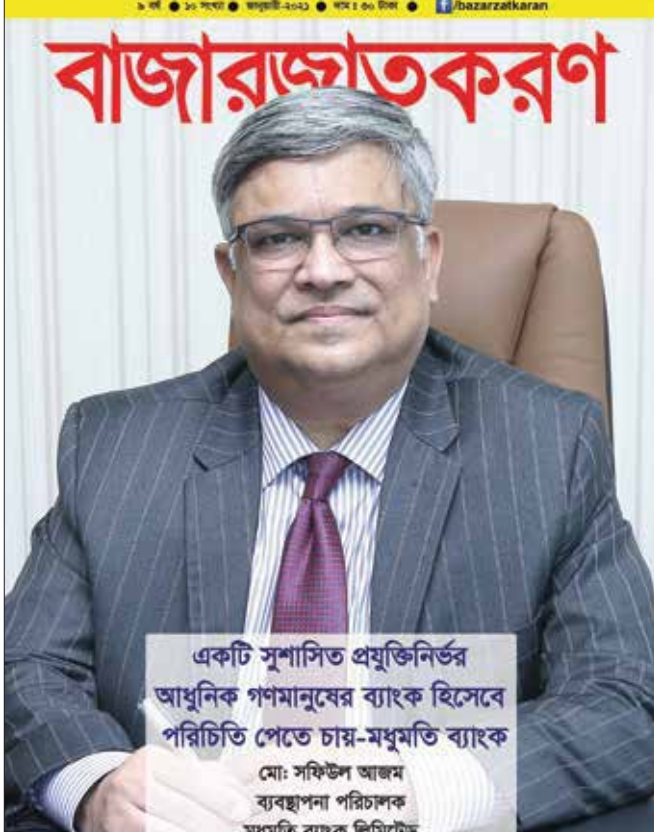


The 7th Annual General Meeting (AGM) of Modhumoti Bank Limited was held on Thursday on digital platform. Mr. Humayun Kabir, Chairman of the Board of Directors of the Bank, presided over the meeting. The meeting approved audited financial statements along with Directors' Report for the year 2019 and also declared 4.5 per cent cash and 5.5 per cent stock dividend for the year 2019. Mr. Shaikh Salahuddin MP, Vice-Chairman, Minister Sheikh Fazle Noor Taposh, Chairman, Executive Committee, Mr. Mostafa Kamal, Chairman, Risk Management Committee, other Directors, Sponsor Shareholders along with Mr. Md. Shaful Azam, Managing Director & CEO of the Bank, and high officials were present.

The seventh Annual General Meeting (AGM) of Modhumoti Bank Limited was held on Thursday on digital platform. Mr. Humayun Kabir, Chairman of the Board of Directors of the Bank, presided over the meeting. The meeting approved audited financial statements along with Directors' Report for the year 2019 and also declared 4.5 per cent cash and 5.5 per cent stock dividend for the year 2019. Mr. Shaikh Salahuddin MP, Vice-Chairman, Minister Sheikh Fazle Noor Taposh, Chairman, Executive Committee, Mr. Mostafa Kamal, Chairman, Risk Management Committee, other Directors, Sponsor Shareholders along with Mr. Md. Shaful Azam, Managing Director & CEO of the Bank, and high officials were present.

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# বাজারজাতকরণ



একটি সুশাসিত প্রযুক্তিনির্ভর  
 আধুনিক গণমানুষের ব্যাংক হিসেবে  
 পরিচিতি পেতে চায়-মধুমতি ব্যাংক  
 মো: সফিউল আজম  
 ব্যবস্থাপনা পরিচালক  
 মধুমতি ব্যাংক লিমিটেড

**NEWAGE Business**

Tax Banking Stocks Apparel Telecom Trade & Commerce Power & Energy Commoditi

TRENDING: national budget for 2021-22 Coronavirus COVID-19 Vaccine golden jubilee of independence

## MMBL holds 100th EC meeting

Published: 00:39, Dec 21, 2020

Modhumoti Bank's 100th executive committee meeting was held on the virtual platform of Zoom on Saturday, said a press release.

The meeting was presided over by executive committee chairman Sheikh Fazle Noor Taposh.

Sharmin Group managing director Mohammad Ismail Hossain, Labib Group chairman Salahuddin Alamgir, Meghna Group chairman Mostafa Kamal, Bengal Group director Humayun Kabir Bablu, Anwar Group group managing director Manwar Hossain and bank's managing director and CEO Md Shaful Azam attended the meeting. — New Age



**The Financial Express**



Modhumoti Bank Limited inaugurated its 45th branch at Faridganj, Chandpur on Monday. Humayun Kabir, Chairman of the board of directors of Modhumoti Bank Limited, inaugurated the branch through a virtual platform while Md. Shaful Azam, Managing Director & CEO of Modhumoti Bank, was present.

**Financial Express** ADVERTISEMENT Tuesday | May 4, 2021 Page 15

**Modhumoti Bank Limited**  
 Your Future Is Success

## Financial Statements 2020

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

Health analysis Business  
 For the year ended 31 December 2020

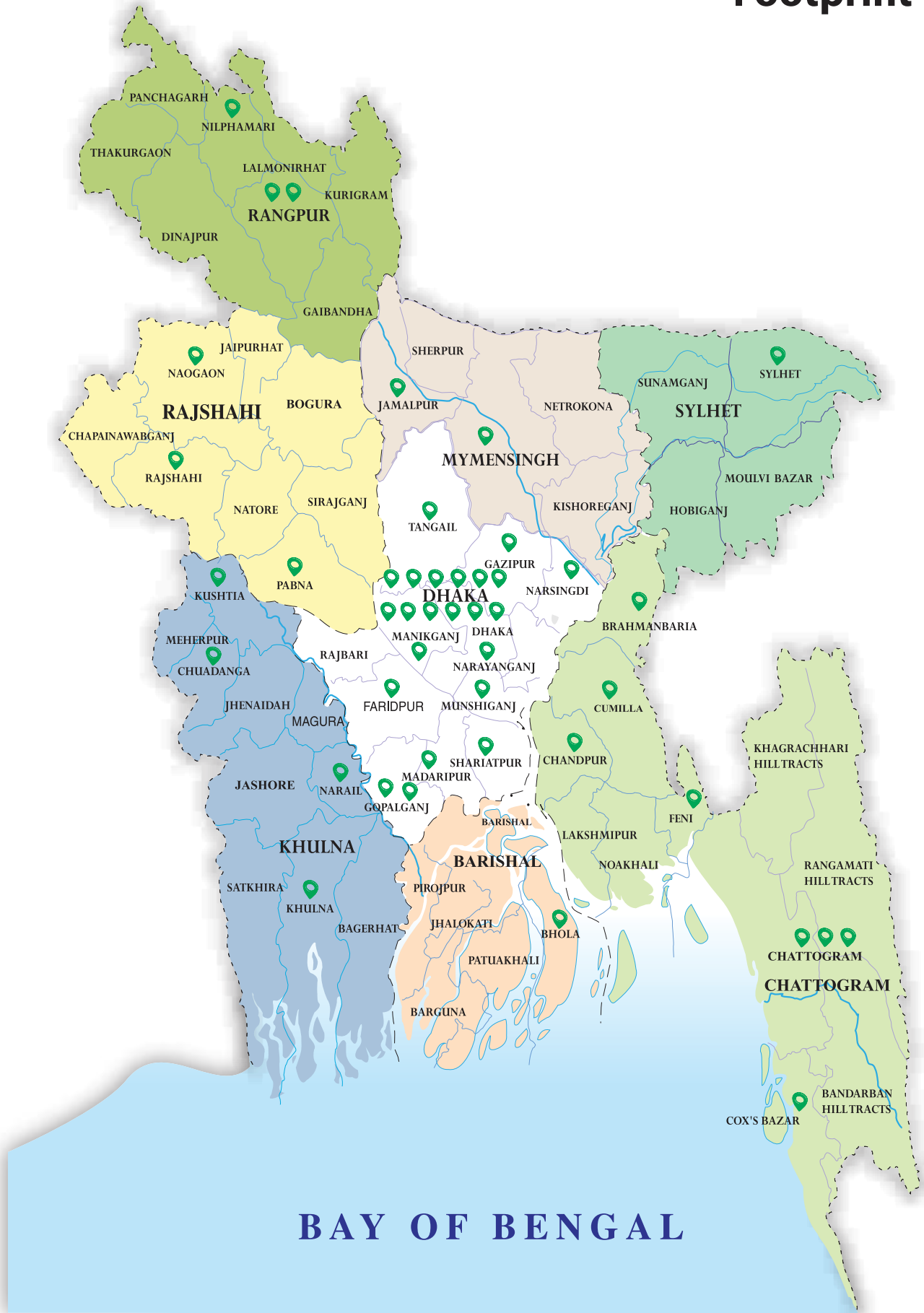
Highlights on the general activities  
 As at and for the year ended 31 December 2020

Particulars	2020	2019
Assets		
Fixed Assets	1,000,000,000	1,000,000,000
Current Assets	1,000,000,000	1,000,000,000
Liabilities		
Capital	1,000,000,000	1,000,000,000
Reserves	1,000,000,000	1,000,000,000
Other Liabilities	1,000,000,000	1,000,000,000

# 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
<b>Charfassion</b> 25 October 2015	Mr. Md. Eyasin Uddin Sohel Principal Officer 01712966868	Zilla Parisad Market (1 <sup>st</sup> floor) Sadar Road, Charfassion, Bhola	(0492) 374067

## Chattogram Division 08 Branches

District: Brahmanbaria			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Ashuganj</b> 13 April 2017	Mr. Dipon Chandra Roy Assistant Vice President 01716690409	Hazi Fazlul Huq Mansion (1 <sup>st</sup> floor) Kachari Road, Ashuganj Sadar Brahmanbaria	-

District: Chandpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Faridganj</b> 07 June 2021	Mr. Md. Jamal Hossain Senior Executive Officer 01714320018	Abdur Rob Plaza (1 <sup>st</sup> floor) Holding-951, Ward-08, Kacharia Faridganj, Chandpur	-

District: Chattogram			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Agrabad</b> 27 November 2014	Mr. Shah Md. Humayun Kabir Vice President 01711566486	Daar-E-Shahidi (1 <sup>st</sup> floor) 69 Agrabad Commercial Area Chattogram	(031) 2520449 (031) 2520450
<b>O. R Nizam Road</b> 16 September 2018	Mr. Mohammad Abu Toyab Vice President 01823925323	Impulse City Center (1 <sup>st</sup> floor, B-1) O. R Nizam Road, Golpahar More Panchlaish, Chattogram	-
<b>Mirsharai</b> 06 August 2019	Mr. Aminul Islam First Assistant Vice President 01815599596	Alauddin Center (1 <sup>st</sup> floor) Abu Torab Bazar, Mayani Union Parishad, Mirsharai, Chattogram	-

District: Cox's Bazar			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Cox's Bazar</b> 30 January 2020	Mr. Mohammed Kawsar Elahee Meah First Assistant Vice President 01977456456	Karim Barmiz Market (1 <sup>st</sup> floor) Main Road, East Bazar Ghata Cox's Bazar Pouroshova, Cox's Bazar	-

District: Cumilla			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Konkapoit</b> 03 August 2017	Mr. Enayet Hossain Robin Senior Executive Officer 01684915370	Al-Mostafa Heritage (1 <sup>st</sup> floor) Konkapoit Bazar, Chouddogram Cumilla	-

District: Feni			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Chhagalnaiya</b> 28 November 2018	Mr. Md. Firoz Ahmmed First Assistant Vice President 01714751809	A.N. Modhumoti Market (1 <sup>st</sup> floor) Haji B Zaman Road-1, Jamaddar Bazar, Chhagalnaiya, Feni	-

<b>Dhaka Division</b>	<b>23 Branches</b>
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District: Dhaka			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Aganagar</b> 14 May 2015	Mr. S.M. Imran Alam First Vice President 01718238244	Alam Tower, East Aganagar Keraniganj, Dhaka	(02) 7761888 (02) 7762111
<b>Ashulia</b> 23 January 2014	Mr. Mohammad Musabbir Hossan First Assistant Vice President 01912637937	Altaf Plaza (1 <sup>st</sup> floor), Alia Madrasa Jamgora, Ashulia Savar, Dhaka	-
<b>Banglamotor</b> 28 November 2016	Mr. Noman Kabir Vice President 01716223007	Rupayan Trade Centre (1 <sup>st</sup> floor) 114 Kazi Nazrul Islam Avenue Banglamotor, Dhaka	(02) 55138544 (02) 55138545 (02) 55138546
<b>Gulshan</b> 30 January 2014	Mr. Mohammad Shanoor Siddique Senior Vice President 01729099654	75 Gulshan Avenue Gulshan-1 Dhaka	(02) 9860392 (02) 9860332 (02) 9860011 (02) 9860310
<b>Mirpur</b> 07 December 2017	Mr. Md. Kawsar Ali Molla First Vice President 01713487990	Mid Town Trade Centre (1 <sup>st</sup> floor) Main Road-3, Section-7, Pallabi Mirpur, Dhaka	(02) 58051128 (02) 58051129
<b>Mitford</b> 02 October 2014	Mr. Md. Kayum Zaman Vice President 01719632906	57-58 Mitford Road Dhaka	(02) 7343678 (02) 7343035
<b>Motijheel</b> 19 September 2013	Mr. Muhammad Amir Hossain Sarker Senior Vice President 01715162664	DCCI Building (ground floor) 65-66, Motijheel C/A, Dhaka-1000	(02) 9586686 (02) 9586687 (02) 9583806
<b>Sheikh Kamal Sarani</b> 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
<b>Uttara</b> 18 December 2014	Mr. Mohammad Omar Faruq Khan Senior Vice President 01712262170	Singapore Plaza (1 <sup>st</sup> floor) House-17, Road-02, Section-03 Uttara Model Town, Dhaka	(02) 7914690 (02) 7914672 (02) 7914696
<b>VIP Road</b> 29 November 2018	Mr. Md. Kamruzzaman Vice President 01711906698	Sel Trident Tower, Suite-202 (1 <sup>st</sup> floor, East Side), 57 (old-66) Purana Paltan Line, Inner Circular (VIP) Road, Dhaka	-
<b>Bangshal</b> 26 December 2019	Mr. Md. Gias Uddin First Vice President 01817562995	Mahmud Tower (1 <sup>st</sup> floor) (Road side), 19 Siddique Bazar North South Road, Dhaka	(02) 9511415 (02) 9511416
<b>Pragati Sarani</b> 26 February 2020	Mr. Md. Al Amin Mian First Assistant Vice President 01916298299	Mysha Chowdhury Tower (1 <sup>st</sup> floor), Gha-30/B, Shahjadpur Pragati Sarani, Dhaka	-

<b>District: Faridpur</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Kanaipur</b> 16 March 2014	Mr. Kazi Arifur Rahman First Assistant Vice President 01755566565	Kanaipur Bahumukhi Shomobay Somity Market (1 <sup>st</sup> floor) Kanaipur Bazar, Kanaipur, Faridpur	-

<b>District: Gazipur</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Mawna</b> 31 October 2016	Mr. Mohammad Almas Ali Principal Officer 01675289818	Haji A. Salam Fakir Super Market (1 <sup>st</sup> floor), Mawna Bazar, Sreepur Gazipur	-

<b>District: Gopalganj</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Sheikh Fajilatunnessa Mujib Eye Hospital</b> 05 June 2016	Mr. Zahirul Islam First Assistant Vice President 01716549220	Rental Hostel (1 <sup>st</sup> floor), Sheikh Fajilatunnessa Mujib Eye Hospital Ghonapara, Gopalganj	(02) 6681254
<b>Muksudpur</b> 12 April 2018	Mr. Md. Moshir Rahman First Assistant Vice President 01712602639	Monowara Shopping Complex (1 <sup>st</sup> floor) Chowrangi, Muksudpur Sadar, Gopalganj	-

<b>District: Madaripur</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Shibchar</b> 29 November 2015	Mr. Mohammad Sanowar Hossain Assistant Vice President 01712677460	Ilias Ahmed Chowdhury Pouro Super Market (1 <sup>st</sup> floor), Shibchar Madaripur	-

<b>District: Manikganj</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Singair</b> 30 January 2020	Mr. Premashish Das Principal Officer 01752338444	Bahadur Mollah Super Market (1 <sup>st</sup> floor), Singair, Manikganj	-

<b>District: Munshiganj</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Shekharnagar</b> 23 March 2016	Mr. Abdul Wadud Principal Officer 01948604206	Baitul Mamur Jame Masjid Market (1 <sup>st</sup> floor), Shekharnagar Sirajdikhan, Munshiganj	-

<b>District: Narayanganj</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Kanchan</b> 16 April 2015	Mr. Md. Ziaul Wahid Assistant Vice President 01717430466	Chan Plaza (1 <sup>st</sup> floor), Kanchan Bazar, Rugganj, Narayanganj	-

District: Narsingdi			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Shibpur</b> 27 December 2017	Mr. Md. Aynal Haque First Assistant Vice President 01717939712	Holding No.135/1 (1 <sup>st</sup> floor) College Gate, Shibpur Sadar Narsingdi	-

District: Shariatpur			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Bhedarganj</b> 28 July 2019	Mr. Mohammad Abu Zamih Senior Executive Officer 01722261596	Maa Plaza (1 <sup>st</sup> floor), Tiringir More Bhedarganj Upazila, Shariatpur	-

District: Tangail			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Shakhipur</b> 13 November 2014	Mr. Nasirul Amin First Assistant Vice President 01717784891	SMG Shopping Complex (1 <sup>st</sup> floor) Dhaka Road, Shakhipur Bazar Tangail	-

<b>Khulna Division</b>	<b>04 Branches</b>
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District: Chuadanga			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Jibannagar</b> 27 March 2014	Mr. Kazi Shakhawat Hossain Principal Officer 01718770568	Eva Tower (1 <sup>st</sup> floor), Changkhali Road, Jibannagar, Chuadanga	-

District: Khulna			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Khulna</b> 31 March 2016	Mr. Mohammad Anas Senior Vice President 01736242718	Islam Trade Centre (1 <sup>st</sup> floor) 18 KDA Avenue, Khulna	-

District: Kushtia			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Bheramara</b> 02 February 2017	Mr. Md. Asfakur Rahaman Assistant Vice President 01914948576	Professor Para, Godown More Bheramara, Kushtia	-

District: Narail			
Branch Name/ Date of opening	Manager Details	Address	Phone
<b>Kalia</b> 30 July 2018	Mr. Sharif Abu Aslam Principal Officer 01914154493	778 Godown Road, Ramnagar Kalia Pouroshova, Kalia, Narail	-

**Mymensingh Division****02 Branches**

<b>District: Jamalpur</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Melandaha</b> 11 April 2019	Mr. Mohammad Jahidul Islam First Assistant Vice President 01746666620	Zinnah Super Market (1 <sup>st</sup> floor) Melandaha Bazar, Melandaha Jamalpur	-

<b>District: Mymensingh</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Shambhuganj</b> 10 October 2016	Mr. Mohammad Ataul Huq Principal Officer 01961225769	Saha Market (1 <sup>st</sup> floor) Shambhuganj Bazar Shambhuganj, Mymensingh	-

**Rajshahi Division****03 Branches**

<b>District: Naogaon</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Naogaon</b> 26 December 2017	Mr.. Md. Anamul Haque Senior Executive Officer 01775508837	Time Square (1 <sup>st</sup> floor), Bazar Road, Naogaon Sadar Naogaon	(0741) 81481 (0741) 81482

<b>District: Pabna</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Pabna</b> 07 June 2018	Mr. A.A. Shamsul Azam Principal Officer 01713078761	Omar Shopping Complex (1 <sup>st</sup> floor), 65 M. M Ali Road Shibrampur, Pabna Sadar, Pabna	-

<b>District: Rajshahi</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Rajshahi</b> 20 October 2015	Mr. Muhammad Imran Alam First Vice President 01713065982	RCCI Chamber Building (1 <sup>st</sup> floor) Station Road, Rajshahi	(0721) 770428 (0721) 770429

**Rangpur Division****03 Branches**

<b>District: Rangpur</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Pirganj</b> 11 February 2016	Mr. Md. Mostafizur Rahman First Assistant Vice President 01818267237	Zaman Plaza (1 <sup>st</sup> floor), 653 Thana Road, Pirganj, Rangpur	(05227) 56208
<b>Rangpur</b> 03 October 2019	Mr. Md. Abul Kalam Azad First Assistant Vice President 01716337301	Ray Mansion (1 <sup>st</sup> floor) Holding-268, Central Road Rangpur	-



<b>District: Nilphamari</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Saidpur</b> 03 October 2019	Mr. Imran Mohammadullah First Assistant Vice President 01715156756	Loknath Tower, (1 <sup>st</sup> floor) Shahid Dr. Zikrul Hoque Road Saidpur, Nilphamari	-

<b>Sylhet Division</b>	<b>01 Branch</b>
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<b>District: Sylhet</b>			
<b>Branch Name/ Date of opening</b>	<b>Manager Details</b>	<b>Address</b>	<b>Phone</b>
<b>Amberkhana</b> 17 November 2013	Mr. Nahian Khan First Assistant Vice President 01714428137	Central Plaza, Holding -784 Airport Road, Kotwali, Sylhet	-

However, The Bank has already set up its own ATMs (total 43) 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
	JIANGSU HAIAN RURAL COMMERCIAL BANK CO.,LTD
	ZHEJIANG MINTAI COMMERCIAL BANK
	EGYPT
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
	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
	CITY HONG KONG
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
	Yes Bank Limited

Country	Bank Name
ITALY	BANCA POPOLARE DELL'EMILIA ROMAGNA
	BANCA UBAE SPA
	CREDITO EMILIANO S.P.A. ITALY
	KBC BANK NV, ITALY
	BANCA AGRICOLA COMMERCIALE ISTITUTO BANCARIO SAMMARINESE S.P.A
	BANCA POPOLARI DI SONDRIA
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
	WOORI BANK, SK
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
	PEOPLE'S BANK SRI LANKA
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 Points

#### District: Bhola

Upazila: Charfassion		Monitoring Branch: Charfassion	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Aslampur Union Digital Point 28-11-17	Minhazul Islam 01714868232	Aslampur Union Parishad Charfassion Upazila, Bhola	
Jahanpur Union Digital Point 28-11-17	Mohammad Omar Faruk 01741005087	Jahanpur Union Parishad Charfassion Upazila, Bhola	
Hazariganj Union Digital Point 28-11-17	Md. Hasnain (Al Amin) 01716607517	Hazariganj Union Parishad Charfassion Upazila, Bhola	
Abu Bakarpur Union Digital Point 28-11-17	Md. Jahirul Islam 01727 924531	Abu Bakarpur Union Parishad Charfassion Upazila, Bhola	

### Chattogram Division 09 Agent Points

#### District: Chattogram

Upazila: Sitakundu		Monitoring Branch: O.R Nizam Road	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Barobkonda Union Digital Point 17-07-19	Farjana Akter Ruby 01828026853	Barobkonda Union Parishad, Sitakunda Chattogram	
Baroidala Union Digital Point 17-07-19	Uttam Kumar Dhe 01859751740	Baroidala Union Parishad, Sitakunda Chattogram	
Banshbaria Union Digital Point 17-07-19	Md. Salauddin 01814181552	Banshbaria Union Parishad, Sitakunda Chattogram	
Kumira Union Digital Point 17-07-19	Md. Abdus Salam 01670345411	Kumira Union Parishad, Sitakunda Chattogram	
Muradpur Union Digital Point 17-07-19	Gazi Md. Shahidul Alam 01811596964	Muradpur Union Parishad, Sitakunda Chattogram	
Salimpur Union Digital Point 17-07-19	Taslima Akter 01763490575	Salimpur Union Parishad, Sitakunda Chattogram	
Sayedpur Union Digital Point 17-07-19	Ferjana Akter 01830295965	Sayedpur Union Parishad, Sitakunda Chattogram	
Sonaichori Union Digital Point 17-07-19	Md. Kurban Ali 01813302097	Sonaichori Union Parishad, Sitakunda Chattogram	
Vatiary Union Digital Point 17-07-19	Shampa Chowdary 01722082098	Vatiary Union Parishad, Sitakunda Chattogram	

### Dhaka Division 159 Agent Points

#### District: Dhaka

Upazila: Nawabganj		Monitoring Branch: Shekharnagar	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Churain Union Digital Point 30-08-16	Md. Monjurul Islam 01624940264	Churain Union Parishad, Nawabganj, Dhaka	
Barha Union Digital Point 30-08-16	Md. Sohel Rana 01918539221	Barha Union Parishad Nawabganj, Dhaka	

Upazila: Nawabganj		Monitoring Branch: Shekharnagar	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Agla Union Digital Point 23-11-16	Sazzadur Rashid 01821179444	Agla Union Parishad Nawabganj Upazila, Dhaka	
Galimpur Union Digital Point 23-11-16	Kona Akter 01912373222	Galimpur Union Parishad Nawabganj Upazila, Dhaka	

### District: Faridpur

Upazila: Bhanga		Monitoring Branch: Muksudpur	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Hamirdi Union Digital Point 30-09-18	Milu Miah 01927352916	Hamirdi Union Parishad Bhanga Upazila, Faridpur	
Tuzarpur Union Digital Point 30-09-18	Md. Arif Hossain 01756077147	Tuzarpur Union Parishad Bhanga Upazila, Faridpur	
Nasirabad Union Digital Point 30-09-18	Tonmoy Goshal 01716757759	Nasirabad Union Parishad Bhanga Upazila, Faridpur	
Chumurdi Union Digital Point 30-09-18	Md. Sharif Molla 0174967337	Chumurdi Union Parishad Bhanga Upazila, Faridpur	
Manikdha Union Digital Point 30-09-18	Md. Prince Mahmud 01761535147	Manikdha Union Parishad Bhanga Upazila, Faridpur	
Kawlibera Union Digital Point 30-09-18	Habibur Rahman 01703080842	Kawlibera Union Parishad Bhanga Upazila, Faridpur	
Algi Union Digital Point 30-09-18	Swapna Akter 01918-227602	Algi Union Parishad Bhanga Upazila, Faridpur	
Gharua Union Digital Point 30-09-18	Shahin Molla 01729159976	Gharua Union Parishad Bhanga Upazila, Faridpur	

Upazila: Faridpur Sadar		Monitoring Branch: Kanaipur	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Kaijuri Union Digital Point 15-11-16	Md. Romjan Khan 01713575727	Kaijuri Union Parishad Sadar Upazila, Faridpur	
Krishnanagar Union Digital Point 15-11-16	Md. Omar Faruque 01717556772	Krishnanagar Union Parishad Sadar Upazila, Faridpur	
Aliabad Union Digital Point 30-09-19	Md. Razib Hasan 01721090180	Aliabad Union Parishad Faridpur Sadar, Faridpur	
Ambikapur Union Digital Point 30-09-19	RokshanaParvin 01758814587	Ambikapur Union Parishad Faridpur Sadar, Faridpur	

Upazila: Modhukhali		Monitoring Branch: Kanaipur	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Jahapur Union Digital Point 15-11-16	Md Abu Jafar 01711730154	Jahapur Union Parishad Modhukhali Upazila, Faridpur	
Raipur Union Digital Point 15-11-16	Md. Rajon 01711448062	Raipur Union Parishad Modhukhali Upazila, Faridpur	
Dumain Union Digital Point 30-09-19	Sahin Molla 01933478055	Kamarkhali Union Parishad Modhukhali Upazila, Faridpur	
Dumain Union Digital Point 30-09-19	Monogit Mondol 01705796444	Dumain Union Parishad Modhukhali Upazila, Faridpur	

<b>Upazila: Saltha</b>		<b>Monitoring Branch: Kanaipur</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Atghor Union Digital Point 05-08-18	Md. Tarek Islam 01714285346	Atghor Union Parishad Saltha Upazila, Faridpur	
Sonapur Union Digital Point 05-08-18	Md. Hannan Khan 01911564552	Sonapur Union Parishad Saltha Upazila, Faridpur	
Jadunandi Union Digital Point 05-08-18	Md. Abul Basar Juwel 0175766611	Jadunandi Union Parishad Saltha Upazila, Faridpur	
Ramkantapur Union Digital Point 05-08-18	Md. Anayet Hossain Molla 01720588479	Ramkantapur Union Parishad Saltha Upazila, Faridpur	
Ballabadi Union Digital Point 05-08-18	Sajedul Islam 01741392917	Ballabadi Union Parishad Saltha Upazila, Faridpur	
Bhawal Digital Point 05-08-18	Sonjoy Biswas 01716796672	Bhawal Union Parishad Saltha Upazila, Faridpur	
Majhardia Union Digital Point 05-08-18	Md. Ripon Hossain 01757796889	Majhardia Union Parishad Saltha Upazila, Faridpur	
Gatti Union Digital Point 28-01-19	Md. Robiul Islam 01794349410	Gatti Union Parishad Saltha Upazila, Faridpur	

### District: Gazipur

<b>Upazila: Sreepur</b>		<b>Monitoring Branch: Mawna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Barmi Union Digital Point 08-01-17	Md. Mubarak Hossain 01717815037	Barmi Union Parishad Sreepur Upazila, Gazipur	
Gazipur Union Digital Point 08-01-17	Md. Sohorab Hossain 01728918418	Gazipur Union Parishad Sreepur Upazila, Gazipur	
Mawna Union Digital Point 08-01-17	Razib Mollah 01740633093	Mawna Union Parishad Sreepur Upazila, Gazipur	
Telihat Union Digital Point 08-01-17	Mahotab Uddin 01914177156	Telihat Union Parishad Sreepur Upazila, Gazipur	
Kaoraid Union Digital Point 08-01-17	Md. Monwar Hossain 01768602306	Kaoraid Union Parishad Sreepur Upazila, Gazipur	

### District: Gopalganj

<b>Upazila: Gopalganj Sadar</b>		<b>Monitoring Branch: SFMEH</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Ulpur Union Digital Point 30-10-16	Rasel Chowdhury 01721745843	Ulpur Union Parishad, Gopalganj Sadar Upazila, Gopalganj	
Majhigati Union Digital Point 30-10-16	Avisek Biswas 01737759881	Majhigati Union Parishad, Gopalganj Sadar Upazila, Gopalganj	
Kajulia Union Digital Point 30-10-16	Mukul Sheikh 01736420510	Kajulia Union Parishad, Gopalganj Sadar Upazila, Gopalganj	
Raghunathpur Union Digital Point 30-10-16	Ashikol Islam 01728156981	Raghunathpur Union Parishad Gopalganj Sadar Upazila, Gopalganj	
Kati Union Digital Point 30-10-16	Md. Shafiqul Alam 01712440338	Kati Union Parishad, Gopalganj Sadar Upazila, Gopalganj	
Chandradigholia Union Digital Point 12-12-17	S M Touhidul Islam 01922802557	Chandradigholia Union Parishad Sadar Upazila, Gopalganj	
Nizra Union Digital Point 12-12-17	Rabiul Islam 01734551919	Nizra Union Parishad, Sadar Upazila Gopalganj	

<b>Upazila: Gopalganj Sadar</b>		<b>Monitoring Branch: SFMEH</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Sahapur Union Digital Point 12-12-17	Ashok Sarkar 01728818585	Sahapur Union Parishad Sadar Upazila, Gopalganj	
Jalalabad Union Digital Point 12-12-17	Md. Meherabul Islam 01714881747	Jalalabad Union Parishad Sadar Upazila, Gopalganj	
Satpar Union Digital Point 26-04-18	Kamalesh Mandol 01719762405	Satpar Union Parishad Sadar Upazila, Gopalganj	
Boultali Union Digital Point 26-04-18	Iyamin Munsu 01721200071	Boultali Union Parishad Sadar Upazila, Gopalganj	
Latifpur Union Digital Point 26-04-18	Md. Kabir Hossain 01719172719	Latifpur Union Parishad Sadar Upazila, Gopalganj	
Gobra Union Digital Point 26-04-18	Dulal Chandra Biswas 01711519817	Gobra Union Parishad Sadar Upazila, Gopalganj	
Paikkandi Union Digital Point 26-04-18	Md. Sagar Sarder 01632122904	Paikkandi Union Parishad Sadar Upazila, Gopalganj	
Karpara Union Digital Point 26-04-18	Md. Osman Molla 01725609190	Karpara Union Parishad Sadar Upazila, Gopalganj	
Borashi Union Digital Point 26-04-18	Debashis Bairagy 01317897752	Borashi Union Parishad Sadar Upazila, Gopalganj	
Urfa Union Digital Point 26-04-18	Md. Rana Khan 01757902780	Urfa Union Parishad Sadar Upazila, Gopalganj	
Durgapur Union Digital Point 07-10-18	Shofikul Islam 01812623756	Durgapur Union Parishad Sadar Upazila, Gopalganj	
Haridaspur Union Digital Point 29-01-19	Pabitra Sarkar 01773399642	Haridaspur Union Parishad Sadar Upazila, Gopalganj	

<b>Upazila: Kashiani</b>		<b>Monitoring Branch: SFMEH</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Moheshpur Digital Point 12-12-17	Azizur Rahman 01718448861	Moheshpur Union Parishad Kashiani Upazila, Gopalganj	
Orakandi Union Digital Point 12-12-17	Palash Chandra Tikader 01739571830	Orakandi Union Parishad Kashiani Upazila, Gopalganj	
Parulia Union Digital Point 12-12-17	Sajol Molla 01948066175	Parulia Union Parishad Kashiani Upazila, Gopalganj	
Ratoil Union Digital Point 12-12-17	Arifuzzaman Shichir 01712505196	Ratoil Union Parishad Kashiani Upazila, Gopalganj	
Sazail Union Digital Point 12-12-17	Ibna Jabir Munshi 01928794581	Sazail Union Parishad Kashiani Upazila, Gopalganj	
Kashiani Union Digital Point 26-04-18	Rubiya Akhter 01706170301	Kashiani Union Parishad Kashiani Upazila, Gopalganj	
Bethuri Union Digital Point 29-01-19	Kamal Biswas 01990325657	Bethuri Union Parishad Kashiani Upazila, Gopalganj	
Fukra Union Digital Point 29-01-19	Shah Alam 01736592133	Fukra Union Parishad Kashiani Upazila, Gopalganj	
Hatiara Union Digital Point 29-01-19	Progga Sarkar 01727730207	Hatiara Union Parishad Kashiani Upazila, Gopalganj	
Puisur Union Digital Point 29-01-19	Murad Ali Sikder 01715621035	Puisur Union Parishad Kashiani Upazila, Gopalganj	
Nijamkandi Union Digital Point 29-01-19	Liton Shekh 01981089525	Nijamkandi Union Parishad Kashiani Upazila, Gopalganj	
Mahmudpur Union Digital Point 29-01-19	Angshu Pati Mistry 01756453848	Mahmudpur Union Parishad Kashiani Upazila, Gopalganj	

<b>Upazila: Kotalipara</b>		<b>Monitoring Branch: SFMEH</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Amtali Union Digital Point 12-12-17	Rumon Mia 01915595640	Amtali Union Parishad KotaliparaUpazila,Gopalganj	
Hiron Union Digital Point 12-12-17	Md. Omar Faruk 01920205922	Hiron Union Parishad KotaliparaUpazila,Gopalganj	
Pinjuri Union Digital Point 12-12-17	Sifat Ahmad 01934324702	Pinjuri Union Parishad Kotalipara Upazila, Gopalganj	
Ramshil Union Digital Point 26-04-18	Dipankar Barai 0191378153	Ramshil Union Parishad Kotalipara Upazila, Gopalganj	
Kushla Union Digital Point 26-04-18	Mohiuddin Fakir 01753445000	Kushla Union Parishad Kotalipara Upazila, Gopalganj	
Suagram Union Digital Point 26-04-18	Subash Chandra Hazra 01933517702	Suagram Union Parishad Kotalipara Upazila, Gopalganj	
Kalabari Union Digital Point 26-04-18	Ramlal Barai 01966572000	Kalabari Union Parishad Kotalipara Upazila, Gopalganj	
Sadullapur Union Digital Point 26-04-18	Biplab Chakroborti 01710157104	Sadullapur Union Parishad Kotalipara Upazila, Gopalganj	
Bandhabari Union Digital Point 26-04-18	Asadul Sheikh 01976229622	Bandhabari Union Parishad Kotalipara Upazila, Gopalganj	
Radhaganj Union Digital Point 07-10-18	Anup Bagchi 01913950225	Radhaganj Union Parishad Kotalipara Upazila, Gopalganj	
Kandi Union Digital Point 28-05-19	MonimohanBarai 01713578889	Kandi Union Parishad KotaliparaUpazila, Gopalganj	

<b>Upazila: Muksudpur</b>		<b>Monitoring Branch: Muksudpur</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Bahugram Union Digital Point 12-12-17	Rakibul Hasan Molla 01767499646	Bahugram Union Parishad Muksudpur Upazila, Gopalganj	
Jalirpar Union Digital Point 12-12-17	Sumon Mojumdar 01758689021	Jalirpar Union Parishad Muksudpur Upazila, Gopalganj	
Khandarpara Union Digital Point 12-12-17	Nuralam Shaikh 01712325360	Khandarpara Union Parishad Muksudpur Upazila, Gopalganj	
Ujani Union Digital Point 12-12-17	Sujit Mandal 01740595899	Ujani Union Parishad Muksudpur Upazila, Gopalganj	
Poshargati Union Digital Point 26-07-18	Ahasan Habib 01721312273	Poshargati Union Parishad Muksudpur Upazila, Gopalganj	
Gobindopur Union Digital Point 26-07-18	Gobinda Biswas 01717065987	Gobindopur Union Parishad Muksudpur Upazila, Gopalganj	
Bashbaria Union Digital Point 26-07-18	Sujit Kumar Bain 01724527223	Bashbaria Union Parishad Muksudpur Upazila, Gopalganj	
Moharajpur Union Digital Point 26-07-18	Fardous Rahman 01711309359	Moharajpur Union Parishad Muksudpur Upazila, Gopalganj	
Batikamari Union Digital Point 26-07-18	Rafiqul Islam 01712984383	Batikamari Union Parishad Muksudpur Upazila, Gopalganj	
Dignagar Union Digital Point 26-07-18	Kanchan Molla 01713577948	Dignagar Union Parishad Muksudpur Upazila, Gopalganj	
Gohala Union Digital Point 26-07-18	Sujon Roy 01711514476	Gohala Union Parishad Muksudpur Upazila, Gopalganj	
Kashalia Union Digital Point 26-07-18	Mohammad Shahabuddin Shaikh 01710810490	Kashalia Union Parishad Muksudpur Upazila, Gopalganj	



<b>Upazila: Muksudpur</b>		<b>Monitoring Branch: Muksudpur</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Nanikhir Union Digital Point 26-07-18	Milton Chandra Mondal 01712471823	Nanikhir Union Parishad Muksudpur Upazila, Gopalganj	
Rajpat Union Digital Point 26-07-18	Nawsher Ali Molla 01717241121	Rajpat Union Parishad Muksudpur Upazila, Gopalganj	
Vabrasur Union Digital Point 28-01-19	Sakib Mia 01756251090	Vabrasur Union Parishad Muksudpur Upazila, Gopalganj	
Mochna Union Digital Point 28-01-19	Chandi Das 01774769488	Mochna Union Parishad Muksudpur Upazila, Gopalganj	
Raghdhi Union Digital Point 28-01-19	Palash Chandra 01775607830	Raghdhi Union Parishad Muksudpur Upazila, Gopalganj	

<b>Upazila: Tungipara</b>		<b>Monitoring Branch: SFMEH</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Borni Union Digital Point 30-10-16	Rinku Mia 01677720749	Borni Union Parishad TungiparaUpazila, Gopalganj	
Patgati Union Digital Point 30-10-16	Maynul Islam Opu 01711515003	Patgati Union Parishad TungiparaUpazila, Gopalganj	
Kushli Union Digital Point 26-04-18	Zahangir Alam 01716123403	Kushli Union Parishad Tungipara Upazila, Gopalganj	
Dumria Union Digital Point 26-04-18	Sohel 01712612225	Dumria Union Parishad TungiparaUpazila,Gopalganj	
Gopalpur Union Digital Point 26-04-18	Asit Biswas 01728382551	Gopalpur Union Parishad Tungipara Upazila, Gopalganj	

### **District: Madaripur**

<b>Upazila: Madaripur Sadar</b>		<b>Monitoring Branch: Shibchar</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Bahadurpur Union Digital Point 07-05-18	Saidur Rahman 01765423600	Bahadurpur Union Parishad Sadar Upazila, Madaripur.	
Kalkapur Union Digital Point 07-05-18	Md. Rubel 01777827038	Kalkapur Union Parishad Sadar Upazila, Madaripur	
Kendua Union Digital Point 07-05-18	Rifat Azad 01920740848	Kendua Union Parishad Sadar Upazila, Madaripur	
Shirkhara Union Digital Point 07-05-18	Nazmul Rahman 01763319265	Shirkhara Union Parishad Sadar Upazila, Madaripur	
Jhaoudi Union Digital Point 07-05-18	Shafikul Isalm 01727922352	Jhaoudi Union Parishad Sadar Upazila, Madaripur	
Khoajpur Union Digital Point 07-05-18	Juel 01930658203	Khoajpur Union Parishad Sadar Upazila, Madaripur	
Chilarchar Union Digital Point 07-05-18	Dulal Sarnokar 01742509267	Chilarchar Union Parishad Sadar Upazila, Madaripur	
Ghatmajhi Union Digital Point 07-05-18	Mohammad Alauddin Khan 01917459643	Ghatmajhi Union Parishad Sadar Upazila, Madaripur	
Rasti Union Digital Point 07-05-18	Md. Muhibullah 01761730408	Rasti Union Parishad Sadar Upazila, Madaripur	
Dhurail Union Digital Point 07-05-18	Sharmin Akter 01758367933	Dhurail Union Parishad Sadar Upazila, Madaripur	
Kunia Union Digital Point 07-05-18	Emon 01765673246	Kunia Union Parishad Sadar Upazila, Madaripur	

Upazila: Madaripur Sadar		Monitoring Branch: Shibchar	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Pearpur Union Digital Point 07-05-18	Ariful Islam 01912761609	Pearpur Union Parishad Sadar Upazila, Madaripur	
Mostafapur Union Digital Point 11-02-19	Kazi Dalia 01864488695	Mostafapur Union Parishad Sadar Upazila, Madaripur	
Panch Kholā Union Digital Point 11-02-19	Sajib Matubber 01928789269	Panch Kholā Union Parishad Sadar Upazila, Madaripur	
Dudkhali Union Digital Point 11-02-19	Tawfina 01924812005	Dudkhali Union Parishad Sadar Upazila, Madaripur	

Upazila: Rajoir		Monitoring Branch: Shibchar	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Ishibpur Union Digital Point 07-05-18	Arafat Hosen 01711308444	Ishibpur Union Parishad Rajoir Upazila, Madaripur	
Badarpasha Union Digital Point 07-05-18	Md. Arifur Rahman Miah 01712793917	Badarpasha Union Parishad Rajoir Upazila, Madaripur	
Paikpara Union Digital Point 07-05-18	Md. Merajul Islam 01714799725	Paikpara Union Parishad Rajoir Upazila, Madaripur	
Bajitpur Union Digital Point 07-05-18	Md. Arifur Rahman Miah 01712793917	Badarpasha Union Parishad Rajoir Upazila, Madaripur	
Khalia Union Digital Point 07-05-18	Habiba Akter 01765518928	Khalia Union Parishad Rajoir Upazila, Madaripur	
Kadambari union Digital Point 07-05-18	Prokash Chandra Bhakta 01743549226	Kadambari Union Parishad Rajoir Upazila, Madaripur	
Amgram Union Digital Point 07-05-18	Kabir Hossain 01746681179	Amgram Union Parishad Rajoir Upazila, Madaripur	
Hossenpur Digital Point 07-05-18	Naima Akter 01768902389	Hossenpur Union Parishad Rajoir Upazila, Madaripur	
Horidasdi Union Digital Point 07-05-18	Md. Easin Sheikh Tipu 01718437221	Horidasdi Union Parishad Rajoir Upazila, Madaripur	
Kabirajpur Union Digital Point 07-05-18	Salma Khanom 01720097582	Kabirajpur Union Parishad Rajoir Upazila, Madaripur	

Upazila: Shibchar		Monitoring Branch: Shibchar	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Dattapara Union Digital Point 08-03-16	Kawsar Munsī 01771111008	Dattapara Union Parishad ShibcharUpazila, Madaripur	
Umedpur Union Digital Point 08-03-16	Md. Rubayet Hussain 01735183853	Umedpur Union Parishad ShibcharUpazila, Madaripur	
Kutubpur Union Digital Point 30-03-16	Md. KarimMolla 01728613647	Kutubpur Union Parishad ShibcharUpazila, Madaripur	
Khathalbari Union Digital Point 28-04-16	Md. Suruj Miah 01717459761	Khathalbari Union Parishad Shibchar Upazila, Madaripur	
Banshkandi Union Digital Point 28-04-16	Sahanaz Parvin 01621940577	Banshkandi Union Parishad ShibcharUpazila, Madaripur	
Madborerchor Union Digital Point 30-06-16	Md. Shohidul Islam 01990733233	Madborerchor Union Parishad ShibcharUpazila, Madaripur	
Shiruail Union Digital Point 30-06-16	Md. Ruhul Amin 01725362001	Shiruail Union Parishad ShibcharUpazila, Madaripur	
Bhadrason Union Digital Point 30-06-16	Biplob Chandra Pal 01718518999	Bhadrason Union Parishad ShibcharUpazila, Madaripur	

<b>Upazila: Shibchar</b>		<b>Monitoring Branch: Shibchar</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Sannasirchar Union Digital Point 15-11-17	Aspreya 01791605511	Sannasirchar Union Parishad Shibchar Upazila, Madaripur	
Kadirpur Union Digital Point 15-11-17	Abu Syid Miah 01729140809	Kadirpur Union Parishad Shibchar Upazila, Madaripur	
Panchar Union Digital Point 15-11-17	Md. Simul Hossain 01752088000	Panchar Union Parishad Shibchar Upazila, Madaripur	

**District : Tangail**

<b>Upazila: Delduar</b>		<b>Monitoring Branch: Shakhipur</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Pathrail Union Digital Point 27-04-17	Asim Kumar Ghosh 01713562313	Pathrail Union Parishad Delduar Upazila, Tangail	
Atia Union Digital Point 27-04-17	Palash Chandra Mondol 01714830346	Atia Union Parishad Delduar Upazila, Tangail	
Dewli Union Digital Point 27-04-17	Aklima Akter 01740016478	Dewli Union Parishad Delduar Upazila, Tangail	
Dubail Union Digital Point 27-04-17	LitonKumer Paul 01915428687	Dubail Union Parishad Delduar Upazila, Tangail	
Elasin Union Digital Point 27-04-17	Shariful Islam 01733031466	Elasin Union Parishad Delduar Upazila, Tangail	
Fazilhati Union Digital Point 27-04-17	Zesmin Akter Talukder 01716240171	Fazilhati Union Parishad Delduar Upazila, Tangail	
Lauhati Union Digital Point 27-04-17	Md. Jahangir Alam 01742634944	Lauhati Union Parishad Delduar Upazila, Tangail	
Delduar Union Digital Point 27-04-17	Md. Jowel Miah 01671978840	Delduar Union Parishad Delduar Upazila, Tangail	

<b>Upazila: Nagarpur</b>		<b>Monitoring Branch: Shakhipur</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Salimabad Union Digital Point 17-10-17	Md. Imran Hossen 01716292937	Salimabad Union Parishad Nagarpur Upazila, Tangail	
Gayhata Union Digital Point 17-10-17	Md. Ariful Islam 01716222913	Gayhata Union Parishad Nagarpur Upazila, Tangail	
Mokna Union Digital Point 17-10-17	Md. Abdullah 01762358316	Mokna Union Parishad Nagarpur Upazila, Tangail	
Dhubria Union Digital Point 17-10-17	Md. Nazrul Islam 01734327110	Dhubria Union Parishad Nagarpur Upazila, Tangail	
Doptiar Union Digital Point 17-10-17	Md. Babul Hossain 01722404026	Doptiar Union Parishad Nagarpur Upazila, Tangail	
Nagarpur Union Digital Point 17-10-17	Aynal Kabir 01717992474	Nagarpur Union Parishad Nagarpur Upazila, Tangail	
Bhadra Union Digital Point 17-10-17	Md. Ahidur Rahman 01712898823	Bhadra Union Parishad Nagarpur Upazila, Tangail	
Bekra Atgram Union Digital Point 17-10-17	Shahida Parvin 01714827426	Bekra Atgram Union Parishad Nagarpur Upazila, Tangail	
Shahabatpur Union Digital Point 17-10-17	Md. Nur Alam Khan 01748069796	Shahabatpur Union Parishad Nagarpur Upazila, Tangail	
Mamudnagar Union Digital Point 17-10-17	Md. Sariful Islam 01727583228	Mamudnagar Union Parishad Nagarpur Upazila, Tangail	

Upazila: Nagarpur		Monitoring Branch: Shakhipur
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address
Pakutia Union Digital Point 17-10-17	Mohammad Amdad Hossen 01753560884	Pakutia Union Parishad Nagarpur Upazila, Tangail
Bharra Union Digital Point 17-10-17	Md. Razib Miah 01746792813	Bharra Union Parishad Nagarpur Upazila, Tangail

Upazila: Shakhipur		Monitoring Branch: Shakhipur
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address
Boheratoil Union Digital Point 04-02-16	Md. Saddam Hosen 01748104633	Boheratoil Union Parishad ShakhipurUpazila, Tangail
Kakrajan Union Digital Point 04-02-16	Habibur Rahman 01718291840	Kakrajan Union Parishad ShakhipurUpazila, Tangail
Jadobpur Union Digital Point 07-03-16	Md. Rubel Rana 01725111025	Jadobpur Union Parishad ShakhipurUpazila, Tangail
Hatibandha Union Digital Point 26-07-16	Golam Mostafa 01724834830	Hatibandha Union Parishad ShakhipurUpazila, Tangail
Gazaria Union Digital Point 31-08-16	Md. Liton 01737114566	Gazaria Union Parishad ShakhipurUpazila, Tangail
Dariapur Union Digital Point 31-08-16	Mohammad Masum 01713537347	Dariapur Union Parishad ShakhipurUpazila, Tangail

<b>Khulna Division</b>	<b>96 Agent Points</b>
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<b>District: Bagerhat</b>
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Upazila: Chitolmari		Monitoring Branch: SFMEH
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address
Barabaria Union Digital Point 26-09-17	Sujon Sheikh 01740947626	Barabaria Union Parishad Chitolmari Upazila, Bagerhat
Kolatala Union Digital Point 26-09-17	Mintu Sheikh 017322519015	Kolatala Union Parishad Chitolmari Upazila, Bagerhat
Shibpur Union Digital Point 26-09-17	Md. Abdullah Al Mamun 01934171217	Shibpur Union Parishad Chitolmari Upazila, Bagerhat
Santoshpur Union Digital Point 26-09-17	Salma Akter 01700882846	Santoshpur Union Parishad Chitolmari Upazila, Bagerhat
Charbaniari Union Digital Point 26-09-17	Mithun Biswas 01913348087	Charbaniari Union Parishad Chitolmari Upazila, Bagerhat
Chitolmari Union Digital Point 26-09-17	Md. Abul Hosen 01930361826	Chitolmari Union Parishad Chitolmari Upazila, Bagerhat
Hizla Union Digital Point 26-09-17	Gobinda Ray 01925382622	Hizla Union Parishad Chitolmari Upazila, Bagerhat

Upazila: Fakirhat		Monitoring Branch: Khulna
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address
Fakirhat Union Digital Point 28-09-17	Dalia Khatun 01783158970	Fakirhat Union Parishad Fakirhat Upazila, Bagerhat
Piljang Union Digital Point 28-09-17	Mousumi Khatun 01787189026	Piljang Union Parishad Fakirhat Upazila, Bagerhat
Shuvodia Union Digital Point 28-09-17	Md. Mazharul Islam 01741418875	Shuvodia Union Parishad Fakirhat Upazila, Bagerhat
Lakhpur Union Digital Point 28-09-17	Md. Deloar Hossain 01950643552	Lakhpur Union Parishad Fakirhat Upazila, Bagerhat

Upazila: Fakirhat		Monitoring Branch: Khulna	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Naldha-Maubhogh Union Digital Point 28-09-17	Abdullahil Mamun 01851672959	Naldha-Maubhogh Union Parishad Fakirhat Upazila, Bagerhat	
Betaga Union Digital Point 28-09-17	Md. Iqbal Hossain 01920182262	Betaga Union Parishad Fakirhat Upazila, Bagerhat	
Mulghar Union Digital Point 28-09-17	Masura Khatun 01825478007	Mulghar Union Parisha Fakirhat Upazila, Bagerhat	
Bahirdia Mansa Union Digital Point 28-09-17	Farzana Khatun 01722467015	Bahirdia Mansa Union Parishad Fakirhat Upazila, Bagerhat	

Upazila: Mollahat		Monitoring Branch: SFMEH	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Kulia Union Digital Point 31-10-16	Md. Shafikul Islam 01635176326	Kulia Union Parishad Mollahat Upazila, Bagerhat	
Gaola Union Digital Point 31-10-16	Bodruzzaman 01723445307	Gaola Union Parishad Mollahat Upazila, Bagerhat	
Kudalia Union Digital Point 31-10-16	Shamim Khan 01630181463	Kudalia Union Parishad Mollahat Upazila, Bagerhat	
Atjuri Union Digital Point 31-10-16	Md. Zillur Rahman 01718849675	Atjuri Union Parishad Mollahat Upazila, Bagerhat	
Udaypur Union Digital Point 31-10-16	Kishor Kumar Sarkar 01911579200	Udaypur Union Parishad Mollahat Upazila, Bagerhat	
Chunkhola Union Digital Point 31-10-16	Sheikh Wobayedur Rahman 01912770775	Chunkhola Union Parishad Mollahat Upazila, Bagerhat	
Gangni Union Digital Point 31-10-16	Shamirul Islam 01712174197	Gangni Union Parishad Mollahat Upazila, Bagerhat	

### District: Khulna

Upazila: Batiaghata		Monitoring Branch: Khulna	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Jalma Union Digital Point 16-11-16	Sheuli Bachar 01912261158	Jalma Union Parishad Batiaghata Upazila, Khulna	
Batiaghata Union Digital Point 16-11-16	Prianka Biswas 01916485204	Batiaghata Union Parishad Batiaghata Upazila, Khulna	
Gongarampur Union Digital Point 16-11-16	Sumon Mondol 01952686165	Gongarampur Union Parishad Batiaghata Upazila, Khulna	
Amirpur Union Digital Point 16-11-16	Md. Mahidul Islam 01717249489	Amirpur Union Parishad Batiaghata Upazila, Khulna	
Bhanderkote Union Digital Point 16-11-16	Md. Monirul Islam 01925216241	Bhanderkote Union Parishad Batiaghata Upazila, Khulna	
Baliadanga Union Digital Point 03-10-19	S.M. ShohailAjmir 01718100623	Baliadanga Union Parishad Batiaghata, Khulna	

Upazila: Dacope		Monitoring Branch: Khulna	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Banishanta Union Digital Point 25-07-18	Palash Roy 01946433481	Banishanta Union Parishad Dacope Upazila, Khulna	
Kamarkhola Union Digital Point 25-07-18	Sanjib Banarjee 01943986532	Kamarkhola Union Parishad Dacope Upazila, Khulna	
Tildanga Union Digital Point 25-07-18	Parikhit Bairagi 01911838323	Tildanga Union Parishad Dacope Upazila, Khulna	

<b>Upazila: Dacope</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Dacope Union Digital Point 25-07-18	Biswajit Raptan 01915516532	Dacope Union Parishad Dacope Upazila, Khulna	
Kailashgonj Union Digital Point 25-07-18	Uttam Mondal 01918810740	Kailashgonj Union Parishad Dacope Upazila, Khulna	
Bajua Union Digital Point 25-07-18	Pappu Saha 01918189989	Bajua Union Parishad Dacope Upazila, Khulna	
Loudob Union Digital Point 25-07-18	Govinda Roy	Loudob Union Parishad Dacope Upazila, Khulna	
Shutarkhali Union Digital Point 25-07-18	Raju Gazi 01951420793	Shutarkhali Union Parishad Dacope Upazila, Khulna	
Pankhali Union Digital point 03-10-19	Shibani Ray 01950774101	Pankhali Union Parishad Dacope Upazila, Khulna	

<b>Upazila: Digholia</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Aranghata Union Digital Point 27-09-17	Melon Ray 01911140398	Aranghata Union Parishad Digholia Upazila, Khulna	
Barakpur Union Digital Point 27-09-17	Md. Abdul Wahid Moral 01920504546	Barakpur Union Parishad Digholia Upazila, Khulna	
Digholia Union Digital Point 27-09-17	Hasib Israk Nayan 01925513695	Digholia Union Parishad Digholia Upazila, Khulna	
Gazirhat Union Digital Point 27-09-17	Uzzal Biswas 01732592876	Gazirhat Union Parishad Digholia Upazila, Khulna	
Jogipal Union Digital Point 27-09-17	Manira Akter 01914143840	Jogipal Union Parishad Digholia Upazila, Khulna	
Senhati Union Digital Point 27-09-17	G.M Shariful Islam 01911399485	Senhati Union Parishad Digholia Upazila, Khulna	

<b>Upazila: Dumuria</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Kharnia Union Digital Point 15-03-17	S Jahabur Rahman 01914652536	Kharnia Union Parishad Dumuria Upazila, Khulna	
Dumuria Union Digital Point 15-03-17	Md. Abdul Kader Biswas 01713991636	Dumuria Union Parishad Dumuria Upazila, Khulna	
Rangpur Union Digital Point 15-03-17	Lithu Mondal 01710147536	Rangpur Union Parishad Dumuria Upazila, Khulna	
Sharafpur Union Digital Point 15-03-17	Bipradas Kundu 01712394155	Sharafpur Union Parishad Dumuria Upazila, Khulna	
Sahas Union Digital Point 15-03-17	Prokash Chandra Biswas 01713914988	Sahas Union Parishad Dumuria Upazila, Khulna	
Vandarpara Union Digital Point 15-03-17	Lab Gain 01713920597	Vandarpara Union Parishad Dumuria Upazila, Khulna	
Atlia Union Digital Point 27-09-17	Santo Kumer Mitra 01718780858	Atlia Union Parishad Dumuria Upazila, Khulna	
Gutudia Union Digital Point 27-09-17	Shekhar Kumer Mondal 01915518565	Gutudia Union Parishad Dumuria Upazila, Khulna	
Dhamalia Union Digital Point 03-10-19	Md. Jahangir Alom 01711210912	Dhamalia Union Parishad Dumuria Upazila, Khulna	
Maguraghona Union Digital Point 03-10-19	MotiarRahman 01774907070	Maguraghona Union Dumuria Upazila, Khulna	
Magurkhali Union Digital Point 03-10-19	NobodipSarker 01716605372	Magurkhali Union Parishad Dumuria Upazila, Khulna	

<b>Upazila: Koyra</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Moharajpur Union Digital Point 03-10-19	Md. Ahsan Habib 01916053089	Moharajpur Union Parishad Koyra Upazila, Khulna	
Koyra Union Digital Point 03-10-19	Md. Mehedi Hasan 01916053089	Koyra Union Parishad Koyra Upazila, Khulna	
Amadi Union Digital Point 03-10-19	Liton Ahmed 01920513076	Amadi Union Parishad Koyra Upazila, Khulna	
Bagali Union Digital Point 03-10-19	Md. Akbar Hossain 01911232424	Bagali Union Parishad Koyra Upazila, Khulna	
Moheswaripur Union Digital Point 03-10-19	Sushanta Kumar Sana 01927475443	Moheswaripur Union Parishad Koyra Upazila, Khulna	
North Bedkashi Union Digital Point 03-10-19	Md. Nuruzzaman 01915910728	North Bedkashi Union Parishad Koyra Upazila, Khulna	
South Bedkashi Union Digital Point 03-10-19	Md. Nazmul Islam 01715864240	South Bedkashi Union Parishad Koyra Upazila, Khulna	

<b>Upazila: Paikgacha</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Horidhali Union Digital Point 27-09-17	Anamul Ahmed 01749090666	Horidhali Union Parishad Paikgacha Upazila, Khulna	
Laskar Union Digital Point 27-09-17	Mohammad Osman Ali 01710643388	Laskar Union Parishad Paikgacha Upazila, Khulna	
Raruli Union Digital Point 27-09-17	Sumon Debnath 01746159192	Raruli Union Parishad Paikgacha Upazila, Khulna	
Chandkhali Union Digital Point 27-09-17	Md. Habibur Rahman (Habib) 01708636760	Chandkhali Union Parishad Paikgacha Upazila, Khulna	
Gadaipur Union Digital Point 27-09-17	Kazi Hasnat Hossain 01708915805	Gadaipur Union Parishad Paikgacha Upazila, Khulna	
Lata Union Digital Point 27-09-17	Bimanesh Sarkar 01761733397	Lata Union Parishad Paikgacha Upazila, Khulna	
Kapilmuni Union Digital Point 27-09-17	Md. Monirul Islam 01719032711	Kapilmuni Union Parishad Paikgacha Upazila, Khulna	
Deluti Union Digital Point 27-09-17	Sadananda Gain 01711272086	Deluti Union Parishad Paikgacha Upazila, Khulna	
Soladana Union Digital Point 27-09-17	Amirul Islam Gazi 01916682156	Soladana Union Parishad Paikgacha Upazila, Khulna	
Garaikhali Union Digital Point 27-09-17	Abu Hena Mostafa Kamal 01916002004	Garaikhali Union Parishad Paikgacha Upazila, Khulna	

<b>Upazila: Phultala</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Atra Gilatala Union Digital Point 27-09-17	Md. Shanewas Sardar 01918606731	Atra Gilatala Union Parishad Phultala Upazila, Khulna	
Damodar Union Digital Point 27-09-17	Md. Ilias Gazi 01916284398	Damodar Union Parishad Phultala Upazila, Khulna	
Phultala Union Digital Point 27-09-17	Muzahidul Islam 01913227117	Phultala Union Parishad Phultala Upazila, Khulna	
Zamira Union Digital Point 27-09-17	Md. Alamgir Hossain 01762473508	Zamira Union Parishad Phultala Upazila, Khulna	

<b>Upazila: Rupsha</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Noihati Union Digital Point 17-11-16	Md. Al Mamun Sk. Shimul 01711928591	Noihati Union Parishad Rupsha Upazila, Khulna	
Tilok Salpo Bahirdia Union Digital Point 17-11-16	Prodip Halder 01787464551	T.S Bahirdia Union Parishad Rupsha Upazila, Khulna	
Sreefaltala Union Digital Point 17-11-16	Md. Easir Arafat 01911295220	Sreefaltala Union Parishad Rupsha Upazila, Khulna	
Ghatbhogh Union Digital Point 17-11-16	Prodip Kumar Sharkar 01842953098	Ghatbhogh Union Parishad Rupsha Upazila, Khulna	
Aichgati Union Digital Point 17-11-16	Md. Ahsan Ahmed 01913436403	Aichgati Union Parishad Rupsha Upazila, Khulna	

<b>Upazila: Terokhada</b>		<b>Monitoring Branch: Khulna</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Sachiadah Union Digital point 03-10-19	Lasker Sohanur Rahman 01689985988	Sachiadah Union Parishad Terokhada Upazila, Khulna	
Chagladah Union Digital point 03-10-19	KaziAshikuzzaman 01719850487	Chagladah Union Parishad Terokhada Upazila, Khulna	
Ajagarah Union Digital point 03-10-19	Sumon Kumar Biswas 01913402967	Ajagarah Union Parishad Terokhada Upazila, Khulna	
Madhupur Union Digital point 03-10-19	ZasimUddin 01972971187	Madhupur Union Parishad Terokhada Upazila, Khulna	

#### **District: Narail**

<b>Upazila: Kalia</b>		<b>Monitoring Branch: Kalia</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
1 No. Babra Hasla Union Digital Point 31-03-19	Md. Abu Taher 01747816375	1 No. Babra Hasla Union Parishad, Kalia Upazila, Narail	
2 No. Purulia Union Digital Point 31-03-19	Md. Monirujaman 01686083909	2 No. Purulia Union Parishad Kalia Upazila, Narail	
3 No. Hamidpur Union Digital Point 31-03-19	Md. Tutul Ali Meer 01944251598	3 No. Hamidpur Union Parishad, Kalia Upazila, Narail	
4 No. Mouli Union Digital Point 31-03-19	Broja Kishore Das 01718847547	4 No. Mouli Union Parishad Kalia Upazila, Narail	
6 No. Khasial Union Digital Point 31-03-19	Md. Shaheen Chowdhury 01749850004	6 No. Khasial Union Parishad Kalia Upazila, Narail	
7 No. Joynagar Union Digital Point 31-03-19	Md. Jashim Uddin 01719177256	7 No. Joynagar Union Parishad, Kalia Upazila, Narail	
8 No. Kalabaria Union Digital Point 31-03-19	S. M Shohag Rana 01712036993	8 No. Kalabaria Union Parishad, Kalia Upazila, Narail	
9 No. Baisona Union Digital Point 31-03-19	S. M. Nayeem Hosen 01761421494	9 No. Baisona Union Parishad, Kalia Upazila, Narail	
11 No. Peroli Union Digital Point 31-03-19	Md. Shamim Hossen 01949867591	11 No. Peroli Union Parishad Kalia Upazila, Narail	
12 No. Chanchuri Union Digital Point 31-03-19	Md. Shamim Hossen 01725306708	12 No. Chanchuri Union Parishad, Kalia Upazila, Narail	
13 No. Barnal Eliasabad Union Digital Point 31-03-19	Tisha Khatun 01980941013	13 No. Barnal Eliasabad Union Parishad Kalia Upazila, Narail	
14 No. Panchgrame Union Digital Point 31-03-19	Hossain Islam 01729360028	14 No. Panchgrame Union Parishad Kalia Upazila, Narail	



## District: Mymensingh

Upazila: Gouripur		Monitoring Branch: Shambhugonj	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Gouripur Union Digital Point 08-09-17	Mst. Ripa Akter 01740846656	Gouripur Union Parishad Gouripur Upazila, Mymensingh	
Mailakanda Union Digital Point 08-09-17	Sudipta Sarker 01960122387	Mailakanda Union Parishad Gouripur Upazila, Mymensingh	
Achintapur Union Digital Point 08-09-17	Hasim Uddin 01714914162	Achintapur Union Parishad Gouripur Upazila, Mymensingh	
Bokainagar Union Digital Point 08-09-17	Hussain Ahmmed 01713593490	Bokainagar Union Parishad Gouripur Upazila, Mymensingh	
Maoha Union Digital Point 08-09-17	Md. Touhidul Islam 01736851706	Maoha Union Parishad GouripurUpazila, Mymensingh	
Sahanati Union Digital Point 08-09-17	Md. Golam Mahmud Faridi 01710738211	Sahanati Union Parishad GouripurUpazila, Mymensingh	
Sidhla Union Digital Point 27-02-19	Md. Ziaur Rohman 01919808720	Sidhla Union Parishad, GouripurUpazila, Mymensingh	
Ramgopalpur Union Digital Point 27-02-19	Minara Akther 01988346382	Ramgopalpur Union Parishad Gouripur Upazila, Mymensingh	
Dowhakhala Union Digital Point 27-02-19	Abu Hanif Ahammad 01712046452	Dowhakhala Union Parishad Gouripur Upazila, Mymensingh	
Bhangnamari Union Digital Point 27-02-19	Abdullah Al Mamon 01735449428	Bhangnamari Union Parishad Gouripur Upazila, Mymensingh	

Upazila: Ishwarganj		Monitoring Branch: Shambhugonj	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Atharabari Union Digital Point 11-08-17	Md. Saddam Hossain 01926268338	Atharabari Union Parishad Ishwarganj Upazila, Mymensingh	
Ishwarganj Union Digital Point 11-08-17	Bilkis Akter 01740824452	Ishwarganj Union Parishad Ishwarganj Upazila, Mymensingh	
Jatia Union Digital Point 11-08-17	Mohammad Mossarrof Hossen 01761526263	Jatia Union Parishad Ishwarganj Upazila, Mymensingh	
Magtula Union Digital Point 11-08-17	Md. Atikur Rahman 01683420338	Magtula Union Parishad Ishwarganj Upazila, Mymensingh	
Maijbag Union Digital Point 11-08-17	Anisuzzaman 01714707199	Maijbag Union Parishad Ishwarganj Upazila, Mymensingh	
Rajibpur Union Digital Point 11-08-17	Md. Aktaruzzaman 01763579775	Rajibpur Union Parishad Ishwarganj Upazila, Mymensingh	
Sarisha Union Digital Point 11-08-17	Md. Mazharul Islam 01761915218	Sarisha Union Parishad Ishwarganj Upazila, Mymensingh	
Sohagi Union Digital Point 11-08-17	Shohel Rana 01725062988	Sohagi Union Parishad Ishwarganj Upazila, Mymensingh	
Tarundia Union Digital Point 11-08-17	Siddiqur Rahman 01749300717	Tarundia Union Parishad Ishwarganj Upazila, Mymensingh	
Uchakhila Union Digital Point 11-08-17	Md. Hamidur Rahman 01740873983	Uchakhila Union Parishad Ishwarganj Upazila, Mymensingh	

Upazila: Mymensingh Sadar		Monitoring Branch: Shambhugonj	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Sirta Union Digital Point 26-12-16	Md. Hasanul Islam 01727808443	Sirta Union Parishad, Sadar Upazila, Mymensingh	
Poran Gonj Union Digital Point 26-12-16	Delowar Hossain 01735711106	Poran Gonj Union Parishad Sadar Upazila, Mymensingh	
Borar Char Union Digital Point 26-12-16	Mohammad Shirazul Islam 01740847194	Borar Char Union Parishad Sadar Upazila, Mymensingh	
Char Nilaxmia Union Digital Point 26-12-16	Abdul Jalil 01553913032	Char Nilaxmia Union Parishad Sadar Upazila, Mymensingh	
Boira Union Digital Point 27-12-16	A K M Rezaul Karim 01710500787	Boira Union Parishad, Sadar Upazila, Mymensingh	
Dapunia Union Digital Point 27-12-16	Md. Ruhul Amin 01713515725	Dapunia Union Parishad Sadar Upazila, Mymensingh	
Ghagra Union Digital Point 27-12-16	Md. Kamruzzaman 01719377530	Ghagra Union Parishad Sadar Upazila, Mymensingh	
Khagdahar Union Digital Point 27-12-16	Md. Monirul Hoque Masud 01742717151	Khagdahar Union Parishad Sadar Upazila, Mymensingh	
Austadhar Union Digital Point 27-12-16	Md. Nahid Hasan 01925028639	Austadhar Union Parishad Sadar Upazila, Mymensingh	
Char Iswardia Union Digital Point 27-12-16	Kamrul Hasan 01879360302	Char Iswardia Union Parishad Sadar Upazila, Mymensingh	
Bhabkhali Union Digital Point 27-02-19	Md. Amdadul Haque 01734326822	Bhabkhali Union Parishad Sadar Upazila, Mymensingh	
Kustia Union Digital Point 27-02-19	Mst. Selina Nasnin 01736815597	Kustia Union Parishad, Sadar Upazila, Mymensingh	

Upazila: Tarakanda		Monitoring Branch: Shambhugonj	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Tarakanda Union Digital Point 25-04-17	Manik Mia 01838352427	Tarakanda Union Parishad Tarakanda Upazila, Mymensingh	
Kamaria Union Digital Point 25-04-17	Juwel Mia 01831036355	Kamaria Union Parishad Tarakanda Upazila, Mymensingh	
Rampur Union Digital Point 25-04-17	Md. Faruk Ahmed 01722907835	Rampur Union Parishad Tarakanda Upazila, Mymensingh	
Banihala Union Digital Point 25-04-17	Md. Mozammel Hoq 01750722283	Banihala Union Parishad Tarakanda Upazila, Mymensingh	
Galagaon Union Digital Point 25-04-17	Md. Ruhul Amin 01737199541	Galagaon Union Parishad Tarakanda Upazila, Mymensingh	
Kamargaon Union Digital Point 25-04-17	Md. Kamal Hossain 01718946088	Kamargaon Union Parishad Tarakanda Upazila, Mymensingh	
Biska Union Digital Point 25-04-17	Md. Suzan Mia 01724372819	Biska Union Parishad Tarakanda Upazila, Mymensingh	
Kakni Union Digital Point 27-02-19	Al Mamun 01920403094	Kakni Union Parishad Tarakanda Upazila, Mymensingh	

### Rajshahi Division

37 Agent Points

### District: Naogaon

Upazila: Manda		Monitoring Branch: Naogaon	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Vhalain Union Digital Point 31-07-19	Md. Sirajul Islam 01736156672	Vhalain Union Parishad Manda Upazila, Naogaon	

<b>Upazila: Manda</b>		<b>Monitoring Branch: Naogaon</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Manda Union Digital Point 31-07-19	Md. Saiful Islam 01734644721	Manda Union Parishad Manda Upazila, Naogaon	
Gonespur Union Digital Point 31-07-19	NunnaharKhatun 01937490188	Gonespur Union Parishad Manda Upazila, Naogaon	
Mainam Union Digital Point 31-07-19	Milon Kumar Mondal 01717927449	Mainam Union Parishad Manda Upazila, Naogaon	
Kusumba Union Digital Point 31-07-19	AnamulHossainMridha 01724340451	Kusumba Union Parishad Manda Upazila, Naogaon	
Tentulia Union Digital Point 31-07-19	Shah Md. Atikur Rahman 01771706262	Tentulia Union Parishad Manda Upazila, Naogaon	
Prosadpur Union Digital Point 31-07-19	Sohag Babu 01746334282	Prosadpur Union Parishad Manda Upazila, Naogaon	

<b>Upazila: Naogaon Sadar</b>		<b>Monitoring Branch: Naogaon</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Kirtipur Union Digital Point 31-07-19	Md. Shaykat Bin Sultan 01751565715	Kirtipur Union Parishad Naogaon Sadar Upazila, Naogaon	
Boktarpur Union Digital Point 31-07-19	Md. Shahadat Hossain 01750371405	Boktarpur Union Parishad Naogaon Sadar, Naogaon	
Tilakpur Union Digital Point 31-07-19	Md. Abdul Hannan 01715484732	Tilakpur Union Parishad Naogaon Sadar Upazila, Naogaon	
Dubalhati Union Digital Point 31-07-19	Md. Robiul Islam 01739038600	Dubalhati Union Parishad Naogaon Sadar Upazila, Naogaon	
Hasaigari Union Digital Point 31-07-19	Md. Sumon Ahmed 01722711515	Hasaigari Union Parishad Naogaon Sadar Upazila, Naogaon	
Chandipur Union Digital Point 31-07-19	Md. MotalebHosseini 01722705721	Chandipur Union Parishad Naogaon Sadar Upazila, Naogaon	
Shikarpur Union Digital Point 31-07-19	Md. Biplob Hossen 01738420756	Shikarpur Union Parishad Naogaon Sadar Upazila, Naogaon	
Sailgachi Union Digital Point 31-07-19	Md. Salim Sardar 01771661446	Sailgachi Union Parishad Naogaon Sadar Upazila, Naogaon	

<b>Upazila: Porsha</b>		<b>Monitoring Branch: Naogaon</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Mosidpur Union Digital Point 31-07-19	Md. Farhad Hossain 01736071882	Mosidpur Union Parishad Porsha Upazila, Naogaon	

### **District: Rajshahi**

<b>Upazila: Durgapur</b>		<b>Monitoring Branch: Rajshahi</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Naopara Union Digital Point 18-04-19	Ayub Ansari 01751362037	Naopara Union Parishad Durgapur Upazila, Rajshahi	
Kismatgankoir Union Digital Point 18-04-19	Md. Asaduzzaman Shekh 01737599516	Kismatgankoir Union Parishad Durgapur Upazila, Rajshahi	
Pananagar Union Digital Point 18-04-19	Md. Tawhid Hasan 01730501220	Pananagar Union Parishad Durgapur Upazila, Rajshahi	
Jhaluka Union Digital Point 18-04-19	Md. Saddam Hosen 01744813481	Jhaluka Union Parishad DurgapurUpazila, Rajshahi	

Upazila: Durgapur		Monitoring Branch: Rajshahi	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Maria Union Digital Point 18-04-19	Mijanur Rahman 01740120980	Maria Union Parishad DurgapurUpazila, Rajshahi	
Joynagar Union Digital Point 18-04-19	Md. Mehedi Al Imam 01712719070	Joynagar Union Parishad DurgapurUpazila, Rajshahi	

Upazila: Godagari		Monitoring Branch: Rajshahi	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Deopara Union Digital Point 09-03-17	Md. Mahafujul Haque 01713701435	Deopara Union Parishad Godagari Upazila, Rajshahi	
Godagari Union Digital Point 31-07-18	Md. Maruful Haque 01740731373	Godagari Union Parishad Godagari Upazila, Rajshahi	
Mohonpur Union Digital Point 31-07-18	Md. Tohidul Islam 01750100348	Mohonpur Union Parishad Godagari Upazila, Rajshahi	
Pakri Union Digital Point 31-07-18	Md. Abul Kalam Azad 01735123465	Pakri Union Parishad Godagari Upazila, Rajshahi	
Matikata Union Digital Point 31-07-18	Md. Maudud Hasan 01789551735	Matikata Union Parishad Godagari Upazila, Rajshahi	
Rishikul Union Digital Point 31-07-18	Md. Saiful Islam 01820509319	Rishikul Union Parishad Godagari Upazila, Rajshahi	
Bashudebpur Union Digital Point 31-07-18	Md. Kamruzzaman 01719791200	Bashudebpur Union Parishad Godagari Upazila, Rajshahi	

Upazila: Paba		Monitoring Branch: Rajshahi	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Darsonpara Union Digital Point 09-03-17	Md. Mostafizur Rahman 01741624495	Darsonpara Union Parishad Paba Upazila, Rajshahi	
Huzuripara Union Digital Point 09-03-17	Md. Ziaul Haque 01724450418	Huzuripara Union Parishad Paba Upazila, Rajshahi	
Damkura Union Digital Point 09-03-17	Md. Nur-A-Salam 01550009129	Damkura Union Parishad Paba Upazila, Rajshahi	
Horipur Union Digital Point 09-03-17	Shariful Islam 01714228400	Horipur Union Parishad Paba Upazila, Rajshahi	
Horogram Union Digital Point 09-03-17	Rakibul Islam 01728357040	Horogram Union Parishad Paba Upazila, Rajshahi	
Harian Union Digital Point 09-03-17	Md. Shahabuddin 01938700502	Harian Union Parishad Paba Upazila, Rajshahi	
Parila Union Digital Point 09-03-17	Md. Alomgir Hossain 01733294275	Parila Union Parishad Paba Upazila, Rajshahi	
Borogachi Union Digital Point 03-09-17	Md. Razu Ahmed 01745931874	Borogachi Union Parishad Paba Upazila, Rajshahi	

### Rangpur Division

14 Agent Points

### District: Rangpur

Upazila: Pirganj		Monitoring Branch: Pirganj	
Agent Point Name/ Date of Opening	Entrepreneurs Details	Address	
Kumedpur Union Digital Point 27-09-16	Md. Monowar Hossain 01784581767	Kumedpur Union Parishad Pirganj Upazila, Rangpur	

<b>Upazila: Pirganj</b>		<b>Monitoring Branch: Pirganj</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Bara Dargah Union Digital Point 27-09-16	Md. Sanjidul Islam 01745183488	Bara Dargah Union Parishad PirganjUpazila, Rangpur	
Shanerhat Union Digital Point 27-09-16	Md. MofazzolHossain 01738560200	Shanerhat Union Parishad PirganjUpazila, Rangpur	
Ramnathpur Union Digital Point 27-09-16	Md. Shariful Islam 01751205152	Ramnathpur Union Parishad PirganjUpazila, Rangpur	
Chatra Union Digital Point 02-10-16	Md. Nur Habib Parvej 01732166770	Chatra Union Parishad PirganjUpazila, Rangpur	
Madankhali Union Digital Point 02-10-16	Md. Rezaul Karim 01737720921	Madankhali Union Parishad PirganjUpazila, Rangpur	
Bhendabari Union Digital Point 02-10-16	Sumon Kumar Mahonto 01719463275	Bhendabari Union Parishad PirganjUpazila, Rangpur	
Pirganj Union Digital Point 12-05-17	Md. Rabiul Alam 01723271463	Pirganj Union Parishad Pirganj Upazila, Rangpur	
Boro Alampur Union Digital Point 12-05-17	Md. Shariful islam 01791841588	Boro Alampur Union Parishad Pirganj Upazila, Rangpur	
Mithipur Union Digital Point 12-05-17	Md. Oyares Ali 01750684022	Mithipur Union Parishad Pirganj Upazila, Rangpur	
Tukuria Union Digital Point 12-05-17	Md. Fajjur Rahman 01727062072	Tukuria Union Parishad Pirganj Upazila, Rangpur	
Roypur Union Digital Point 12-05-17	Md. Helal Mia 01737524979	Roypur Union Parishad Pirganj Upazila, Rangpur	
Kabilpur Union Digital Point 12-05-17	Md. Touhidul Islam 01764749200	Kabilpur Union Parishad Pirganj Upazila, Rangpur	
Chaitrakul Union Digital Point 12-05-17	Md. Bakibillha All 01710727621	Chaitrakul Union Parishad Pirganj Upazila, Rangpur	

**Sylhet Division**
**07 Agent Points**
**District: Sylhet**

<b>Upazila: Sadar</b>		<b>Monitoring Branch: Amberkhana</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Tuker Bazar Union Digital Point 28-07-16	Md. Juned Ahmed 01734358158	Tuker Bazar Union Parishad Sylhet Sadar, Sylhet	
Kandi Gao Union Digital Point 28-07-16	Md. Jahed Islam 01743076726	Kandi Gao Union Parishad Sylhet Sadar, Sylhet	

<b>Upazila: South Surma</b>		<b>Monitoring Branch: Amberkhana</b>	
<b>Agent Point Name/ Date of Opening</b>	<b>Entrepreneurs Details</b>	<b>Address</b>	
Kamal Bazar Union Digital Point 31-05-16	Md. Moin Uddin 01712302356	Kamal Bazar Union Parishad Dakshin Surma, Sylhet	
Tetli Union Digital Point 31-05-16	Sheikh Md. Emran Ahmed 01833071302	Tetli Union Parishad Dakshin Surma, Sylhet	
Jalalpur Union Digital Point 31-05-16	Bimol Kanti Paul 01723236261	Jalalpur Union Parishad Dakshin Surma, Sylhet	
Daudpur Union Digital Point 28-06-16	Md. Mahbubur Rahman 01717926271	Daudpur Union Parishad Dakshin Surma, Sylhet	
Boroikandi Union Digital Point 28-07-16	Biplob Malakar 01738111456	Boroikandi Union Parishad Dakshin Surma, Sylhet	



Registered Office: Banglar Bani Bhaban, 81 Motijheel C/A, Dhaka-1000  
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 Eighth Annual General Meeting of  
the Bank to be held on Tuesday, the 29th June 2021 at 12:30 p.m. at The Westin Dhaka, Main Gulshan Avenue,  
Plot-01, Road-45, Gulshan-2, 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 ..... 2021.

..... (Signature of the Proxy) Date : .....	<div style="border: 1px dashed black; padding: 5px; width: fit-content; margin: 0 auto;"><b>Revenue Stamp</b></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 Eighth 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 Eighth Annual General Meeting of Modhumoti Bank Limited on  
Tuesday, the 29th June 2021 at 12:30 p.m. at The Westin Dhaka, Main Gulshan Avenue, Plot-01, Road-45, Gulshan-2,  
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, Gulshan-1, Dhaka-1212  
Phone: +88-02-55068910 | Web: [www.modhumotibankltd.com](http://www.modhumotibankltd.com)