



MUTUAL TRUST BANK LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

AS AT AND FOR THE HALF YEAR ENDED 30 JUNE 2019



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড

Mutual Trust Bank Ltd.

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In compliance with the Bangladesh Securities and Exchange Commission (BSEC) letter No. SEC/CFD/Misc/233/2004/615, dated February 2, 2010 and the Dhaka and Chittagong Stock Exchange (Listing) Regulations, 2015, we are pleased to present the un-audited Consolidated Financial Statements of Mutual Trust Bank Limited as at and for the first half ended June 30, 2019. These Consolidated Financial Statements are comprised of the financials of Mutual Trust Bank Limited including Off-shore Banking Unit and its subsidiaries i.e. MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited, which are prepared as per International Accounting Standard (IAS) 34 "Interim Financial Reporting".

Condensed Consolidated Balance Sheet (Unaudited)			Condensed Consolidated Profit and Loss Account (Unaudited)				Condensed Consolidated Statement of Cash Flow (Unaudited)				
As at 30 June 2019			For the period ended 30 June 2019				For the period ended 30 June 2019				
	30 June 2019	31 December 2018	01 January to 30 June 2019	01 January to 30 June 2018	01 April to 30 June 2019	01 April to 30 June 2018	01 January to 30 June 2019	01 January to 30 June 2018			
	BDT	BDT	BDT	BDT	BDT	BDT	BDT	BDT			
Property and Assets									A) Cash Flows from Operating Activities:		
Cash	14,822,944,570	12,301,086,194							Interest Received	9,653,371,973	8,508,913,834
In Hand (Including Foreign Currency)	3,085,175,765	2,520,607,136	8,790,649,807	7,578,741,163	4,673,707,942	4,037,351,781	Interest Paid on Deposits, Borrowings, etc.	(5,606,461,729)	(4,840,577,815)		
With Bangladesh Bank and its Agent Bank(s) (Including Foreign Currency)	11,737,768,805	9,780,479,058	5,902,380,694	5,099,225,453	3,135,878,111	2,731,280,624	Dividend Income	14,749,920	15,331,562		
Balance with Other Banks & Financial Institutions	5,141,351,790	3,176,565,149	2,888,269,113	2,479,515,701	1,537,829,831	1,306,091,158	Fees & Commission Income	1,283,659,570	749,881,027		
In Bangladesh	1,807,525,594	861,661,189							Recoveries of Loans Previously Written Off	6,600,000	-
Outside Bangladesh	3,333,826,196	2,314,903,960							Cash Paid to Employees as Salaries and Allowances	(1,305,749,836)	(1,207,634,014)
Money at Call and on Short Notice	310,000,000	1,580,000,000							Cash Paid to Suppliers	(63,546,231)	(51,886,240)
Investments	28,984,295,054	27,388,395,082							Advance Income Tax Paid	(437,478,933)	(485,047,092)
Government	25,833,801,546	24,421,226,713							Cash Received from Other Operational Income	96,318,574	282,520,041
Others	3,150,493,508	2,967,168,369							Cash Paid for Other Operational Expenses	(1,086,325,527)	(878,842,227)
Loans and Advances	182,215,278,400	166,145,119,129							Cash Flows from Operating Activities before Changes in Net Current Assets	2,555,135,782	2,092,667,076
Loans, Cash Credits, Overdrafts, etc.	179,727,551,121	163,394,332,234							Loans & Advances	(16,063,143,412)	(14,295,688,938)
Bills Purchased and Discounted	2,487,727,279	2,750,786,895							Other Assets	(899,377,726)	(229,874,883)
Fixed Assets including Premises, Furniture & Fixtures	3,439,682,080	3,128,176,263							Bank Deposit	(1,699,675,000)	(199,625,000)
Other Assets	10,259,232,933	8,725,556,033							Customers' Deposits	17,336,121,217	8,759,422,575
Non-Banking Assets	245,172,784,826	222,444,897,850							Borrowing from Other Banks, Financial Institutions & Agents	2,746,088,971	1,835,190,076
Liabilities and Capital	245,172,784,826	222,444,897,850							Other Liabilities	543,850,235	304,926,881
Borrowing from Other Banks, Financial Institutions & Agents	22,386,912,019	19,640,823,048							Net Cash Flows from Operating Activities	4,529,000,066	(1,732,982,212)
Deposits and Other Accounts	182,112,828,575	166,160,290,425							B) Cash Flows from Investing Activities:		
Current Deposits & Other Accounts	15,165,766,109	14,090,900,316							Investments in T. Bills, T. Bonds and Other	(1,469,485,552)	(1,889,813,524)
Bills Payable	3,887,560,182	1,703,433,803							Investments in Shares & Bonds	(183,325,139)	(121,998,749)
Savings Bank Deposits	29,251,751,388	28,239,575,869							Purchase of Premises & Fixed Asset (Net)	(479,247,042)	(121,923,476)
Special Notice Deposits	11,733,756,265	12,863,186,737							Net Cash Flows from Investing Activities	(2,132,057,733)	(2,133,735,748)
Fixed Deposits	87,857,883,769	77,043,035,120							C) Cash Flows from Financing Activities:		
Deposit Products	34,216,110,862	32,220,158,580							Issue of New Share with Premium	820,598,598	-
Other Liabilities	18,330,720,363	15,964,827,954							Subordinated Debt	-	-
Subordinated Debts	7,400,000,000	7,400,000,000							Dividend Paid	-	-
Total Liabilities	230,230,460,958	209,165,941,427							Net Cash Flows from Financing Activities	820,598,598	-
Capital/Shareholders' Equity	245,172,784,826	222,444,897,850							D) Net Increase in Cash and Cash Equivalents	3,217,540,931	(3,866,717,960)
Paid-up Capital	6,699,294,440	5,733,630,380							E) Effect of Changes of Exchange Rates on Cash and Cash Equivalents	(630,815)	1,242,445
Statutory Reserve	4,380,175,410	4,096,004,358							F) Opening Cash and Cash Equivalents	17,059,496,243	20,567,156,381
Share Premium	518,828,578	-							Closing Cash and Cash Equivalents (D+E+F)	20,276,406,359	16,701,680,866
Revaluation Reserve on Investment in Securities	423,152,861	480,328,680							The above Closing Cash and Cash Equivalents Include:		
Foreign Currency Translation gain/(loss)	5,512,450	6,143,266							Cash in Hand	3,085,175,765	2,438,775,600
General Reserve	786,777,324	786,777,324							Balance with Bangladesh Bank and its Agent Bank	11,737,768,805	9,956,126,678
Retained Earnings	2,128,452,743	2,175,943,964							Balance with Other Banks & Financial Institutions	5,141,351,790	2,554,642,388
Total Shareholders' Equity	14,942,193,806	13,278,827,972							Money at Call and on Short Notice	310,000,000	1,750,000,000
Minority Interest	130,062	128,451							Prize Bond	2,110,000	2,136,200
Total Liabilities and Shareholders' Equity	245,172,784,826	222,444,897,850							Net Operating Cash Flows Per Share (2018 Restated)	6.76	(2.59)
Net Asset Value (NAV) per share (2018 Restated)	22.30	19.82									

Condensed Consolidated Statement of Changes in Equity (Unaudited)											
For the Period ended 30 June 2019											
Particulars	Amount in BDT										
	Particulars	Paid-up Capital	Statutory Reserve	Share Premium	Revaluation Reserve on Investment in Securities	Foreign Currency Translation Gain/(Loss)	General Reserve	Retained Earnings	Total	Minority Interest	Total
Balance as at January 01, 2019		5,733,630,380	4,096,004,358	-	480,328,680	6,143,266	786,777,324	2,175,943,964	13,278,827,972	128,451	13,278,956,422
New Share Issued to NORFUND during the Year		301,770,020	-	518,828,578	-	-	-	-	820,598,598	-	820,598,598
Bonus Share Issued		663,894,040	-	-	-	-	-	(663,894,040)	-	-	-
Currency Translation Differences		-	-	-	-	(630,815)	-	-	(630,815)	-	(630,815)
Revaluation Reserve Transferred during the Period		-	-	-	(57,175,819)	-	-	-	(57,175,819)	-	(57,175,819)
Net Profit for the Period after Tax		-	-	-	-	-	900,573,870	900,573,870	1,612	900,575,482	
Appropriation Made during the Period		-	284,171,052	-	-	-	(284,171,052)	-	-	-	-
Balance as at 30 June, 2019		6,699,294,440	4,380,175,410	518,828,578	423,152,861	5,512,450	786,777,324	2,128,452,743	14,942,193,806	130,062	14,942,323,868
Balance as at 30 June, 2018		5,733,630,380	3,884,690,818	-	593,680,773	8,909,579	616,777,324	1,695,530,192	12,533,219,066	126,641	12,533,345,707

DISCLOSURE ON HALF YEAR ENDED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Particulars	Amount in BDT	
	As on 30 June 2019	As on 30 June 2018
Net Asset Value (NAV) (Million)	14,942.19	12,533.22
Net Asset Value (NAV) per share (2018 Restated)	22.30	19.82
Earnings Per Share (EPS) (2018 Restated)	1.41	1.36
Net Operating Cash Flow Per Share (2018 Restated)	6.76	(2.59)

Mutual Trust Bank Limited and its Subsidiaries

Selective Notes to the Condensed Interim Financial Statements
As at and for the half year ended 30 June 2019

1.0 Legal status and nature of the Bank
Mutual Trust Bank Limited (MTB) was incorporated in Bangladesh in the year 1999 as a Banking Company under the Companies Act, 1994 as a Public Limited Company. All types of commercial banking services are provided by the Bank within the stipulations laid down by the Bank Companies Act, 1991 (as amended in 2013) and directive as received from the Bangladesh Bank from time to time. Registered office of the Bank is at MTB Centre, 26 Gulshan Avenue, Gulshan 1, Dhaka 1212. The Bank started its commercial business from October 24, 1999. The Bank is listed with the Dhaka and Chittagong Stock Exchanges Limited. Authorized Capital of the Bank is BDT 10 billion. The Bank has 114 (One Hundred and Fourteen) branches including 14 (Fourteen) SME/Agri Branches all over the Bangladesh, 110 (One Hundred and Ten) Agent Banking Centre and 03 (Three) Air lounge and 02 (Two) Booth located at Hazrat Shahjalal International Airport, Dhaka.

1.1 Principal Activities
The principal activities of the bank are to provide all kinds of commercial banking services to its customers through its branches and offices in Bangladesh such as accepting deposits, corporate, SME and retail banking, personal financial services, project finance, etc.

1.2 Off-shore Banking Unit (OBU)
The Bank obtained Off-shore Banking Unit Permission vide Letter No. BRPD (P-3)744(105)/2009-4470 dated December 3, 2009 and commenced its operation on December 07, 2009. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. 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.

1.3 Subsidiary Companies

1.3.1 MTB Securities Limited (MTBSL)
MTB Securities Limited was incorporated in Bangladesh as a private limited company on March 01, 2010 vide its registration No. 82868/10 and converted into public Ltd. company in the year 2015 under The Companies Act 1994. The company has started its commercial operation on September 23, 2010 after getting approval from the Bangladesh Securities and Exchange Commission (BSEC). The Brokerage registration is REG 3.1/DSE-197/2010/427 and Dealer registration is REG 3.1/DSE-197/2010/428.

1.3.2 MTB Exchange (UK) Limited (MTB UK)
Bangladesh Bank vide its letter No. BRPD(M)204/25/2010-289 dated 19/08/2010 has accorded approval to the bank for opening a fully owned subsidiary company in the name of MTB Exchange (UK) Limited. The company was incorporated on September 14, 2010 under the Companies Act 2006 of UK with the registration number 7282261 as a private company limited by shares. The registered office is located at 25 White Chapel Road, London, United Kingdom.

1.3.3 MTB Capital Limited (MTBCL)
The Bank obtained permission to embark upon Merchant Banking from the Securities and Exchange Commission (SEC) vide its certificate No. MB-55/2010 dated December 06, 2010 under the Securities and Exchange Commission Act, 1993. The operation has started as on April 17, 2011.

2.0 Significant Accounting Policies

2.1 Basis of Accounting
The financial statements of the Bank as at and for the period ended June 30, 2019 have been prepared under the historical cost convention, on a going concern basis and in accordance with the "first schedule (Sec-38)" of the Bank Companies Act, 1991 (as amended in 2013 & 2018) and as per the BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRS) approved by the Institute of Chartered Accountants of Bangladesh (ICAB) as the Bangladesh Financial Reporting Council is yet to issue any financial reporting standard. The Companies Act 1994, The Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges Listing Regulations 2015, The Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh. All inter-branch account balances and transactions among the Corporate Head Office and the branches have been taken into account.

2.2 Basis of Consolidation
The consolidated financial statements include the financial statements of Mutual Trust Bank Limited, Off-shore Banking Units and its subsidiaries i.e. MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited. The consolidated financial statements are prepared to a common financial period ending June 30, 2019.

2.3 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 of Bangladesh Bank.

2.4 Provisions

2.4.1 Loans and Advance
Provision for Loans and Advance has been made as per directives/letter issued by Bangladesh Bank from time to time. As well as Bangladesh Bank letter Reference No. DBI-1/119/2019-419 dated April 28, 2019 regarding approval to defer the required provision amount over the next three years from 2019 to 2021.

2.4.2 Investment
Provision for diminution in value of investment is made for loss arising from decrease of the value of investment in quoted shares as per directives of the competent authorities.

2.4.3 Off-Balance Sheet Exposures
Off-balance sheet items have been disclosed under contingent liabilities and other commitments according to Bangladesh Bank guidelines. As per BRPD Circular no.14 of September 23, 2012, Circular letter no.1 of January 03, 2018, Circular No. 13 of 18 October 2018 and Circular no.7 of 21 June 2018 the Bank has maintained provision against off-balance sheet exposures.

2.5 Calculation of Deferred Tax:
Taxable temporary difference arising from the carrying value of fixed assets (662,872,434)

Deductibles temporary difference arising from the provision of classified loan 4,080,458,000
Net deductible temporary difference (a) 3,417,585,566
Tax rate (b) 37.50%
Closing deferred tax assets (a*b) 1,281,594,587
Opening deferred tax assets 962,138,375
Deferred tax expense of subsidiaries (29,954)
Consolidated deferred tax income 319,456,214

2.6 Composition of Shareholders' Equity:
Paid up Capital (669,929,444 Ordinary shares @ 10.00 each) 6,699,294,440
Statutory Reserve 4,380,175,410
Share Premium 518,828,578
Revaluation Reserve on Investment in Securities 423,152,861
Foreign Currency Translation gain 5,512,450
General Reserve 786,777,324
Retained Earnings 2,128,452,743
Total Shareholders' Equity 14,942,193,806

2.7 Net Asset Value Per Share (NAVPS):
Net assets value (NAV) per share as of 1H 2019: BDT 22.30 which was BDT 19.82 (Restated) in December 2018. Calculation of the NAVPS furnished below:
Calculation of NAVPS: Net asset value/ No. of shares outstanding BDT
Total net assets value (a) 14,942,193,806
Number of shares outstanding as of 30 June 2019 (b) 669,929,444
Net asset value per share (a/b) 22.30

2.8 Earnings Per Share (EPS)
The Bank calculates EPS in accordance with International Accounting Standard (IAS) 33 "Earning per Share" which has been shown in the profit and loss account. EPS as of 1H 2019: BDT 1.41 as against BDT 1.36 (Restated, Original EPS: BDT 1.52) of Q1 2018. EPS has increased compared to the same period of last year due to increase of business volume, interest income & exchange gain. Calculation of EPS as of 1H 2019 is as under:
Calculation of Basic EPS: Net profit after tax/ No. of shares outstanding BDT
Net profit after tax (a) 900,496,017
Weighted average number of shares outstanding (b) 640,504,366
Earnings per share (a/b) 1.41

2.9 Net Operating Cash Flows Per Share (NOCFS)
NOCFS has stood at BDT 6.75 compare to the same period of last year of (BDT 2.59) (Restated, Original NOCFS: BDT (3.02)) mainly due to reduction of gap between collection of deposits/fund and deployment of fund through advances over the same period of previous year. Calculation of NOCFS as of 1H 2019 is as under:
Calculation of NOCFS: Net operating cash flow/No. of shares outstanding BDT
Total net operating cash flows (a) 4,531,411,246
Number of shares outstanding as of 30 June 2019 (b) 669,929,444
Net operating cash flow per share (a/b) 6.76

2.10 Reconciliation of statement of cash flows from operating activities

Particulars	01 January to 30 June 2019	01 January to 30 June 2018
	Profit before provision	2,736,190,623
Adjustment for non cash items		
Depreciation on fixed assets	153,428,894	147,945,208
Amortization on software	164,881,667	131,999,306
	164,881,667	161,144,514
Adjustment with non-operating activities		
Recovery of written off loan	6,600,000	-
Accounts receivable	(213,836,098)	(109,824,310)
Accounts payable on deposits	295,918,966	234,159,304
Loss on sale of assets	2,859,558	3,320,486
	91,542,425	127,655,480
Changes in operating assets and liabilities		
Changes in loans & advances	(16,063,143,412)	(14,295,688,938)
Changes in deposits & other accounts	15,636,446,217	8,559,797,575
Changes in borrowings	2,746,088,971	1,835,190,076
Changes in other assets	(899,377,726)	(229,874,883)
Changes in other liabilities	543,850,235	304,926,881
	1,973,864,285	(3,825,649,288)
Income tax paid	(437,478,933)	(485,047,092)
Net Cash Flows from Operating Activities	4,529,000,066	(1,732,982,212)

2.11 Reporting Period
These financial statements cover the period from January 1 to June 30, 2019.

2.12 General
a) These financial statements are presented in BDT, which is the bank's functional currency. Figure appearing in these financial statements have been rounded off to the nearest BDT.
b) Figures of the previous year have been rearranged to conform to the current year's presentation.

2.13 Review of the Financial Statements
These Un-Audited Financial Statements were reviewed by the MTB Board Audit Committee in its 3rd meeting for 2019 held on July 28, 2019 and was subsequently approved by the MTB Board in its 240th meeting held on July 30, 2019.

2.14 Credit Rating
Credit Rating Information and Services Limited (CRISL) has rated the Bank based on December 31, 2018 with "AA" (pronounced as Double A) in the Long Term and ST-2 for the Short Term. The date of rating was May 13, 2019.

Periods	Date of Rating	Long Term Rating	Short Term Rating
January to December 2018	May 13, 2019	AA	ST-2
January to December 2017	April 30, 2018	AA	ST-2