

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Dear Valued Shareholders,

On behalf of the Board of Directors, I take this opportunity to welcome you all to the 19<sup>th</sup> Annual General Meeting (AGM) of Mutual Trust Bank Limited. In line with the requirements of Section 184 of the Companies Act, 1994, stock exchange regulations and Bangladesh Securities and Exchange Commission Order no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012, I have the pleasure to place before you the Directors' Report for your consideration. The report briefly presents the overall performance of the bank in a year of very competitive and eventful banking industry environment.

## Global Economy

2017 has been a pretty successful year for global economy, pounding out all the fears that emerged towards the close of 2016. Eventually, there was no market crash at the start of the Trump Presidency, Brexit did not trigger a recession in the UK and the Eurozone did not collapse following the implosion of the Italian banking system. Instead, almost all of the major economies were in some phase of recovery with low level of inflation. Consequently, 2017 was marked to be a year of steady global growth that outperformed the expectations by a margin. Overall, the global economy is reported to have grown by 3.7% in 2017, which was only 3.2% for the preceding year.

The synchronized global growth of 2017 set a very good tone for 2018 from the business point of view. The International Monetary Fund (IMF) set the global growth forecast for 2018 to be 3.9%, supported by an improved outlook for advanced economies.

## Bangladesh Economy

The Bangladesh economy's journey to glory only got accelerated during the course of 2017. With a booming population of more than 160 million, Bangladesh now offers a great market to the region and beyond in terms of investment, productivity and consumption. During 2017 the industrial and service sectors flourished further and the GDP growth rate was recorded to be 7.28% as against 7.11% a year earlier. Most of the other economic indicators showed positive trends during 2017, except for a few challenges that emerged in the financial sector arena. The country has recently fulfilled the UN's current criteria to graduate from a 'least developed country' to a 'developing country'. The year to follow is expected to be even brighter as the government is anticipating 7.65% GDP growth against the earlier set target of 7.4% for FY 2017-18.

## Banking Industry in 2017

The Bangladeshi banking sector experienced several ups and downs to reach to its current position that has been termed as stable by the international

rating agency Moody's mainly due to the healthy operating environment, and despite legacy asset quality issues and tighter liquidity conditions. As a whole, the banking sector indicators exhibited mixed performance during 2017. The challenges that the sector encountered during the year was ensuring cyber security, dealing with the pressure of non-performing loans and maintaining optimum level of liquidity. In the midst of all these, profit of most of the private commercial banks rose considerably in 2017 mainly due to rampant credit disbursements by the banks, despite a sharp cut in the lending rates and growth in borrowing rates during the latter part of the year. However, further streamlining is vastly needed to march towards a robust banking sector as more than 10 banks are still struggling to maintain the required capital requirement.

## Core Banking Software (CBS) Transformation: Investing in Future

As a part of strategic decision and in pursuit of acquiring a modern CBS, the bank engaged OPTINOVO Business Consulting Private Limited, India for rendering consultancy services to steer forward the CBS Transformation Project in 2016. Eight (8) groups of officials in certain functional areas and a number of committees had been engaged to evaluate the features of CBS and the bank finally selected TCS BaNCS, a product of Tata Consultancy System (TCS), which has had a number of big installations in reputable financial institutions including Bank of China and State Bank of India.

## MTB at a Glance

During 2017, MTB gained 27.33 percent and 15.62 percent growth over 2016 in risk assets and customers liabilities, respectively. Despite a stiff environment, the bank ended the year with a credit-deposit ratio of 83.45%. In 2017, the number of branches across the country reached 111, agent banking centres expanded to 50, and the reach as well as the number of MTB 24/7 ATM, POS devices, kiosks, Internet banking and SMS banking services also increased. In September, 2017 MTB opened its Air Lounge at Hazrat Shahjalal International Airport.

## Business Goal

MTB's vision, mission, corporate core values, strategic priorities and outlook for 2018 have been given at the beginning of the report. The bank has established the highest level of ethical standards in order to achieve MTB3V:

- i) To be One of the Best Performing Banks in Bangladesh
- ii) To be the Bank of Choice, and
- iii) To be a Truly World-Class Bank.

## Brief History of MTB

MTB was incorporated as a public limited company in 1999, under the Companies Act, 1994, with an authorized share capital of BDT 1,000,000,000 divided into 10,000,000 ordinary shares of BDT 100 each. At present, the bank's authorized share capital is BDT 10,000,000,000 divided into 1,000,000,000 ordinary shares of BDT 10 each.

The company was issued Certificate for Commencement of Business on October 5, 1999, and on the same day, Bangladesh Bank granted it a license under the Banking Companies Act, 1991. MTB started its banking operation on October 24, 1999. As envisaged in the memorandum of association, and, as licensed by Bangladesh Bank under the provisions of the Banking Companies Act, 1991, the company started its banking operation to progressively carry out its banking businesses, such as wholesale, retail, international trade financing, SME banking, NRB banking, off-shore banking, privilege banking, agent banking etc. The bank operates through its corporate head office located at MTB Centre, Gulshan 1, Dhaka 1212. The bank carries out international business through a global network of over four hundred foreign correspondent banks.

Currently, the bank has a network of 111 branches, which includes SME/Agri branches and two booths at Hazrat Shahjalal International Airport (arrival and departure lounges), Dhaka, 50 agent-banking centers across the country, and three fully-owned subsidiary companies - MTB Securities Ltd. (MTBSL), MTB Capital Ltd. (MTBCL) and MTB Exchange (UK) Ltd.

## Strategic Priorities

1. Focusing more on smart banking through increased digital customer experience
2. Enhancing data analytics proficiencies
3. Focusing on controlling operating cost with a view to improving cost to income ratio
4. Utilizing digital avenues extensively to extend customer reach
5. Launching new and/or improved products and services
6. Ensuring that MTB's high compliance and governance standards are maintained at all times
7. Keeping the core operating system up-to-date
8. Recruiting and retaining talent as well as motivating the existing human resources
9. Reviewing and improving business processes on a regular basis
10. Enhancing security and authentication system with specific focus on cyber security
11. Partnering with fintech providers to face the new challenges of the market
12. Managing financial capital and foresight to enhance shareholders' returns while ensuring sustainable growth

13. Improving the funding and liquidity position with the proviso of maintaining a high level of asset quality through portfolio diversification and lower provisioning
14. Contributing to the progress of the economy and the people by continuing to work as a socially responsible organization
15. Ensuring appropriate use of latest technologies to improve the alternative delivery channels to provide access to the unbanked population as part of financial inclusion.

## Corporate Governance

MTB has always strived to have good corporate governance practices put in place and to ensure that the highest standards of business integrity are regular part of its activities. The bank adheres strictly to the regulatory guidelines on corporate governance. The disclosures on corporate governance are provided in the chapter on "Corporate Governance" of this Annual Report.

## Risk Management

The prime objective of risk management is to appropriately balance the trade-off between risk and return. MTB judiciously ensures optimum return on its assets and equities streamlining a wide array of risks it faces during its day-to-day operation.

The main concern of the bank is to manage risks prudently and efficiently, to ensure profitability, capital adequacy and liquidity in a balanced manner. Strategically, MTB Board of Directors, through the Board Risk Management Committee (BRMC) and the senior management team, sets up risk governance structure and risk philosophy, endorses risk strategies and reviews and approves risk policies as well as the risk threshold in line with the bank's risk appetite. These limits are continuously monitored by an experienced risk management team and overseen by BRMC. MTB has put in place a number of risk management policies, viz., (i) Credit Policy with Credit Risk Management Guidelines (ii) Asset Liability Management Manual (iii) ICC Policy (iv) Money Laundering (ML) & Terrorist Financing (TF) Risk Management Policy Guideline (v) Foreign Exchange Risk Management Policy & Guideline (vi) ICT Policy (vii) Wholesale Borrowing and Funding Guidelines (viii) Liquidity Contingency Plan (ix) Management Action Trigger Points (x) Anti-Fraud Policy (xi) Valuation Methodology of Collateral (xii) Internal Capital Adequacy Assessment Policy (ICAAP), and (xiii) Compliance Manual. Details of the policies and activities are given in the Risk Management chapter of this Annual Report.

## Developing Human Capital

MTB has been working persistently with a view to transforming MTBians into human capital 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. The MTB Code of Conduct, unveiled in 2010, is being strictly practiced in order to ensure complete transparency and integrity in all its operations. A total of 1,786 employees were given training both at home and abroad in different fields of banking and management practices in 2017.

### Corporate Social Responsibility (CSR)

In respect of corporate sustainability, MTB has focused on a few key areas like extending support to the community and protection of the environment. The bank has set up “Mutual Trust Bank Foundation” and contributes, as donation, a part of its profit to the foundation for undertaking various projects, particularly in the health and education sectors. Apart from the CSR activities carried out by the foundation, the bank also undertook various CSR activities during the year 2017, details of which are given in the “Green Banking” and “Corporate Social Responsibility” part of this Annual Report.

### Adequate Accounting Records

MTB maintains all books of accounts and other records in accordance with the prevailing rules and regulations - Section 181 of the Companies Act, 1994, the Bank Companies Act, 1991, (as amended in 2013), Tax Ordinance and Rules, VAT Act, BSEC and DSE rules and regulations and Bangladesh Bank guidelines.

### Accounting Policy and Implementation of BAS/BFRS

The Board of Directors is responsible for ensuring good governance within the Bank and does supervise Management for the preparation and fair presentation of the Bank's annual financial statements, incorporating its Balance Sheet, Profit and Loss Account, Statement of Cash Flow, Statement of Changes in Equity during the year along with the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with Bangladesh Financial Reporting Standards (BFRS) and in the manner required by the Companies Act, 1994.

The directors' responsibilities also include supervision for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Internal Control and Compliance (ICC) System

MTB Board of Directors has the responsibility to make significant policies to ensure compliance at all levels in the bank's day-to-day activities. The ICC Division ensures internal control structure in the bank with appropriate assignments, accountability of the personnel and delegation of authorities to

functional management to create control and ensure a compliance culture within the organization under the active guidance and supervision of the Senior Management and the Board of Directors. The Bank Company Act, 1991, (as amended in 2013), requires some changes in the reporting line and organogram of the ICC Division. Meanwhile, the reporting line has been changed and the organogram revamped, to ensure that internal audit functions are dealt with independently from the ambit of management and its report is submitted to the Board Audit Committee of the Bank.

### Money Laundering Risk Management

Money laundering and terrorist financing are global phenomena, apparent in almost every part of the world. Emerging sophisticated techniques of moving illicit money are compelling the financial intermediaries to make their compliance program more rigorous. MTB, as a compliant bank, is determined not to let money launderers and terrorists or perpetrators to use the bank as a channel to launder money or finance terrorism in any possible way.

Hence, MTB has its own anti-money laundering (AML) & combating financing of terrorism (CFT) compliance program. It has been designed considering the range of activities, complexity of operations and the nature and degree of money laundering and terrorist financing risks faced by the bank. Certainly, it is designed as per the prevailing laws i.e., The Money Laundering Prevention Act, 2012 (Amended 2015), The Anti-Terrorism Act, 2009 (Amended 2013), relevant rules i.e., The Money Laundering Prevention Rules, 2013, The Anti-Terrorism Rules, 2013, Bangladesh Financial Intelligence Unit (BFIU) guidelines i.e., Money Laundering and Terrorist Financing Risk Management Guidelines, Money Laundering and Terrorist Financing Risk Assessment Guidelines, circulars and instructions and international standards. MTB applies risk-sensitive Customer Due Diligence (CDD) measures, monitors business relationships and suspicious transactions pursuant to the national regulations and international standards.

### Standards of Reporting

The financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as adopted by The Institute of Chartered Accountants of Bangladesh, the Bank Companies Act, 1991, (as amended in 2013), applicable provisions of the Companies Act, 1994; Bangladesh Securities and Exchange Commission rules and regulations, and Bangladesh Bank's BRPD Circular No. 14, dated June 25, 2003. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that they reflect the financial operations of the Bank in a true and fair manner.

## Going Concern

Going concern is one of the fundamental assumptions in accounting, on the basis of which the financial statements are prepared. According to the going concern assumption, a business entity will continue to operate in the foreseeable future, without the need or intention on the part of its 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 company to determine whether the going concern assumption is appropriate in the preparation of financial statements. MTB has prepared its financial statements considering the going concern assumption.

## Control Environment

Control activities are the policies and procedures, which help ensure that the management directives are carried out, and necessary actions are taken to minimize the risks of failure to meet stated objectives. The policies and procedures are effectively established within the Bank and are continuously reviewed for compliance, adequacy and improvement.

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. The Standard Operating Procedures (SOP) are signed off by the head of each department to provide assurance that these standards are communicated, understood and complied with. An effective control environment is set by top management in all spheres and across all business functions. Every year, the senior team conducts a self-assessment of key controls that affect the business and develops action plans to make the internal control environment more robust.

## Supplier Payment Policy

MTB has developed and implemented a set of payment policies for all its suppliers. The payment methods and system are explained to the vendors before issuing purchase orders. Bills are paid according to the payment terms, and VAT and other withholding taxes are deducted from bills as per the law. As of date, there is no legal case filed by the Bank or filed against it by any supplier.

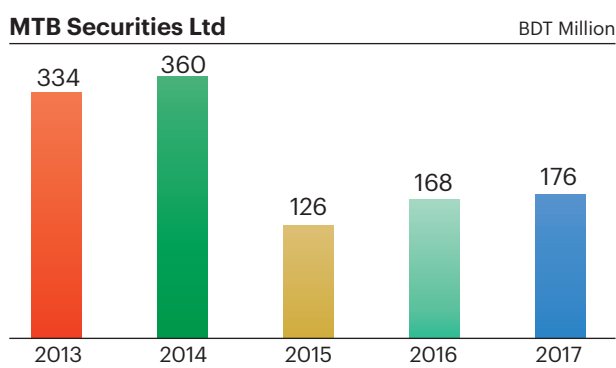
Review Report on MTB Operations, Products and Services

A review on the bank's operational activities is given in detail in the later part of this Annual Report. Brief review reports of the bank and its subsidiaries are as follows:

## MTB Subsidiaries:

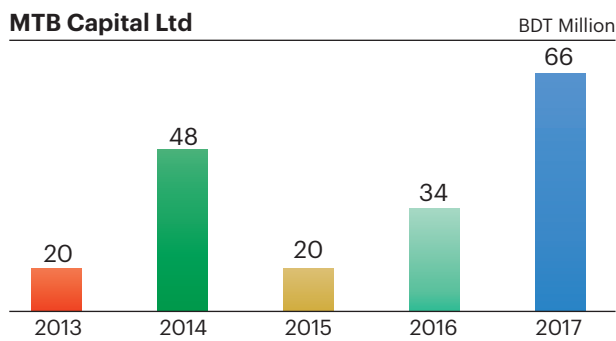
### MTB Securities Ltd

Mutual Trust Bank Ltd. started its brokerage functions from June 2006 as a division of the bank. Subsequently, as per directives of Bangladesh Bank and Bangladesh Securities Exchange Commission, the division emerged as MTB's subsidiary company, MTB Securities Limited (MTBSL). MTBSL is currently operating with 14 strategically located offices spread across the country. During the year 2017, the company made an operating profit of BDT 176 million as against BDT 168 million in 2016.



### MTB Capital Ltd

MTB Capital Limited (MTBCL) is a wholly owned subsidiary of Mutual Trust Bank Limited and a full-fledged merchant bank, licensed by the Bangladesh Securities and Exchange Commission (BSEC) in December 2010. MTBCL was incorporated to explore new markets and meet the demand for merchant banking services. The company extends co-operation and value added services to its respected clients. During the year 2017, the company made an operating profit of BDT 66 million as against BDT 34 million in 2016.



### MTB Exchange (UK) Ltd

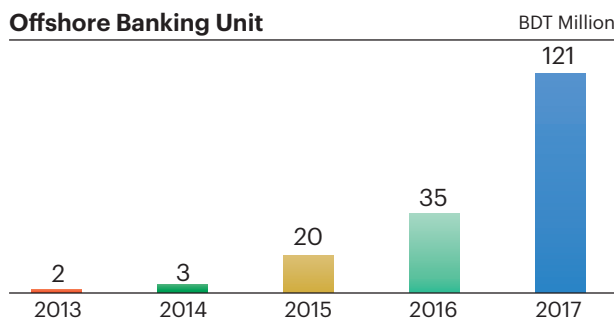
MTB Exchange (UK) Limited (MTB UK) is one of the three wholly owned subsidiary companies of Mutual Trust Bank Limited (MTB) and started its operation from February 15, 2011. During the year 2017, the company made an operating profit of BDT 0.51 million and a total amount of GBP 4.90 million was remitted to Bangladesh through MTB Exchange (UK) Ltd.



## Offshore Banking

MTB was permitted to operate an Offshore Banking Unit (OBU) by Bangladesh Bank in 2009. The total loans and advances of the OBU stood at USD 111.70 million in December 2017 compared to USD 39.72 million in 2016, with a growth of 181.26 percent. In 2017, the OBU's operating profit stood at USD 1.50 million, equivalent to BDT 120.99 million, as against USD 0.44 million, equivalent to BDT 34.79 million, in 2016.

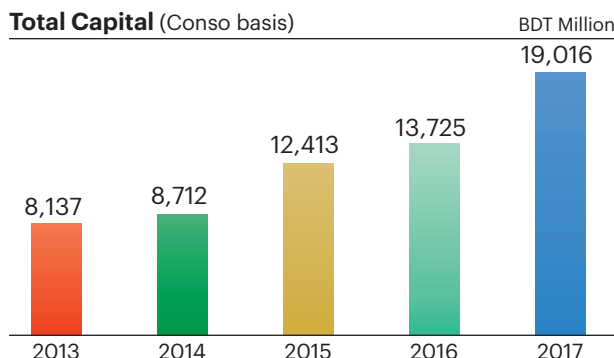
### Offshore Banking Unit



## Capital Management

As per Bangladesh Bank's guideline, a bank is required to maintain capital equal to at least 11.25 (Including Capital Conservation Buffer 1.25) percent of its risk-weighted assets under the Basel-III guidelines. Bank's capital has two components, Tier-I and Tier-II. Tier-I capital should be minimum 6.0 percent of the total capital. Tier-I includes the paid-up capital, share premium, statutory reserve and retained earnings, and Tier-II includes general provision on unclassified loans and advances, revaluation reserves, unsecured subordinated debt and exchange equalization account. MTB's total capital registered an increase of BDT 5,291.33 million and stood at BDT 19,016.46 million in 2017. Tier-I capital grew by BDT 1,058.05 million, and was recorded at BDT 10,067.48 million in 2017. Total capital is now equivalent to 13.76 percent of total risk weighted assets. The details of capital adequacy and capital management are given in the "Market Discipline- Disclosures on Risk Based Capital (Basel-III)" chapter of this Annual Report.

### Total Capital (Conso basis)



## Financial Analysis

### Total Assets

The consolidated assets of the bank stood at BDT 201,754 million in 2017 compared to BDT 165,371 million in 2016. Total assets of MTB stood at BDT 201,278 million in 2017 compared to BDT 164,480 million in 2016, with a growth of 22.37 percent. MTB has been successful in marketing significant amount of loans and advances by launching new and innovative products in the market.

### MTB Funds under Management

	BDT Million		
	2017	2016	Growth
Customer Liabilities	151,776	131,272	15.62%
Advances	145,607	114,356	27.33%
Funds Under Management (FUM)	297,383	245,628	21.07%

### Cash and Balances with Bangladesh Bank and its Agent Bank(s)

MTB's consolidated cash and balances with Bangladesh Bank and its agents stood at BDT 13,077 million in 2017 compared to BDT 11,263 million in 2016. The growth in customer deposits has also resulted in an increase in the Cash Reserve Requirement (CRR) set by Bangladesh Bank.

### Balances with Other Banks and Financial Institutions

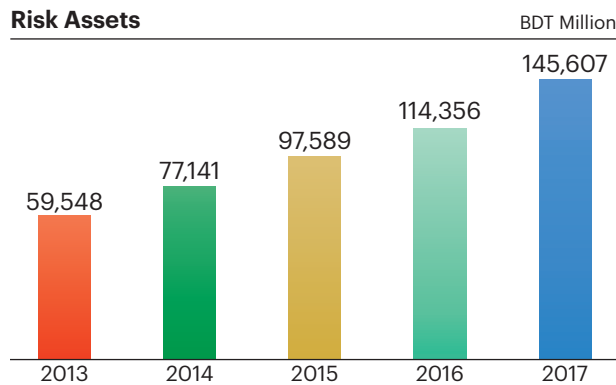
MTB's consolidated balance with other banks and financial institutions including money at call and short notice stood at BDT 7,488 million in 2017 compared to BDT 9,138 million in 2016. This was BDT 7,045 million in 2017 compared to BDT 9,010 million in 2016 for MTB only.

### Investments

MTB's consolidated investments increased during the year under review by BDT 3,164 million to BDT 25,106 million. The bank purchased government treasury bills and bonds to cover the increased statutory liquidity requirement. MTB, as a primary dealer bank, had to purchase and participate in government securities auctions set by Bangladesh Bank.

### Risk Assets

MTB's consolidated loans and advances stood at BDT 145,607 million in 2017. Outstanding loans and advances of off-shore banking units was BDT 9,238 million in 2017 compared to BDT 3,126 million in 2016. Yield on loans and advances decreased to 9.50 percent in 2017 from 10.73 percent in 2016 due to decrease in lending rates. Details of credit are given in No. 7 of the Notes to the Accounts. The ratio of non-performing loans stood at 4.30 percent, which was much below the industry average of 9.31 percent in 2017.

**Risk Assets****Liabilities**

The consolidated total liabilities of the bank stood at BDT 189,992 million in 2017 compared to BDT 155,552

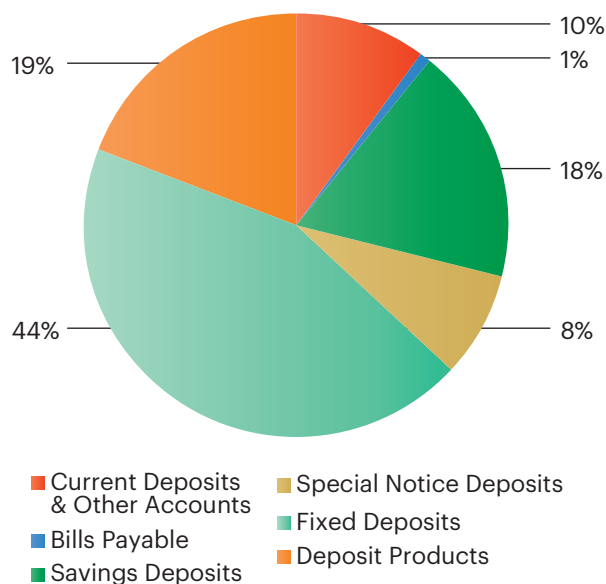
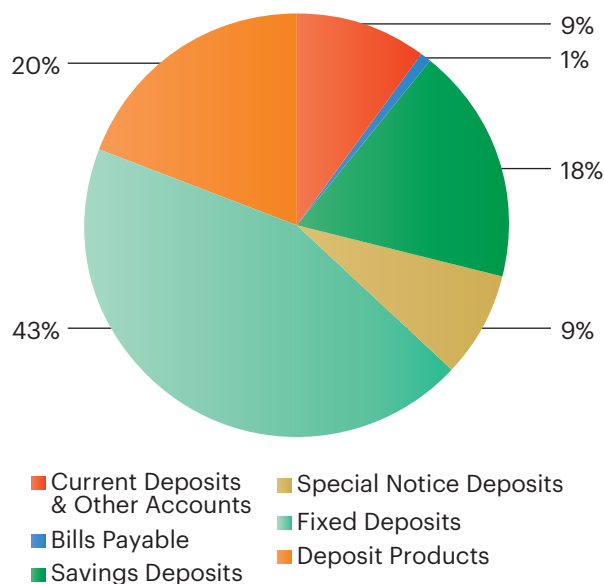
million in 2016. MTB's total liabilities rose to BDT 189,610 million in 2017 from BDT 154,697 million in 2016, with a growth of 22.57 percent. The increase in liability was mainly due to growth in deposits and borrowings.

**Deposits**

MTB's consolidated deposits grew by 15.62 percent to BDT 151,776 million in 2017. The growth was supported by a wide range of branch network, spread throughout the country. With 111 branches and 246 ATMs, MTB was able to acquire more low cost funds in 2017. Fixed deposits accounted for 44.22 percent of the total deposits. Cost of deposit decreased to 5.00 percent in 2017 compared to 5.51 percent in 2016.

BDT Million

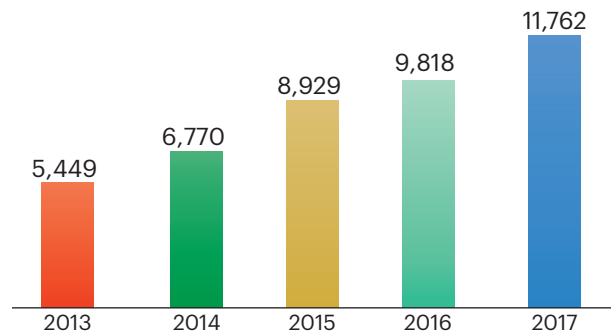
Deposits	2017	2016	Growth over 2016
Current Deposits & Other Accounts	14,652	12,302	19.11%
Bills Payable	2,101	1,751	19.97%
Savings Bank Deposit	27,479	23,710	15.90%
Special Notice Deposits	11,722	11,646	0.65%
Fixed Deposits	67,114	55,803	20.27%
Deposit-Products	28,708	26,060	10.16%
<b>Total Deposits</b>	<b>151,776</b>	<b>131,272</b>	<b>15.62%</b>

**Deposits Mix 2017****Deposits Mix 2016**

## Shareholders' Equity

MTB's consolidated shareholders' equity increased by 19.80 percent to BDT 11,761.96 million in 2017. Paid-up capital of the bank increased by 15 percent to BDT 5,096.56 million in 2017. Statutory reserves increased by 13.63 percent to BDT 3,622 million during the year. Total distributable profit stood at BDT 696.57 million in 2017 after retaining of deferred tax assets of BDT 935.91 million.

## Total Shareholders Equity (Conso basis) BDT Million



## Analysis of Consolidated Income Statement of MTB

BDT Million

SL	Particulars	2017	2016	Growth over 2016
1	Interest Income	12,161	11,381	6.85%
2	Interest Expenditure	7,853	7,503	4.66%
3	Net Interest Margin (NIM)	4,308	3,878	11.07%
4	Net Interest Margin (NIM) Ratio	3.09%	3.55%	-0.45%
5	Income from Investment, Commission, Brokerage & Others	4,172	3,637	14.71%
6	Total Operating Income (Net Interest Income + Non Interest Income)	8,479	7,515	12.83%
7	Operating Expenses	4,564	4,107	11.12%
8	Profit Before Provision	3,916	3,408	14.89%
9	Net Profit after Tax	1,980	1,464	35.31%

## Interest Income

Interest income increased by 6.85 percent to BDT 12,161 million in 2017. The gross yield on advances stood at 9.50 percent in 2017 compared to 10.73 percent in 2016.

## Interest Expense

Interest Expense increased by 4.66 percent to BDT 7,853 million in 2017.

## Net Interest Margin

Net Interest Margin (NIM) increased by 11.07 percent to BDT 4,308 million in 2017. The increase in interest income contributed largely to the increase in net interest margin. The net interest margin ratio stood at 3.09 percent in 2017 compared to 3.55 percent in 2016.

## Income from Investment, Commission and Brokerage and Other Operating Activities

Income from investment, commission, brokerage & others increased to BDT 4,172 million in 2017 compared to BDT 3,637 million in 2016.

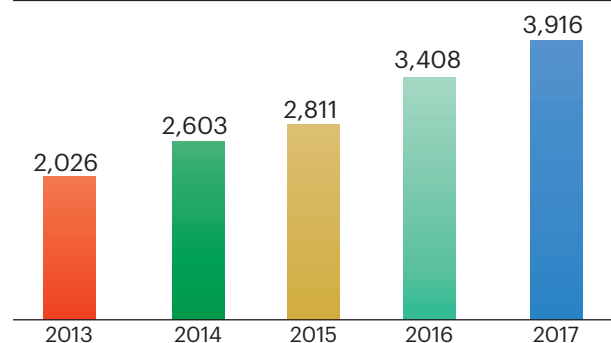
## Total Operating Expense

Total operating expenses increased by 11.12 percent to BDT 4,564 million in 2017 compared to BDT 4,107 million in 2016.

## Profit before Provision

Total Profit before Provision increased by a healthy margin of 14.89 percent to BDT 3,916 million during the year compared to BDT 3,408 million in 2016.

## Profit before provision (Conso basis) BDT Million



## Provision for Classified Loans

Total provision against classified loans and advances stood at BDT 2,398 million in 2017 compared to BDT 2,051 million in 2016. The non-performing loan ratio during the year is given below:

	2017	2016
NPL Ratio	4.30%	4.36%

### Profit before Tax

Profit before tax stood at BDT 2,259 million in 2017 with a negative growth of 8.21 percent as against BDT 2,461 million in 2016.

### Provision for Income Tax

Due to creation of deferred tax assets of BDT 935.91 million on specific provision made against bad & loss loan, provision for income tax stood at BDT 279.13 million in 2017 compared to BDT 997.88 million in 2016.

### Net Profit after Tax

Net profit after tax registered a growth of 35.31 percent to BDT 1,980 million in 2017 compared to BDT 1,464 million in 2016. Basic earnings per share (EPS) increased to BDT 3.89 in 2017 compared to BDT 2.87 in 2016.

### Statutory Reserves

As per the Bank Company Act, 1991, (as amended in 2013), 20 percent of profit before tax is required to be transferred to statutory reserve. As such, an amount of BDT 434.46 million was transferred to statutory reserve in 2017. Total Statutory Reserves stood at BDT 3,622 million upto 2017.

### Dividends

The fund available for distribution was BDT 696.57 million in 2017 after retaining of deferred tax assets of BDT 935.91 million. In order to maintain a satisfactory capital adequacy ratio of the bank, the Board has decided to recommend 12.50 percent stock dividend for the year 2017.

### Remuneration of Directors

As per the BRPD Circular No. 09 dated 19/09/1996, the Chairman of the bank may be provided a car, telephone, office and private secretary. However, MTB pays only fees to its Directors for attending the meetings of the Board of Directors, Executive Committee, Risk Management Committee and Audit Committee.

### Contribution to National Exchequer

MTB made significant contribution to the government in boosting its revenue collection which will help in developing the society and the country as a whole. As per the prevailing law of the country, the bank being a corporate citizen pays tax and VAT on its own income. Besides, the bank collects tax, VAT and excise duty at source from clients, deposits and suppliers. All the collected amounts are deposited to the national exchequer in due time. During the year 2017, the bank contributed BDT 2,784 million to national exchequer as against BDT 2,197 million in the previous year.

### Related Party Transaction

The details of transactions of related parties of the company have been given in Note-43 of the Financial Statements.

### Shareholders' Value

MTB remains fully committed to delivering higher shareholder value. The high profitability track record underpins the value the shareholders derived from investing in the shares of the bank. The earnings per share stood at BDT 3.89 and return on average equity stood at 18.35 percent during 2017. Market capitalization of MTB stood at BDT 17,837.96 million as at December 31, 2017.

### Meeting of the Board of Directors of MTB

15 meetings of the Board of Directors of MTB were held in 2017.

### Appointment of Auditors

The Shareholders of the bank in its 18th Annual General Meeting held on July 25, 2017 appointed A. Qasem & Co., Chartered Accountants as External Auditor of the bank for the year 2017. As per the guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission, A. Qasem & Co., Chartered Accountants is eligible for re-appointment for further term.

### Annual General Meeting

The Annual General Meeting of Mutual Trust Bank will be held on Thursday, May 31, 2018 at 11.00 a.m. at the Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment, Dhaka 1206. The Directors' Report and financial statements were approved at 219<sup>th</sup> meeting of the Board of Directors of MTB, held on April 17, 2018 for presentation to the shareholders.

I would like to thank all our shareholders, board members, regulators, depositors, clients and the authorities for helping us in our journey.

Thank you.

On behalf of the Board of Directors



**M. A. Rouf, JP**  
Chairman