

Managing Director & CEO's message on **Sustainability reporting**



“The Bank always ensures sustainability aspects in terms of economic, environmental, social & governance performance and then set goals and manages change effectively.”

Modhumoti Bank Limited started its journey in the year 2013 with a view to support sustainable and inclusive growth by connecting the ideas, innovations and aspirations of our customers and clients. We are involved in banking with the firm commitment of excellence in customer service and with a mission to be an efficient, market driven, customer focused institution with good corporate governance structure through designing and adopting policies to embed sustainability into our operations, undertaking awareness and capacity building activities, supporting & financing environment friendly business initiatives, and ensuring transparency in financial as well as sustainability reporting. Its vision remained to be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, profitability along with strong liquidity as well as adopting Sustainability for a Safe Environment. The Bank always ensures sustainability aspects in its all kinds of activities to keep one thing in mind that “we need to treat the earth well as it was not given to us by our parents; it was loaned to us by our children”.

We are committed for continuous improvements of our business and operational policies & procedures so that we can act sustainably in our everyday business. In our view, sustainability presents an opportunity to use our skills, expertise and relationships to make a positive difference to individuals, society and environment. Building trust by being open, approachable, transparent and acting with integrity is vital to achieving this objective.

The Bank has already established an independent ‘Sustainable Finance Unit (SFU)’ which is working on formulation, amendment & up-gradation of policies related to green banking, Corporate Social Responsibility, environmental and social risk management, green office guide, green strategic plan etc. They will also ensure implementation of directives related to sustainable development goals (SDGs) provided by the Bangladesh Government and Bangladesh Bank from time to time.

Sustainability reporting can help organizations to measure, understand and communicate their economic, environmental, social & governance performance, and then set goals, and manage change more effectively. It presents how the activities of a Bank are supporting the achievement of SDGs which embrace a universal approach to the sustainable development agenda. Sustainability reporting related issues are reviewed & executed by the ‘Finance & Accounts Division (FAD)’ in association with SFU. In this regard, Sustainability Reporting Standards issued by the Global Reporting Initiative (GRI) is followed by the FAD.

We all need to work together, because there are no jobs on a dead planet; there is no equity without rights to decent work and social protection, no social justice without a shift in governance and ambition, and, ultimately, no peace for the peoples of the world without the guarantees of sustainability. We share one planet that feeds and shelters us; and to save this planet, we do business in an economic, socially and environmentally responsible way.



Md. Shafiqul Azam
Managing Director & CEO

Few words on **Sustainable Finance**



“We are committed to be profitable and sustainable in doing business ensuring the environmental and social aspects to support achieving the SDGs of UNDP.”

‘Sustainable Finance’ is comparatively a new phenomenon in doing business in the financial sector with special focus on the environmental, ecological and social factors, targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment-friendly banking and selection of borrowers in such a way so that a bank can contribute in the Sustainable Development Goals (SDGs) to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity.

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

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

It is our immense pleasure that the Bank believes in ethical banking business which takes into consideration of the environment and society in lending and also creating different deposit products. The Bank has lending in environment friendly brick kiln and also has around 17 per cent 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 in many areas including to Honorable Prime Minister’s Relief Fund under CSR activities of the Bank.

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

Sincerely yours,



Kazi Ahsan Khalil

Deputy Managing Director & CBO
Chairman, Sustainable Finance Committee

Sustainability Reporting: *From Routine to strategic*



“Sustainability ensures the future of life on Earth, and it’s an endless endeavor to create Economic, Environmental and Social benefits.”

Sustainability is the state of global system, which includes economic, environmental, and social subsystems, in which the needs of the present are met without compromising the ability of future generations to meet their own needs. Sustainability is a combination of two words; ‘Sustain’ and ‘Ability’ i.e. SustainAbility. The simplest and most fundamental meaning of sustainability is: “the ability to sustain” or, put another way, “the capacity to sustain”. As per Oxford Dictionary, sustainability means “able to be maintained at a certain rate or level” i.e. sustainable economic growth.

For many years, the international community has been looking for answers on how to create economic growth in a socially just and environmentally safe way. But all previous approaches fell short. They were not comprehensive enough, neglected certain connections and put down an emphasis on activities in developing countries. On September 18, 2015, the United Nations’ General Assembly finally adopted the 2030 Agenda, an agreement of all 193 member states which includes 17 global Sustainable Development Goals (SDG) and 169 sub-goals. It has been effective since January 01, 2016 and serves as a kind of instruction manual for a better world.

With this agreement, the international community achieved something great: a plan for all people in all countries, aiming to create sustainable development including all of its social, ecological and economic aspects. The Agenda names five dimensions that need to be equally addressed: the people, the planet, prosperity and peace and a global partnership (the five Ps). The ultimate vision of the 2030 Agenda is a healthy mankind, living in a peaceful, fair society and a sound environment – everywhere in the world.

Sustainability is not an only an environmental issue, it also takes into account economic & social issues, labor practices, human rights, economic performance, community, society, corruption, corporate governance and responsibility of product & services. And a sustainable global economy is not a luxury. Without a sustainable business model, environmental and social issues will continue to badly impact our economy and compromise for our future needs. The planet and society need a sustainable global economy and an organization needs at first a long time strategy and success. How does it get started? The change to a sustainable economy requires organizational change. To drive change, the organization needs to set goals and measures on how the organization will forward.

Sustainability Reporting is a key tool to help the organization to set goals, measure progress and manage sustainability within the organization. Reporting on the organization’s sustainability performance will give internal and external stakeholders a clear idea of its impact and can increase the efficiency and improve the performance. And reporting enables the organization to move forward into a successful sustainable future.

On February 27, 2011, a policy has been issued entitled ‘Guidelines for Green Banking’ by Bangladesh Bank to be followed by the scheduled banks. As per that guideline, all commercial banks are supposed to produce their sustainability reporting for their stakeholders under Independent Annual Sustainability Report (IASR) following the standards issued by the Global Reporting Initiative (GRI) which is an internally accepted format of sustainability reporting. As per definition of Global Reporting Initiative (GRI), “A sustainability report enables companies and organizations to report sustainability information in a way that is similar to financial reporting. Systematic sustainability reporting gives comparable data, with agreed disclosure and metrics.” Sustainability reporting complements financial reports with forward-looking information and the understanding of key value drivers, such as human capital formation, corporate governance, management of environmental risks and liabilities. It shows an understanding of the external environments (products, labor, and capital markets and regulatory structures) in which the company conducts its business. Besides, it assesses the elements that emphasize in the company’s competitive advantage (through cost leadership and product/service differentiation and the formation of intellectual capital). Sustainability reporting also discloses known future uncertainties (risks) and trends that may materiality affect financial performance.

The banking sector in Bangladesh is considered to be in a relatively environmentally friendly industry (in terms of emissions and pollution). However, environmental impact of banks is not physically related to their banking activities but with the activities of the customers. Banking sector is one of the major sources of financing investment for commercial projects, which is one of the most important economic activities for economic growth and encouraging environmentally responsible investments and prudent lending. Modhumoti Bank Limited is following the regulations and guidelines issued by the Sustainable Finance Department of Bangladesh Bank and already formed a 'Sustainable Finance Unit' as per instructions stated in Bangladesh Bank's SFD Circular No. 02 dated December 01, 2016 to work on the areas specified therein.

Under green banking initiatives, banks are involved in two pronged approaches: firstly, green banking focuses on the green transformation of internal operations of all banks/FIs. It means all the banks/FIs should adopt appropriate ways of utilizing renewable energy, automation and other measures to minimize carbon footprint Secondly, all banks should adopt environmentally responsible financing; weighing up environmental risks of projects before making financing decisions and in particular supporting and fostering growth of upcoming 'green' initiatives and projects. Modhumoti Bank Limited has already started to take necessary initiatives to incorporate this aspect in its daily business & operational activities.

Materiality

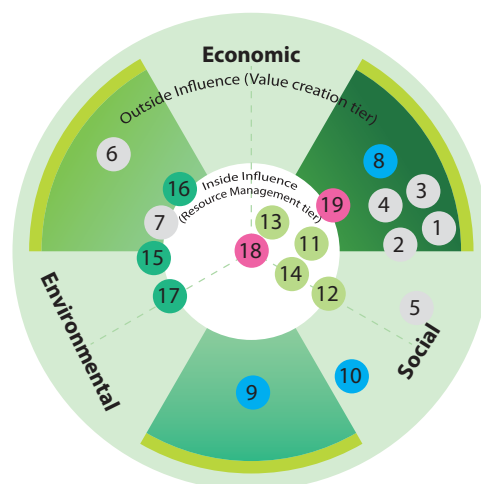
As the Bank aims to advance its position in sustainable business operations, and in order to increase our positive impact on the community, we have identified the most material sustainability aspects based on understanding of our stakeholders' needs and priorities. Comprehensive assessment takes place on an annual basis to identify and categorize the sustainability topics that are most relevant to our operations. The main material aspects have been outlined below are in alignment with our six sustainability focus areas:



Presentation of Material Aspects in Terms of Economic, Social, and Environmental Impacts

The following diagram presents all of the material aspects reported by the Bank based on two points of view:

- » Impact Zone – Internal or External- does this aspect affect external stakeholders, internal stakeholders, or both (the external circle versus the internal circle in the diagram)
- » Impact Zone – Social, Economic and Environmental- does this aspect affect create economic, social or environmental value, or a combined value.



Customers

- 01 Promotion of financial independence for customers
- 02 Customer diversity and promotion of sectors within the Bangladesh economy
- 03 Attaining financial freedom in a multichannel world
- 04 Serving a diverse range of clients
- 05 Availability
- 06 Evolving products and services to encourage environmental sustainability
- 07 Analyzing environmental risks in financing

Community

- 08 Responsible supply chain management
- 09 Growing our area of influence
- 10 Community action

Employees

- 11 Encouraging a culture of conversation and openness with employees
- 12 Promoting diversity, equal opportunities, and clarity
- 13 Personal development and training
- 14 Supporting an appropriate work environment

Environment

- 15 Power consumption management and energy efficiency
- 16 Controlling of paper resources
- 17 Decreasing environmental impacts

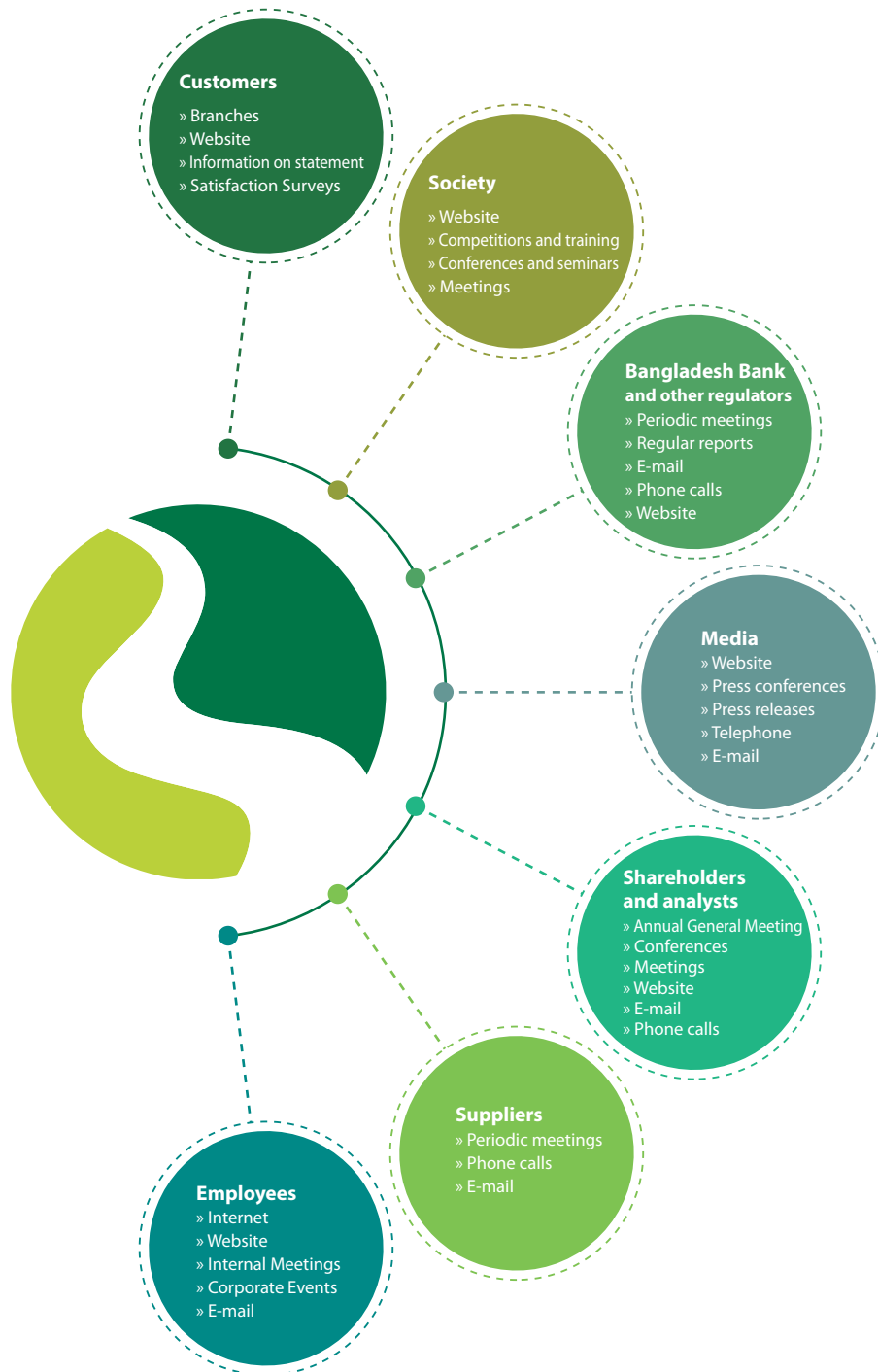
Ethics

- 18 Corporate governance and ethics
- 19 Prevention of corruption and money laundering

Stakeholder Engagement

Stakeholder engagement is embedded into Bank's practices, operations and processes. We define anyone who comes into contact with the Bank as a stakeholder. Our engagement processes ensure that stakeholders have direct contact with the bank, so that we can respond to issues that may arise, and that we are able to take account of stakeholder views in our ongoing and long term decisions. We consider ongoing, open dialogue and relationships of trust, integrity and respect as the markers of successful stakeholder engagement. The Management & the Board are open to suggestions, recommendations or advice from any stakeholder and welcomes appropriate and constructive engagement from all those who have an interest in the Bank.

Communication Channel among the Stakeholders of Modhumoti Bank Limited:



Economic Impact

The economic dimension of sustainability concerns the organization's impacts on the economic conditions of its stakeholders, and on economic systems at local, national, and global levels. Modhumoti Bank Limited has maintained satisfactory growth of assets and liabilities in spite of challenges during the year 2019. The Bank has expanded its branch network and alternative delivery channels by introducing IT based banking services in 2019. The Value Added Statement (presented in page.....) 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.....) provides a measurement of Modhumoti Bank's economic success over the years. It provides useful information to the investors who want to determine how well the Bank has added value for them.

Environmental Impact

The environmental dimension of sustainability concerns the organization's impact on living and non-living natural systems, including land, air, water and ecosystems. The Environmental Category covers impacts related to inputs (such as energy and water) and outputs (such as emissions, effluents and waste). In addition, it covers biodiversity, transport, and product and service-related impacts, as well as environmental compliance and expenditures. In order to protect the environment, Modhumoti Bank Limited is spreading its wings by introducing in-house & external green activities towards supporting Green Economy. The Bank Management does focus on Energy efficient issues through reduction of energy & resource consumption such as reduction of paper use, widely using email communication, maximum use of day light, and prioritizing environment friendly business projects for financing. Bank's green banking activities are day-by-day flourishing towards creating a "Greener" future.

Social Impact

The social dimension of sustainability concerns the impacts the organization has on the social systems within which it operates. Modhumoti Bank Limited has always a focus on balancing the work and personal life of the employees and introduced organization-wide practices and policies that actively support employees to achieve success both at work and home. The Human Resources Division is being run by highly professional & dedicated team to give importance on the following attributes:

- » Healthy & sustainable working environment,
- » Secured employment,
- » Handsome monetary benefits,
- » Appropriate appreciation regarding achievements,
- » Good training & development arrangements,
- » Easy exit procedure, etc.

Alignment to Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) set the global agenda for action on improving the wellbeing of present & future generations. The 17 goals aim to tackle the world's most pressing challenges through the promotion of sustainable development to 2030. As we respond to our most material issues, The Bank's actions in focus areas are supporting the achievement of these priority goals.



An outline of our contribution to the SDGs is illustrated below:



<p>Social responsibility</p> <p>Helping to improve society in a positive direction by preventing ill-health and social segregation.</p>	
<p>Environmental responsibility</p> <p>Reducing our environmental impact.</p>	
<p>Long-term employer</p> <p>Creating a workplace and culture distinguished by health, development and diversity.</p>	
<p>Business Ethics</p> <p>Building trusted relationships with suppliers and partners by adhering to laws and regulations, and acting in a honest and fair manner in general.</p>	

Sustainability reporting is being emerged as a common practice of 21st-century business. A focus on sustainability helps organizations manage their social and environmental impacts and improve operating efficiency and natural resource stewardship, and it remains a vital component of shareholder, employee, and stakeholder relations. Peter Drucker, writer, professor and management consultant told, "What you can't measure, you cannot manage. What you can't manage, you cannot change". Sustainability reporting is, therefore, a vital step for managing change towards a sustainable global economy—one that combines long-term profitability measuring social justice and environmental care.

Our planet does not have the bio-capacity to sustain our current levels of growth and resource consumption. So, what can be done to minimize our collective impact on the environment is improving technology, slowing population growth, and changing global culture. Change must come from a combination of all three. Since the Bank is driving 'Sustainable Growth', it always remains in our mind that "Sustainability ensures the future of life on Earth, and it's an endless endeavor to create Economic, Environmental and Social benefits."



Mohammad Nazmul Hossain, FCA
 Certified Sustainability Reporting Specialist (CSRS)

Sustainable Banking

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

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

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

Organizational Structure for Sustainable Banking & Green Initiatives

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

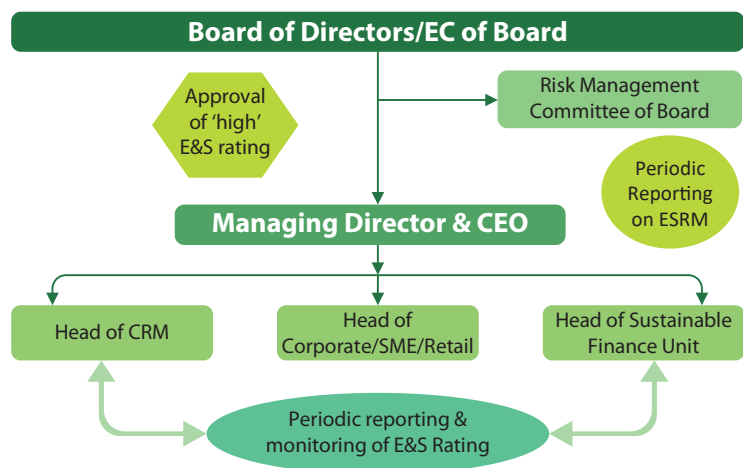
As per BB guidance, the Risk Management Committee of Board is entrusted with the following responsibilities regarding Sustainable Banking & Sustainable Finance (Green Banking & CSR) of the Bank:

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

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

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

Organizational structure of ESRM:



Sustainable Finance Committee

The Sustainable Finance Committee (SFC) of the Bank formed as per the approval of the Risk Management Committee of the Board in the 10th meeting held on March 27, 2017 in compliance to the SFD Circular No.02 dated December 01, 2016. The incumbent officials of the committee are noted below:

Sl. No.	Incumbent Officials	Position in the Committee
1	Deputy Managing Director & CBO	Chairman*
2	Chief Operating Officer (COO)	Member
3	Head of SME & Retail Banking	Member
4	Chief Risk Officer (CRO)	Member
5	Head of International Division	Member
6	Head of Human Resources Division	Member
7	Head of Finance & Accounts Division	Member
8	Head of BDMD (Corporate)	Member
9	Head of Internal Control & Compliance Division	Member
10	Head of ICT Division	Member
11	Head of Operations Division	Member
12	Head of Credit Administration Division	Member
13	Head of Credit Risk Management Division	Member
14	Deputy Head of RMD & Focal Point Official of SFU	Member Secretary
15	Head of Card Division	Member
16	Head of Common Services Division	Member
17	Head of Branding, Communications & Marketing (PRD)	Member

Green Banking Report

“Green Banking” means operating banking business in such a fashion that proper and adequate attention is allocated in social, ecological and environmental factors of environment by minimizing conservation of nature and natural resources. “Green Banking” is a form of banking taking into account the social and environmental impacts and their main objects are to safe-guard and conserve the environment. As the intermediary of financial sector, banks can ensure that business entities adopt environment-friendly practices. The main objective is to reduce carbon footprint from banking operations as well as from financed projects.

Bangladesh Bank’s initiatives

Sustainable Finance Department of Bangladesh Bank is engaging and encouraging all Banks and NBFIs to expedite their green banking initiatives and standards. The necessary policy guidelines and strategies for Banks and NBFIs have been disseminated by the central bank which encompasses policy formulation and governance, incorporation of environmental & social risks into credit risk management, in-house environmental management, introduction of green finance, creation of a climate risk fund, capacity building through training and awareness along with periodical regulatory reporting on green banking practices.

Moreover, the Government of Bangladesh has taken initiatives to implement Sustainable Development Goals (SDGs) at national level which was announced by the United Nations to implement at global arena. In line with that, Honorable Prime Minister of Bangladesh has also instructed all to participate in combined manner to accomplish SDGs. In this connection, to bring stability in financial sector, Bangladesh Bank has instructed the Banks & NBFIs (vide SFD Circular No. 02 dated December 01, 2016) to:

- Establish a Sustainable Finance Unit
- Establish a Sustainable Finance Committee chaired by senior most Deputy Managing Director.
- Ascertain the Terms of Reference (TOR) set by Bangladesh Bank for Sustainable Finance Unit and Sustainable Finance Committee in the Bank.
- Risk Management Committee (RMC) of the Board of Directors to oversee the formulation of policy, set strategies and programs and monitor the overall activities related to Sustainable Banking and Sustainable Finance (Green Banking & CSR) programs.

Green Activities:

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

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

By this time the Bank has adopted Phase I (develop green banking policies and show general commitment on environment) and Phase II (develop sector specific environmental policies, set green targets to be achieved through strategic planning, setting up green branches, improved in-house environment management, environmental risk management plan and guidelines, disclosure and reporting of green banking activities). The Bank has established Sustainable Finance Unit in 2017 dissolving the Green Banking Cell and CSR Desk of the Bank as per the SFD Circular No.02 dated December 01, 2016.

Green banking & sustainable performance highlights in 2019

Performance criteria	Achievement of the Bank	MMBL Standing
Gender diversity among permanent employees	Permanent employees include 435 male and 93 female i.e. 17.61% female employees as of December 31, 2019.	The Bank has no gender prejudice and treats all the employees and customers fairly and equally.
Training	One training on green banking was conducted during the year 2019 and 30 employees of the Bank attended the training.	The Bank believes in training and development for all the employees for sustainable banking and state of the art servicing.
Green finance	The bank had green finance of Tk.743.24 million in 2019.	The Bank is committed to increase the portfolio over the years.
Climate Risk Fund	The Bank had no funding for climate risk fund during the year 2019.	We are committed to help the society in return as a corporate entity.
Online Banking	All 41 branches (2019) of the Bank are operating through online coverage.	The Bank believes in hassle-free banking for the customers for the ultimate success.
SMS Banking	The Bank facilitates SMS alert services to 78% of total deposits accounts.	The Bank is on the way to introduce full-fledged SMS Banking soon.

Performance criteria	Achievement of the Bank	MMBL Standing
Internet Banking	Total user of internet banking was 790 during the year 2019.	The Bank has target to increase the usage of internet banking significantly in the coming years.
Smartphone app based Banking	The Bank started smartphone app based services 'Modhumoti Bank Digital Banking-GoSmart' during the year 2019 which was inaugurated on September 19, 2019.	The Bank believes that the major portion of the customers are highly tech-savvy which can be used for increase the off-the premises banking services.
ATM Booth	The Bank has total 42 booths across the country and have access to all the ATM booths through NPSB services of Bangladesh Bank.	The customers can withdraw required cash amount 24/7 using ATM/Debit and Credit card.

Other Green Banking Initiatives of MMBL

Topic (Automated Banking)	Year 2019		
	Rural	Urban	Total
Number of ATMs	25	17	42
Number of Branches with Online Banking	20	21	41
Number of Internet Banking Users	36	754	790
Total Number of Accounts	66,595	98,830	1,65,425
Number of Branches Powered by Solar Energy	2	0	2
Number of Agent Outlets	366	0	366

Social Development

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

In this aspect, Modhumoti Bank Limited has taken a number of initiatives including opening of Tk.10 account for the marginal farmers, employment of 687 employees including 149 support staffs, CSR expenditure for the society, opened 366 Agent Banking Points (as on 31.12.2019) for bringing unbanked population in the formal banking channel.

Environmental & Social Risk Management

The ESRM Policy of the Bank has been outlined as per the Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh issued by Bangladesh Bank through SFD Circular No.2, dated February 08, 2017. The policy has duly been approved by the Board of Directors of the Bank.

The Policy has been introduced to analyze relevant Environment & Social (E&S) risks and incorporate appropriate risk mitigation measures in overall credit management to be able for expanding the credit portfolio rather than avoid investing in high E&S risks.

The ESRM Policy of the Bank has been incorporated in the Bank in order to

- incorporate environmental risk in overall credit management;
- fortify the risk management process and structure of the Bank;
- integrate ESRM considerations into the Bank's credit and investment decision-making processes;
- fully implement and comply with regulatory and national requirements for E&S risk management of the country;
- promote greater transparency and accountability on E&S issues internally and externally through disclosure and reporting.

Online & SMS Banking

The customers can transact online through all the branches of the Bank i.e. 100% online banking network. The internet banking of the Bank is also getting momentum. Presently 74.79% of the total accounts are facilitated with SMS Banking, which is targeted to reach to 100%. In addition, the Bank has already been connected to the National Payment Switch of Bangladesh (NPSB) which enables the Bank widely through almost all the ATM Booths of the country.

Corporate Social Responsibility

In the context of Banking, Corporate Social Responsibility is the commitment of the Bank to the stakeholders in conducting business in an economically, socially and environmentally sustainable manner that is transparent and ethical so that stakeholders are not negatively impacted for the activities of the Bank. Bangladesh Bank CSR Guideline is the guiding principle in designing our CSR roadmap. MMBL prioritizes on long-term programs rather than the short-term ones that have sustainable and lasting impact on the people and society of the country.

Our system of corporate governance provides the basis for the responsible management, transparency of processes and compliance to regulatory bodies with a focus on sustainable value creation. Since inception, the Bank actively participated in many endeavor as part of the CSR activities of the Bank. Sustainable Finance Unit of the Bank presently looks after the CSR activities of the Bank including regulatory reporting. The Bank has a well-defined policy titled 'Corporate Social Responsibility (CSR) Policy of Modhumoti Bank Limited' with the following objectives:

- The policy will act as the guiding principles for implementing CSR initiatives of the Bank;
- The philosophy and spirit of corporate social responsibility is to get embedded in the core values of the Bank;
- The Policy will help to create awareness of the responsibility of the Bank regarding CSR activities among the stakeholders;
- The adoption of CSR activities and performance (in CSR) of the bank are being treated as an additional indicator for Management's efficiency which reflects in CAMELS rating;
- Actively participated in achieving the Sustainable Development Goals (SDGs) by the Government of the country by 2030.
- Observing environment related laws and regulations and working for healthy development of the society.
- Maintaining high compliance standard in regard to all relevant laws and regulations of all regulatory bodies.
- Supporting art, education, sports, culture, healthcare etc.
- Enhancing shareholder value by optimizing financial performance at a competitive cost.

The Bank has following indicative areas for CSR initiatives as recommended by Bangladesh Bank:

CSR Initiatives	Indicative CSR Allocation
Education	30%
Preventive and curative healthcare	20%
Other areas	50%

However, the actual expense may vary against the indicative allocation of CSR expenditure. Approval for this variance is taken from the competent authority.

Expenditure as Corporate Social Responsibility (CSR) in 2019

The Bank contributed a total sum of Tk. 23.10 million in 2019 for the purpose of CSR in a number of local initiatives. The detail of the contribution is appended below:

Particulars	In million Taka	
	2018	2019
Education: Contribution for development of education institutes	6.50	1.70
Preventive and Curative Healthcare	1.60	0.65
Others	11.30	20.80
Total	19.40	23.10

Disaster Management and our commitment

The Bank always stands by the people in need and reaching out to them in crisis. Our society is our first preference, be it distributing blankets to cold-hit people of the country, reaching out relief to flood-affected people, or responding to any national emergency. In 2019, the Bank has contributed Tk.4.47 million to the Honorable Prime Minister's Relief Fund for the flood affected people of the country and also contributed Tk.2.00 million directly to the flood affected people.



The Bank contributed Taka 25 lac to the Honorable Prime Minister's Relief & Welfare Fund to support the victims of Churihatta fire tragedy under CSR activities of the Bank. Mr. Humayun Kabir, Chairman of the Board of Directors of Modhumoti Bank Limited handed over the cheque to the Honorable Prime Minister Sheikh Hasina. Mr. Shaikh Salahuddin MP, Vice-Chairman of the Board of Directors of the Bank was also present.



Modhumoti Bank Limited distributed relief materials to the flood affected people of Nagarpur and Delduar areas of Tangail under CSR activities of the Bank on Wednesday, 31st July 2019. Mr. Ahasanul Islam Titu, MP (Tangail - 6) inaugurated the distribution program of the relief materials to the flood affected people. Upazila administration, Nagarpur provided full support to the relief program. Officials of the Bank and local elites were present in the program.



Modhumoti Bank Limited donated 15,000 Pcs of blanket to the Honorable Prime Minister's Relief Fund for onward distribution to the destitute and cold affected people of the country on Saturday, 2nd November 2019. In presence of Honorable Prime Minister Sheikh Hasina, sample blanket was handed over. Mr. Shaikh Salahuddin, MP, Vice-Chairman of the Board of Directors and Mr. Md. Shafiu Azam, Managing Director & CEO of the Bank were present.

Community Investment

Modhumoti Bank Limited also contributes to economic and social development through initiatives and programs that support the community. We believe that the most rewarding investment is investing for the society. As a responsible corporate, we ensure that our CSR activities are anchored on the principle of 'Building Social Capital'. The Bank donated Tk.1.42 million to the Bangladesh Archery Federation for the improvement of the sport 'Archery' in the country. The Bank also donated 100 wheelchairs for commuting physically challenged passengers of Biman Bangladesh Airlines.



Modhumoti Bank Limited sponsored 100 Wheelchairs for the physically challenged passengers of Biman Bangladesh Airlines Limited on 5th May 2019 at Biman Head Office, Dhaka under CSR program of the Bank. Mr. Md. Shafiqul Azam, Managing Director & CEO of Modhumoti Bank Limited handed over the Wheelchairs to Air Commodore Md. Mahub Jahan Khan, BPP, psc (Retd), Director Marketing & Sales, Biman Bangladesh Airlines. Among others, Mr. Kazi Ahsan Khalil, Deputy Managing Director & CBO of Modhumoti Bank Limited, Mr. Md. Atique Sobhan, Director- Customer Services, Biman Bangladesh Airlines and high officials from both of the organizations were present.

Support for Educational Institutions

Education is the backbone of a nation. To create good citizens for the nation, we supported educational institutions in improving their educational environment. In 2019, we spent TK. 4.50 million in different institutions are as follows:

In million Taka

Sl. No.	Name of Institution	Amount
1	Noor-E-Alam Chowdhury Secondary School.	1.00
2	Lake Circus Girls High School	0.10
3	Mama Bari Trust (Children charity trust)	0.10
4	'Dinwali Madrasah Complex'	0.50
Total		1.70

Preventive and Curative Healthcare

Health is one of the prime parameters to indicate the development of a nation. The need for healthcare is increasing everyday due to rapid growth of population. MMBL has identified health care as a priority sector and contributed Taka 6.50 million as a part of Bank's CSR activities.

Other Social Projects

In million Taka

Sl. No.	Name of Institution	Amount
1	Dhanmondi Cricket Academy (DCA)	0.50
2	'Baitul Aman Jame Masjid'	1.00
3	Nirala Koboristan jame Masjid	0.40
4	Bangladesh Archery Federation	1.63
Total		3.53

Contribution to National Exchequer

Contribution of the Bank to the national exchequer in 2019 is noted below:

In million Taka

Sl. No.	Particulars	Amount
1	Excise duty	56.07
2	Withheld tax	512.01
3	VAT	91.38
4	Corporate income tax	720.08
Total		1,379.54

Environmental aspect

The Bank believes that every small 'GREEN' step taken today would go a long way in building a greener future. As an environment responsive bank we initiated Go Green campaign in our Bank. After reducing the use of electricity and paper at the office, the Bank is now gearing up for carbon trading to show its commitment to environment-friendly funding. Some of our branches and ATMs of the bank are now run partially on solar power. The Bank also ensures that customers having production facilities susceptible to damage environment has due environmental clearance certificate from the concerned ministry while granting or renewing credit facilities.

Social Aspect

a) Empowering women

Empowering women to participate fully in economic life across all sectors is essential to build stronger economies, achieve internationally agreed goals for development and sustainability, and improve the quality of life for women, men, families and communities. The Bank has special products for women entrepreneurs at special discounted loan pricing to provide growth support. Women clients can avail Modhumoti Labonnyo Loan up to Taka 0.08 million without any collateral security and up to Taka 5.00 million with collateral under SME Loans. It is to be noted that the outstanding loan for women entrepreneur was Taka 22.60 million as of December 31, 2019.

b) Community Services

To serve the community as part of our responsibility, we have introduced Agent Banking services and till 2019 we have established 366 digital points across the country. The agent points are located in the Union Digital Point which facilitate less privileged population segments and underserved economic sectors of the country. The Bank facilitates the freedom fighters and women with higher interest rate for deposits and lower interest rate for loans. The Bank is serving the underprivileged people especially who get allowances under Social Safety Net of the Government through opening bank accounts through agent points of the Bank in Gopalganj. The Bank also sponsors different sports and individual adventure for enriching the image of the country.