

# ANNUAL REPORT 2018



## SHINING

**MTB**  
*Shining*



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
**Mutual Trust Bank Ltd.**

*you can bank on us*





# MTB *Shining*

## MTB SHINING

The progress of Mutual Trust Bank Limited (MTB) in the last two decades is manifested through its reputation earned as a well-governed financial institution, and which is well supported by its compliance status, formulation of timely strategies and customer-centric culture. The bank has maintained and even stretched the legacy built by its founders since inception. And, after 19 years of journey, the results are more evident than ever: a bank with a clean image, excellent reputation, robust structure and a competent and committed management team. MTB is now all set to focus more on the growth trajectory, with an unyielding attitude towards upholding the principles upon which the organization has been built.

One of the Key Performance Indicators (KPIs) of MTB focuses entirely on achieving a higher score than the peer group average, as far as customer experience is concerned. However, it is not just the sheer number of products and services available that elevates MTB's position as a financial services provider that caters to all segments of the market. The Omni channel approach

that the bank has chosen to cultivate throughout its extensive network, ensures the seamless integration of its various distribution channels.

In 2019 and beyond, MTB aims at setting a shining example in each and every sphere of its customer service offerings required for it to become the brightest star in the night sky like the Sirius. Sirius, which means "glowing" in Greek, has a high luminosity, or intrinsic brightness. It is twenty-five times more luminous than the sun. In the exciting times ahead, with its resilient fundamental structure, MTB shall shine from its core through the luminosity achieved from transparent banking activities and launch of a new state-of-the-art Core Banking Solution (CBS). Sirius is gradually moving closer to the Solar System. Likewise, MTB shall move closer to its clientele, through its various never-done-before initiatives like recycler ATMs, QR Code payments, and through contactless credit cards in the near future. Thus, MTB with all the resources in its arsenal, is committed to shine in the times ahead.

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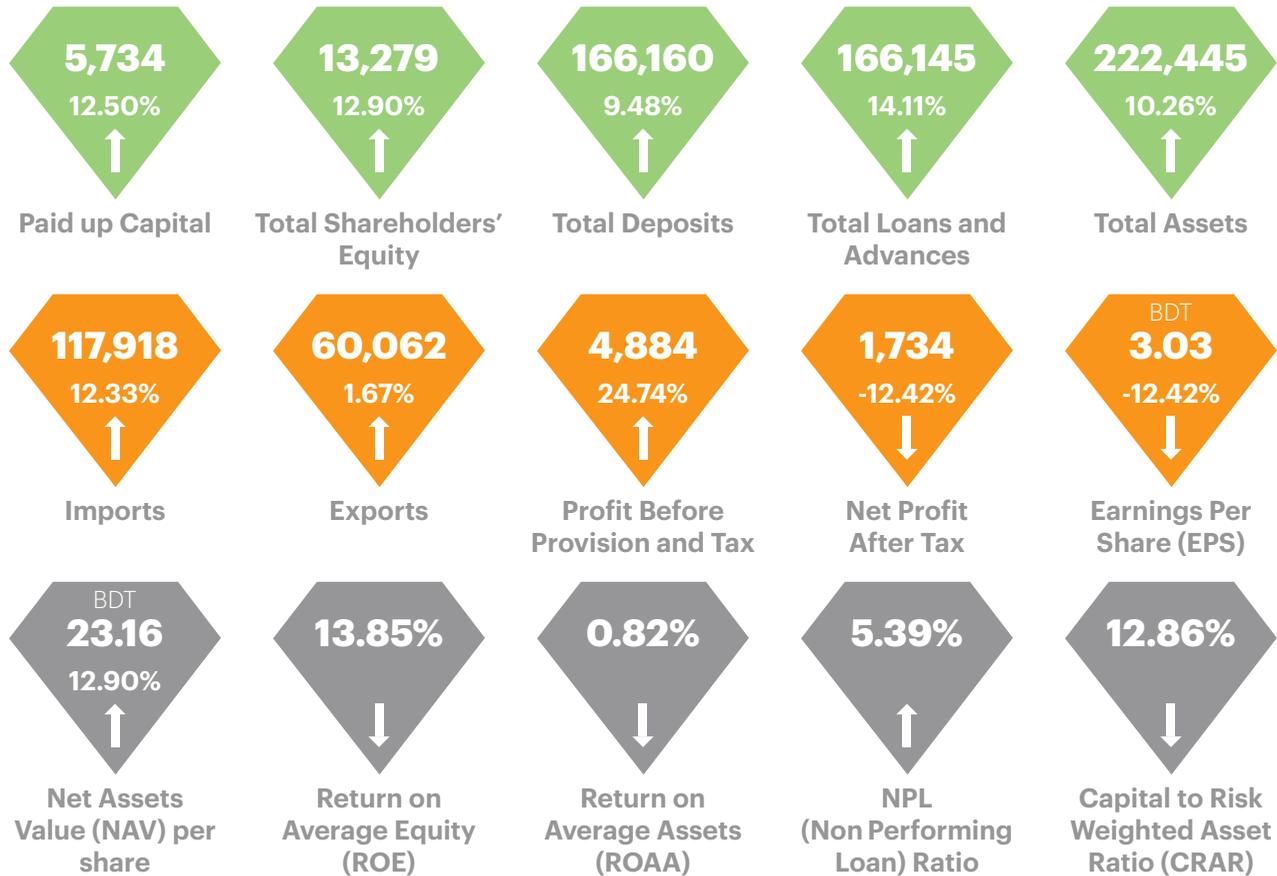
**SUCCESS  
DEPENDS ON  
OUR PEOPLE**



# PERFORMANCE 2018

## Core Business Growth

BDT in million



## Financial Inclusion Growth





# MTB OUTLOOK 2019

MTB's vision is based on a philosophy known as MTB3V and the bank aims to increase profitability in a sustained and precise manner keeping its main philosophy of integrity, transparency and ethics. The bank considers its customer as the most important factor and always wants to continue with the ideology as compliant

first and profits second with a target to enhance our business using cutting edge technology, well-trained human resources and banking capabilities in an efficient and effective manner.

The strategic priorities of the bank are as follows:

## Strategic Priorities



Emphasize in smart banking through improvement of digital customer experience



Enriching data analytics proficiencies



Continuous focus in reduction of operating cost and improving cost to income ratio



Emphasize in innovation and up gradation of new products and services



Continue to ensure our high standards of compliance and governance



Continuous update or replace components of the core operating system



Recruitment and retention of talents as well as motivating the existing human resources



Regular reviewing and improvement of business process



Enhancement of security and authentication system and specific focus on cyber security



Establishing partner with fintech providers to face the new challenges of the market



Managing financial capital and foresight to enhance shareholder returns while ensuring sustainable growth



Continue to improve the funding and liquidity position with the proviso of maintaining a high level of asset quality through portfolio diversification and lower provisioning



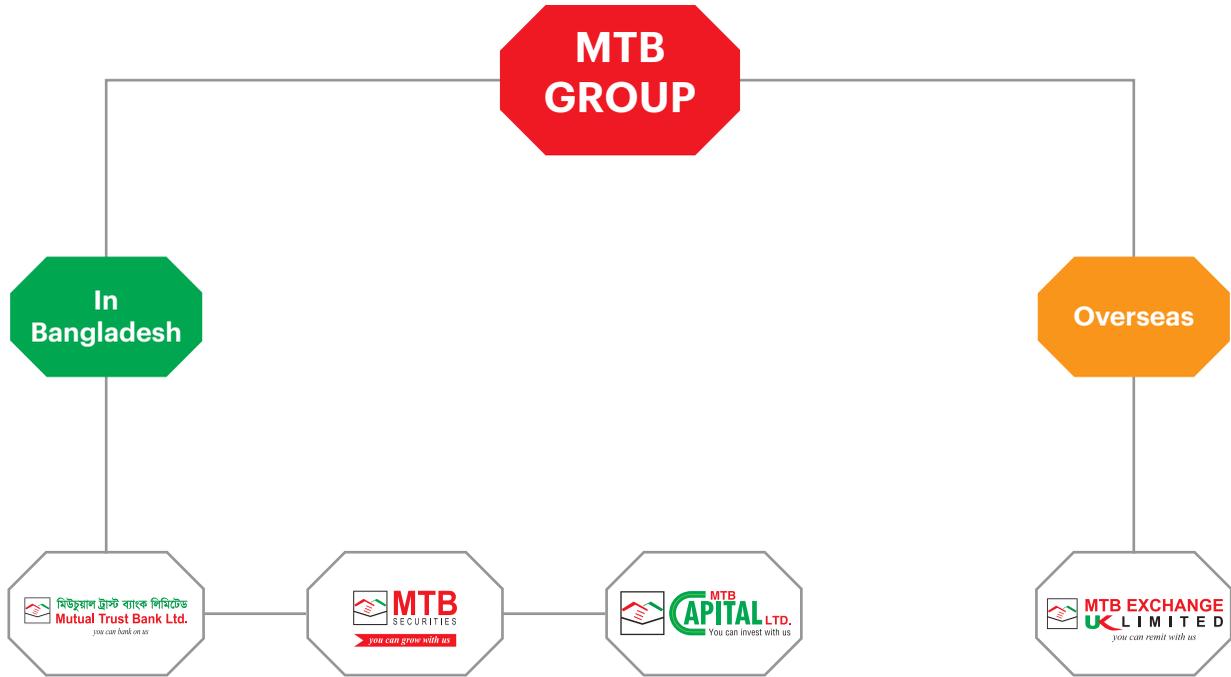
Act as a socially responsible organization with an aim to progress the economy and the people



Ensure appropriate use of latest technology to improve the alternative delivery channels to provide access to the unbanked population as a part of financial inclusion



# MTB CORPORATE STRUCTURE





# LETTER OF TRANSMITTAL

All Shareholders of the Bank  
Bangladesh Bank  
Bangladesh Securities and Exchange Commission (BSEC)  
The Registrar of Joint Stock Companies & Firms (RJSC)  
Dhaka Stock Exchange Limited (DSE)  
Chittagong Stock Exchange Limited (CSE)

## **MTB ANNUAL REPORT 2018 TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS (CONSOLIDATED AND SEPARATE) FOR THE YEAR ENDED ON DECEMBER 31, 2018.**

Dear **Madam/Sir(s)**,

Please accept best compliments from Mutual Trust Bank Ltd. (MTB).

We are pleased to enclose a copy of the Annual Report 2018, together with the audited Financial Statements (includes Balance Sheet, Profit and Loss Account, Statement of Cash Flows, Statement of Changes in Equity, Liquidity Statement and Notes to the Financial Statements on consolidated and separate basis) for the year ended on December 31, 2018, of the Mutual Trust Bank Ltd. (MTB) for your kind information and record.

The Financial Statements of the MTB comprises of MTB Securities Ltd. (MTBSL), MTB Capital Ltd. (MTBCL), MTB UK Exchange Ltd. (MTB UK), subsidiaries of the bank, and MTB Offshore Banking Unit (MTB OBU).

Yours sincerely,

**Malik Muntasir Reza**  
Group Company Secretary



# NOTICE OF THE 20<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

Notice is hereby given to all the Honorable Shareholders of Mutual Trust Bank Ltd. (MTB) that, the 20th (Twentieth) Annual General Meeting (AGM) of the bank will be held on **Sunday, June 30, 2019 at 10:00 a.m., at Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment, Dhaka-1206** to transact the following business, and to adopt necessary resolutions:

## AGENDA

### 1. Special Business:

1. To amend, include the following clauses of the Articles of Association of the bank:

Sl.	Article	Existing Provision of the Articles of Association	Proposed Changes/Addition in the Articles of Association
1.	95	<b>BOARD OF DIRECTORS NUMBER OF DIRECTORS</b> Until otherwise determined by the Company in a general meeting, the numbers of Directors shall not be less than 5 (five) and more than 20 (twenty), including the Independent Director(s), Director(s) from the Strategic Investor(s)/Institution(s)/ Representative Directors, excluding the ex-officio Director, i.e., the Managing Director & CEO of the bank, as follows, subject to maintaining such ratios/proportion, determined from time to time by the regulatory bodies, in this regard:	Until otherwise determined by the Company in a general meeting, the numbers of Directors shall not be less than 5 (five) and more than 20 (twenty), including the Independent Director(s), Director(s) from the Strategic Investor(s) /Institution(s)/ Representative Directors, excluding the ex-officio Director, i.e., the Managing Director & CEO of the bank, as follows, subject to maintaining such ratios/proportion, determined from time to time by the regulatory bodies, in this regard, provided however that notwithstanding anything contained in the Article, any international institutional investor which subscribed to at least five percent (5%) shares of the Company, and for so long as it continues to hold such minimum percentage of shareholding as is required for appointment of nominee director under the laws of Bangladesh, shall have the right to nominate one (1) Director (the "International Investor Nominee Director"), where such appointment is a condition of subscription by such international institutional investor:

Sl.	Article	Existing Provision of the Articles of Association	Proposed Changes/Addition in the Articles of Association
<b>2.</b>	<b>97</b>	<b>QUALIFICATION OF DIRECTORS</b>	
		<p>The qualification of a Director of the Company shall be holding of shares in his or her own name, the aggregate nominal value of which shall not be less than the percentage/certain percentage/ number of the shares outstanding of the paid up shares or such number/percentage of the shares, as is determined from time to time by the applicable laws or regulations, notifications, etc. This provision, however, shall not be applicable to the Managing Director &amp; CEO, Independent Director(s), director(s) representing specific shareholder(s) or group of shareholders and directors representing company/companies/institution(s) or association(s), provided such specific shareholders/group of shareholders or companies or institutions hold such requisite amount of shares as aforesaid.</p>	<p>The qualification of a Director of the Company shall be holding of shares in his or her own name, the aggregate nominal value of which shall not be less than the percentage/certain percentage/ number of the shares outstanding of the paid up shares or such number/percentage of the shares, as is determined from time to time by the applicable laws or regulations, notifications, etc. This provision, however, shall not be applicable to the Managing Director &amp; CEO, Independent Director(s), International Investor Nominee Director, director(s) representing specific shareholder(s) or group of shareholders and directors representing Company/companies/institution(s) or association(s).</p> <p>Provided such specific shareholders/group of shareholders or companies or institutions hold such requisite amount of shares as aforesaid.</p>
<b>3.</b>	<b>120</b>	<b>PERIOD OF NOTICE</b>	
		<p>The quorum for a meeting of the Board of Directors may be decided by the Board but not less than one third number of directors (rounded off as one in case of fraction).</p>	<p>The quorum for a meeting of the Board, duly convened and held, shall be:</p> <p>(i) a majority (more than fifty percent (50%)) of the Directors then in office till such time the International Investor Nominee Director has not been appointed on the Board; and</p> <p>(ii) upon appointment of the International Investor Nominee Director, a majority (more than fifty percent (50%)) of the Directors (excluding the International Investor Nominee Director and the Independent Director) then in office and either an Independent Director or the International Investor Nominee Director;</p>
<b>4</b>	<b>Inserting new Article 120A</b>		<p>Notwithstanding anything contained in these Articles, the Company shall not take the following decisions or actions without the approval of at least sixty-six per cent (66%) of the Directors of the Company (excluding the Directors who are restricted to vote on such decisions or actions pursuant to conflict of interest policy or applicable law):</p>

Sl.	Article	Existing Provision of the Articles of Association	Proposed Changes/Addition in the Articles of Association
			<ul style="list-style-type: none"> <li>(a) remove or replace the Auditors or change the Financial Year of the Company;</li> <li>(b) approve or amend the Business Plan or budget of the Company;</li> <li>(c) other than in connection with the normal banking operations consisting of lending and treasury operations including stock market equity investments, authorize or undertake any arrangement for the disposal (including but not limited to any sale, exchange or lease) of: (A) (i) more than two per cent (2%) of the fair market value of the assets of the Company; or (ii) more than twenty five per cent (25%) of the fair market value of the assets of any Subsidiary whether in one or a series of transactions; or (B) any shares of any Subsidiary;</li> <li>(d) enter into any obligation outside of the normal course of business in excess of One Million Dollars (\$ 1,000,000) (or the equivalent in any other currency) in the aggregate in any Financial Year;</li> <li>(e) enter into any commitments for acquisitions of other entities (whether by the acquisition of shares, assets, or otherwise) for a consideration in excess of One Million Dollars (\$ 1,000,000) (or the equivalent in any other currency) in the aggregate in any Financial Year;</li> <li>(f) enter into any commitments for capital investments in excess of Fifteen Million Dollars (\$ 15,000,000) (or the equivalent in any other currency) in the aggregate in any Financial Year;</li> <li>(g) incur Financial Debt which involves the payment by it, in cash or otherwise, of amounts in excess of One Million Dollars (\$ 1,000,000) (or the equivalent in any other currency) in the aggregate in any Financial Year other than the Financial Debt incurred in the normal course of its banking business;</li> <li>(h) directly or indirectly declare, authorize or make any Distribution in relation to any Equity Securities of the Company (or Equity Securities of any Subsidiary) that is not out of the profits for the then current Financial Year;</li> </ul>

Sl.	Article	Existing Provision of the Articles of Association	Proposed Changes/Addition in the Articles of Association
			(i) create any subsidiary or enter into any joint venture or partnership; (j) grant or enter into any material license, agreement or arrangement concerning any intellectual property rights; (k) enter into any amalgamation, merger, consolidation, reconstitution, restructuring or similar transaction of the Company or any Subsidiary; (l) authorize or undertake any Listing, any Offering of any Equity Securities of the Company and or any Subsidiary, and the delisting of the Equity Securities of any Subsidiary; (m) enter into any agreement, arrangement or transaction with any Related Party, other than non-material agreements having a term of less than one (1) year that are negotiated on an arm's-length basis in the ordinary course of business and contemplated by the Business Plan; (n) adopt, amend or revise the Dividend Policy to permit dividends to be paid on any basis other than out of the most recent completed Financial Year's profits; (o) adopt, amend or revise any employee stock plan; and (p) determine timeline for implementation of the recommendations of the Corporate Governance Consultant.
<p>"That the adoption of the aforesaid amendments/inclusions/deletions in the Memorandum of Association and Articles of Association of the Bank, and subsequent printing and circulation of the same, be and are hereby approved (in such manner/way/s, as approved by the shareholders, and upon receiving consent from the regulatory authorities) and is advised to file the amended Memorandum of Association and Articles of Association with the Registrar of Joint Stock Companies &amp; Firms of Bangladesh for record and obtaining of certified copies".</p>			

### Ordinary Business

1. To receive, consider and adopt the audited Annual Financial Statements (Consolidated and Separate), for the year ended on December 31, 2018, together with the Directors' Report and Auditors' Report thereon.
2. To declare Dividend for the year ended on December 31, 2018.
3. To elect/re-elect Director(s) in accordance with the provisions of law and as per the Articles of Association of the Company.
4. To appoint/re-appoint Statutory Auditors for the term until completion of the next Annual General Meeting, and fix their remuneration.
5. To appoint/re-appoint Compliance Auditor as per the Corporate Governance Code and fix their remuneration.

June 03, 2019  
Dhaka

By order of the MTB Board of Directors



**Malik Muntasir Reza**  
Group Company Secretary

**Notes:**

- a) The 'Record Date', in lieu of Book Closure was on Monday, June 03, 2019. The shareholder(s) whose names were appeared in the Register of MTB, under the Central Depository System (CDS) on the Record Date, are eligible to attend the 20th AGM and qualify to receive the dividend.
- b) The Board of Directors recommended for payment of Stock Dividend (Bonus Share) @ 11% (Eleven percent) on the profit of MTB for the year ended on December 31, 2018.
- c) A. Qasem & Co., Chartered Accountants, the existing Auditor will retire from the office at the end of the 20th AGM. Since they have audited the accounts of the bank for 2nd year, they are eligible for re-appointment, as per prevailing laws/regulations.
- d) A shareholder, who is entitled to attend and vote at the AGM, may appoint a proxy to attend the meeting and take part in the proceedings thereof, on his/her/their behalf.
- e) The instrument appointing a proxy, or the Power of Attorney, duly signed by a shareholder and stamped with requisite amount must be submitted at the MTB Share Department, MTB Tower (3rd Floor), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka 1000 at least 48 hours before the meeting.
- f) Attendance of the shareholder(s)/attorney (ies)/proxy (ies) shall be recorded at the entrance of the venue. Attendance slip has to be signed and submitted at the Registration Counter.
- g) Annual Report 2018, together with the Notice of the 20th AGM, Proxy Form and Attendance Slip will be sent to all the hon'ble shareholders by emails. The hon'ble shareholders may also collect the Annual Report from the MTB Share Department. The hon'ble shareholders may also visit the MTB's website @ <https://www.mutualtrustbank.com>, where the report, form and slip are also displayed.
- h) In compliance with the Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2009-193/154 dated October 24, 2013 "No benefit in cash or kind, other than in the form of cash dividend or stock dividend, shall be paid to the Shareholders, i.e., no gift/gift coupon/food box etc. will be distributed at the 20th AGM".



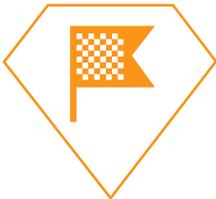
# MTB VISION, MISSION & CORE VALUES



## Vision

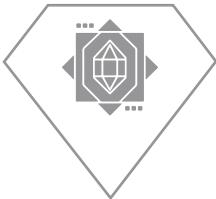
Mutual Trust Bank's vision is based on the philosophy well known as MTB3V. We envision MTB to be:

- ▶ One of the Best Performing Banks in Bangladesh
- ▶ The Bank of Choice
- ▶ A Truly World-Class Bank



## Mission

We aspire to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused company that offers an array of products and services in the search for excellence and to create an impressive economic value.



## Core Values

### Commitment

- ▶ Shareholders – Create sustainable economic value for our shareholders by utilizing an honest and efficient business methodology.
- ▶ Community – Committed to serve the society through employment creation, support community projects and events and be a responsible corporate citizen.
- ▶ Customers – Render state-of-the-art service to our customers by offering diversified products and by aspiring to fulfill their banking needs to the best of our abilities.
- ▶ Employees – We rely on the inherent merits of the employees and honor our relation as a part of this renowned financial institution. We work together to celebrate and reward unique backgrounds, viewpoints, skills and talents of everyone at the work place, no matter what their job is.

### Accountability

As a bank, we are judged solely by the successful execution of our commitments; we expect and embrace this form of judgment. We are accountable for providing the highest level of service along with meeting the strict requirements of regulatory standards and ethical business practices.

### Agility

We can see things from different perspectives; we are open to change and not bound by how we have done things in the past. We can respond rapidly and adjust our mode of operation to meet stakeholder needs and achieve our goals.

### Trust

We value mutual trust, which encompasses transparent and candid communications among all parties.



# MTB CODE OF CONDUCT

As an employee of MTB, one must observe the highest standards of impartiality, integrity, objectivity and honesty in relation to the work s/he undertakes at all times. The Code of Conduct provides guidance to employees on how to ensure that their actions and behavior are consistent with both MTB's values and its high standards of conduct required to maintain banking compliance.

## Code I: Our Vision

Our code of conduct is in alignment with the bank's Vision, MTB3V!

## Code II: Uphold organizational mission

We aspire to be one of the most admired banks in the nation and be recognized as an innovative and client focused company, enabled by cutting-edge technology, a dynamic workforce and a wide array of financial products and services.

## Code III: Adhere to the highest ethical standards

We ensure that our employees act with integrity, competence, dignity, and in an ethical manner when dealing with customers, prospects, colleagues, agencies and the public.

## Code IV: Compliance with the laws & regulations

We maintain knowledge of and comply with all applicable laws, rules and regulations of any government, governmental agencies, regulatory organizations, licensing agencies, or professional associations governing the employee's professional activities.

## Code V: Relationship with & responsibilities to MTB

We prioritize the bank's interest above personal interest.

As an objective, employees are required to:

Disclose the conflicts of interest including beneficial relationship with customers of any of its associates; state only MTB's view and not her/his own, when speaking in a forum in which audiences would reasonably expect that s/he is speaking as a representative of MTB.

## Code VI: Relationship with & responsibilities to customer

We deliver service professionally, respect customers and treat them courteously and consistently; Respect the confidentiality and privacy of customers, or anybody with whom they do business.

## Code VII: Protecting business assets & information

We are responsible and accountable for using the goodwill and assets of MTB and its customers, whether tangible, intangible, intellectual or electronic, in a manner both responsible and appropriate to the business and only for legal and authorized purposes.

## Code VIII: Respecting others

We treat colleagues, customers and anyone with whom we do business, with respect, dignity, fairness and courtesy; we commit to maintain a work environment that is free from discrimination or harassment based on race, religion, creed, sex, disability, age or any other relevant category.

## Code IX: Misconduct

We commit to avoid any professional conduct involving dishonesty, fraud, deceit or misrepresentation or carry out any act that reflects adversely on our honesty, trustworthiness or professional competence; we also commit to support international and local efforts to eliminate corruption and financial crime.

## Code X: Insider trading

We are committed to not utilize position for personal gain or for gain of another person. All of us must ensure that any information in our possession that is not publicly available and may have a material effect on the price or value of objectives, is not provided to anyone who may be influenced to subscribe, buy or sell shares or conduct any other business transactions with another person including family and friends.

## Code XI: Control

The Code is designed to provide practical assistance in performing our daily tasks and resolving situations, which may present potential ethical conflicts.

Our Code of Conduct has eleven core elements supporting a self-regulatory approach to the way we do business. Also, the Management monitors the compliance of the code of conduct.

The Association for Investment Management and Research (AIMR) has developed the Code of Ethics and Standards of Professional Conduct for their members. Most of them are relevant for persons working in a bank or a financial institution. MTB has adopted the relevant part from the Code of Ethics and Standards of Professional Conduct of AIMR.



# MTB PRODUCTS AND SERVICES

## PRODUCTS

### WHOLESALE BANKING

#### Term Finance

1. Project Finance
2. Finance for Importing Capital Machinery
3. Lease Finance
4. House Building Finance
5. Term Loan to NBFI
6. Term Lending

#### Working Capital Finance

1. Secured Over Draft (SOD)
2. Cash Credit (Hypo)
3. Cash against Document
4. Short Term Loan
5. Loan General
6. Time Loan

### SME BANKING

1. MTB Bhagyobati
2. MTB Krishi
3. MTB Mousumi
4. MTB Revolving Loan
5. MTB Small Business Loan
6. MTB Digoon
7. MTB Green Energy Loan
8. MTB Probaho
9. MTB Buniad
10. MTB Gunabati
11. MTB Krishijat
12. MTB Light Engineering
13. MTB IT Genius
14. MTB Microfinance
15. MTB Youth Line

### RETAIL BANKING

#### Loan Products

1. MTB Personal Loan
2. MTB Auto Loan
3. MTB Home Loan
4. MTB Home Equity Loan
5. MTB Progressive Equity Build-up Home Loan
6. MTB Professional's Loan
7. MTB Neer
8. MTB NRB Home Loan
9. MTB EDU Finance
10. MTB Cash-line

#### Deposit Products

1. Current Account
2. MTB Regular Savings
3. MTB Privilege Savings
4. MTB Senior
5. MTB Inspire
6. MTB Junior
7. MTB Graduate
8. MTB Ruby
9. MTB Care
10. MTB Sanchay
11. MTB Ankur
12. Fixed Deposit
13. Special Notice Deposit
14. MTB Brick by Brick
15. MTB Double Saver
16. MTB Millionaire Plan
17. MTB Education Plan
18. MTB Monthly Benefit Plan
19. MTB Children Education Deposit Scheme
20. MTB Kotipati
21. MTB Gift Cheque

## OFF-SHORE BANKING UNIT (OBU)

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1. Term Finance
2. Working Capital Finance
3. Trade Finance (Local Bill Discounting, Foreign Bill Discounting, UPAS)

## TRADE FINANCE

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### Export Finance

1. Back to Back L/C
2. Export Bill Discounting (FDBP and IDBP)
3. Secured Over Draft (SOD-general/export bill)
4. Packing Credit

### Import Finance

1. Loan against Trust Receipt (LTR)
2. EDF Loan

### Non-funded Trade Finance

1. L/C Opening (Sight / Deferred / UPAS)
2. L/C Advising
3. L/C Transfer
4. Bank Guarantee
5. Shipping Guarantee

### Guarantee

1. Bank Guarantee [Bid Bond, Performance Guarantee, Advance Payment Guarantee, etc.]

## SYNDICATIONS & STRUCTURED FINANCE

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1. Financing to Power
2. Telecom
3. Hotels
4. Aircraft
5. Steel
6. Cement
7. Glass
8. Petrochemical
9. Agro-based Project
10. Micro Financing, etc.

## NRB BANKING

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1. NRB Savings
2. NRB DPS
3. NRB FD
4. NRB Home Loan
5. Non Resident Investor's Taka Account (NITA)

## MTB CARD PRODUCTS

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### 1. MTB Debit Cards

- a. Visa Debit Cards
  - I. MTB Visa Classic
  - II. MTB Visa Platinum
  - III. MTB Visa Signature
- b. Mastercard Debit Cards
  - I. MTB Mastercard Gold
  - II. MTB Mastercard Titanium
  - III. MTB Mastercard World

### 2. MTB Credit Cards

- a. Visa Credit Cards
  - I. MTB Visa Classic
  - II. MTB Visa Gold Local
  - III. MTB Visa Dual Gold
  - IV. MTB Visa Platinum
  - V. MTB Visa Signature
- b. Mastercard Credit Cards
  - I. MTB Mastercard Classic
  - II. MTB Mastercard Gold
  - III. MTB Mastercard Titanium
  - IV. MTB Mastercard World

### 3. MTB Prepaid Card

- I. MTB International Travel Card

### 4. MTB Co-branded Cards

- I. MTB and Bangla link Easy Payment Local Prepaid Card
- II. MTB and Sonali Life Insurance Limited Debit Card
- III. MTB and e-commerce Association of Bangladesh Dual Currency Prepaid Card
- IV. MTB and Cadet College Club Limited Visa Signature/Mastercard World Credit Card
- V. MTB and Chittagong Club Limited Mastercard World Credit Card

## SERVICES

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### STUDENT FILE SERVICES

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(One stop banking solutions for the students going abroad for higher education)

1. Gulshan Center
2. Panthapath Center
3. Principal Branch Center

### CASH MANAGEMENT UNIT

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4. MTB Nationwide Collection Services
5. MTB Web Based Banking Services
6. MTB Payments Solutions (Clearing Service, BACH, BEFTN)
7. MTB Capital Market Services (IPO LBFI, BTI, Rights Issue)
8. MTB High Value Account Services
9. Motor Vehicle Fee Collection Solution
10. MTB Tuition Fees Collection Service

### NRB SERVICES

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1. Disbursement of inward foreign remittance received through globally reputed money transfer companies and MTB's fully-owned subsidiary, MTB Exchange (UK) Ltd.
2. Banking Service to NRBs through MTB representatives around the globe.
3. Foreign currency exchange facility to passengers travelling to or from abroad through MTB Foreign Currency Exchange Booths at Hazrat Shahjalal International Airport, Dhaka

### AGENT BANKING

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1. Account Opening (Savings, Current, DPS, Term Deposit, SME/Retail/Agriculture Loan)
2. Cash Deposit
3. Cash Withdrawal
4. Fund Transfer to any MTB Account
5. Electronic Fund Transfer through BEFTN
6. Electronic Fund Transfer through RTGS
7. Inward Foreign Remittance Cash Payout
8. Inward Foreign Remittance in Account
9. Utility Bill Collection
10. Receiving Clearing Cheque
11. Smart Card (NID) Fee Collection

12. SME Loan File Initiation
13. Agriculture Loan File Initiation
14. Retail Loan File Initiation
15. Debit/Credit Card Request Processing
16. Mobile Recharge
17. Insurance Premium Collection
18. School Banking Solution (Student Account, Fee Collection & Payroll for Teachers)
19. Social Safety-net Cash Disbursement
20. Balance Inquiry
21. Account Statement

### MTB CARD SERVICES

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1. Card status checking facility
2. Endorsement facility
3. Foreign part enabling and disabling facility
4. E-commerce enabling facility

### MTB ALTERNATE DELIVERY CHANNEL (ADC)

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1. Internet Banking
2. SMS Banking
3. MTB Smart Banking Kiosk
4. Point of Sale (POS)
5. MTB 24/7 ATM
6. Missed Call Recharge

### MTB AIR LOUNGE

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1. Hazrat Shahjalal International Airport, Dhaka
2. Shah Amanat International Airport, Chattogram
3. Osmani International Airport, Sylhet

### MTB CONTACTS

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#### Contact Centre:

24 hours at 16219 or 09604016219

#### Email:

customer.service@mutualtrustbank.com

#### Walk In:

MTB Cards Centre, MTB Tower (4<sup>th</sup> floor)

111, Kazi Nazrul Islam Avenue, Dhaka



# FORWARD LOOKING STATEMENT

This Annual Report contains certain forward looking statements such as MTB's plans, anticipations, beliefs, opportunities, etc. and these are based on assumptions, estimates, beliefs and future expectations. These

statements may materially differ due to changes in the business environment. The following are some major factors that may affect the overall business conditions of the bank:



Changes in fiscal, trade and monetary policies



Natural catastrophes and political disturbances



Changes in consumer behavior, technologies, commodity price levels



Changes in financial and capital market locally and internationally



Changes in interest rates and forex rates locally and internationally



Changes in legal and regulatory framework locally and internationally



Changes in policy rates i.e. CRR and SLR of the banks



Changes in the bank rate



International embargo/unrest in any country



Withdrawal of incentives given to any sector



# MTB MILESTONES

**1999**

**Mutual Trust Bank  
Ltd. (MTB) is  
incorporated**

**Inauguration  
of 1<sup>st</sup> branch**

**2008**

**Card products  
introduced**

**Launching of 1<sup>st</sup>  
SME Service  
Centre**

**2003**

**Commencement  
of Real-time  
Online Banking**

**2009**

**Introduction of  
Offshore Banking  
Unit (OBU) and NRB  
Banking Division**

**Became Primary  
Dealer of  
Government  
Securities**

**2007**

**Acquiring  
100,000  
customers**

**2010**

**MTB Securities  
Ltd. (MTBSL) is  
launched as the 1<sup>st</sup>  
subsidiary**

**Inauguration of  
50<sup>th</sup> branch at MTB  
Centre**



**Inauguration of MTB Exchange (UK) Ltd.**

**Incorporation of MTB Capital Ltd. (MTBCL)**

**Launching of 1<sup>st</sup> MTB 24/7 ATM**

**Launching of MTB 24/7 Contact Centre**



**Inauguration of 100<sup>th</sup> ATM**

**Introduction of 1<sup>st</sup> Green ATM**



**Inauguration of MTB Tower and 100<sup>th</sup> branch**

**Recognition as the "SME Bank of the Year" and "Women Entrepreneurs' Friendly Bank of the Year"**



**Winning the 15<sup>th</sup> DHL-The Daily Star Bangladesh Business Award as the Best Financial Institution of 2014**



**Launching of MasterCard**

**Inauguration of MTB Agent Banking**



**Inauguration of MTB Air Lounge, Dhaka**



**Inauguration of MTB Air Lounge, Chattogram**



## MTB AWARD & RECOGNITION

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The progression of Mutual Trust Bank Limited (MTB) in the last two decades is endorsed through its reputation as a good governed financial institution, which is well supported by its compliance status, formulation of timely strategy, and customer-centric culture. The bank has magnificently maintained and even stretched the legacy built by its founders since inception. And after 19 years of journey, the effect is more evident than ever: a bank with a clean image, excellent reputation, firm structure and a competent and committed team. MTB is now all set to focus more on the growth trajectory, with an unyielding attitude towards upholding the notions, upon which the organization has been built.

There are lot of achievements that are noteworthy to mention and they also owe their success to our strong culture of passion for performance during this glorious journey. The most important to be mentioned is our financial performance in Operating Profit In 2018 we have attained 100 percent of our budget in operating profit despite countless market challenges originating particularly around national election. Few of those awards received during last one decade are given below:

The Institute of Chartered Accountants of Bangladesh (ICAB) National Award for best published Accounts and Reports 2010 - 2013

DHL-The Daily Star Bangladesh business award winner as the Best Financial Award of 2014

Won the first-ever best "SME Bank of the Year" and "Women Entrepreneurs" Friendly Bank of the Year". The recognitions were made at the "SME Banking Award 2014" ceremony, jointly organized by Bangladesh Bank and the SME Foundation.

Golden Globe Tigers Summit Award 2015 for Excellence in Branding & Marketing

The Institute of Chartered Accountants of Bangladesh (ICAB) National Award for best presented Annual Reports-2015 & 17

MTB has been awarded the ADB Gender Champion Award as part of the Asian Development Bank's Trade Finance Program (TFP) on September 04, 2018, at a ceremony held at the InterContinental Singapore.

MTB wins "Dream Company to Work for" award in the organizational category at "Asia's Best Employer Brand Awards 2018". The program was held on July 31, 2018 at Le Meridien, Sentosa, Singapore. The 9th Asia's Best Employer Brand Award was hosted by Employer Branding Institute, World HR Congress and Stars of the Industry Group.



SME Bank of the Year 2014



"Women Entrepreneurs" Friendly Bank of the Year 2014



Award for Excellence in Improving Performance Through Leadership 2018



"Dream Company to Work for" award 2018



DHL-The Daily Star Bangladesh business award winner as the Best Financial Award of 2014



Golden Globe Tigers Summit Award 2015 for Excellence in Branding & Marketing



Best Employer Brand Award 2017



ADB Gender Champion Award as part of the Asian Development Bank's Trade Finance Program (TFP)



The Institute of Chartered Accountants of Bangladesh (ICAB) National Award for best published Accounts and Reports 2010 - 2013



The Institute of Chartered Accountants of Bangladesh (ICAB) National Award for best presented Annual Reports-2015 & 17



# MTB GROUP PROFILE

## REGISTERED NAME OF THE COMPANY

**Mutual Trust Bank Limited**

## LEGAL FORM

The company was incorporated as a **Public Limited Company on September 29, 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 Authorized Share Capital of the company is BDT 10,000,000,000 divided into **1,000,000,000** ordinary shares of BDT 10 each.

The company was also issued Certificate for Commencement of Business on the same day and was granted license on **October 05, 1999** by Bangladesh Bank under the Banking Companies Act 1991 and started its **banking operation on October 24, 1999**.

## COMPANY REGISTRATION NO.

**C38707 (665)/99**

on September 29, 1999

## BANGLADESH BANK PERMISSION NO.

**BRPD (P) 744(78)/99-3081**

on October 5, 1999

## SWIFT CODE

**MTBL BD DH**

## REGISTERED OFFICE

MTB Centre  
26 Gulshan Avenue  
Gulshan 1, Dhaka 1212  
Bangladesh

## CORPORATE WEBSITE

[www.mutualtrustbank.com](http://www.mutualtrustbank.com)



**Mutual Trust Bank Ltd.**

## AUDITOR

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### A. Qasem & Co.

Chartered Accountants  
Gulshan Pink City  
Suites 01-03, Level 7, Plot 15  
Road 103, Gulshan Avenue  
Dhaka 1212  
A member firm of Ernst & Young Global  
Limited

## TAX ADVISOR

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### M/S. ACNABIN

Chartered Accountants  
Chartered Accountants  
BSRS Bhaban (13th Floor)  
12 Karwan Bazar C/A, Dhaka 1215

## TAX LAWYERS

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### Md. Delwar Hossain

Income Tax  
Practitioner  
Chamber: Room 10/4  
Eastern Commercial Complex  
73 Kakrail, Dhaka 1000

### Lutful Hadee FCA, LLB

Hadee Lutful & Co.  
Proprietor & CEO  
House 77 (2nd Floor)  
Road 4, Block C, Banani  
Dhaka 1213

## LEGAL ADVISORS

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### M/s Mohsen & Mohsen

(Advocates and Legal Consultants)  
Suite 14/A, C.D. Kader Heights  
10 Hatkhola Road, Dhaka 1203

### M/s Farooq & Associates

(Advocates and Legal Consultants)  
Darus Salam Arcade (3rd Floor)  
14, Purana Paltan, Dhaka 1000

### M/s Hamid & Associates

(Advocates and Legal Consultants)  
H 46, Block G, Banani, Dhaka 1212

### M/s Sadat Sarwat and Associates

Barrister-at-Law, Advocate  
Supreme Court of Bangladesh  
Sadat Sarwat and Associates  
House 28, Road 23,  
Gulshan 01, Dhaka 1212

## MEMBERSHIPS

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- ▶ The Institute of Bankers Bangladesh (IBB)
- ▶ Bangladesh Association of Banks (BAB)
- ▶ Bangladesh Foreign Exchange Dealer Association (BAFEDA)
- ▶ Bangladesh Institute of Bank Management (BIBM)
- ▶ Bangladesh Association of Publicly Listed Companies (BAPLC)
- ▶ Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI)
- ▶ International Chamber of Commerce Bangladesh Limited (ICCB)
- ▶ Dhaka Stock Exchange Limited (DSE)
- ▶ Dhaka Chamber of Commerce & Industry (DCCI)
- ▶ Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)
- ▶ American Chamber of Commerce in Bangladesh (AmCham)
- ▶ Primary Dealers Bangladesh Limited (PDBL)
- ▶ Bangladesh Business and Disability Network (BBDN)
- ▶ SAARC Chamber of Commerce and Industry (SAARC CCI)





শ্রী: সোম কলকাতা (১৯১১) সর্বদা সত্য চিন্তাধারা অনুসরণে গৌরবময়

**July 2019** সপ্তম-মাসিক ১৪৩৬

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>
7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>
14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	18 <sup>th</sup>	19 <sup>th</sup>	20 <sup>th</sup>
21 <sup>st</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>	24 <sup>th</sup>	25 <sup>th</sup>	26 <sup>th</sup>	27 <sup>th</sup>
28 <sup>th</sup>	29 <sup>th</sup>	30 <sup>th</sup>	31 <sup>st</sup>			

www.mutualtrustbank.com ☎ ১৯২৬ / ১০০০১৯২৬



শ্রী: সোম কলকাতা (১৯১১) সর্বদা সত্য চিন্তাধারা অনুসরণে গৌরবময়

**August 2019** অষ্টম-মাসিক ১৪৩৬

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>
11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>
18 <sup>th</sup>	19 <sup>th</sup>	20 <sup>th</sup>	21 <sup>st</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>	24 <sup>th</sup>
25 <sup>th</sup>	26 <sup>th</sup>	27 <sup>th</sup>	28 <sup>th</sup>	29 <sup>th</sup>	30 <sup>th</sup>	31 <sup>st</sup>

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শ্রী: সোম কলকাতা (১৯১১) সর্বদা সত্য চিন্তাধারা অনুসরণে গৌরবময়

**September 2019** নবম-মাসিক ১৪৩৬

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>
8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>
15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	18 <sup>th</sup>	19 <sup>th</sup>	20 <sup>th</sup>	21 <sup>st</sup>
22 <sup>nd</sup>	23 <sup>rd</sup>	24 <sup>th</sup>	25 <sup>th</sup>	26 <sup>th</sup>	27 <sup>th</sup>	28 <sup>th</sup>
29 <sup>th</sup>	30 <sup>th</sup>					

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শ্রী: সোম কলকাতা (১৯১১) সর্বদা সত্য চিন্তাধারা অনুসরণে গৌরবময়

**October 2019** দশম-মাসিক ১৪৩৬

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>
13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	18 <sup>th</sup>	19 <sup>th</sup>
20 <sup>th</sup>	21 <sup>st</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>	24 <sup>th</sup>	25 <sup>th</sup>	26 <sup>th</sup>
27 <sup>th</sup>	28 <sup>th</sup>	29 <sup>th</sup>	30 <sup>th</sup>	31 <sup>st</sup>		

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শ্রী: সোম কলকাতা (১৯১১) সর্বদা সত্য চিন্তাধারা অনুসরণে গৌরবময়

**November 2019** একাদশ-মাসিক ১৪৩৬

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 <sup>st</sup>	2 <sup>nd</sup>
3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>	9 <sup>th</sup>
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17 <sup>th</sup>	18 <sup>th</sup>	19 <sup>th</sup>	20 <sup>th</sup>	21 <sup>st</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>
24 <sup>th</sup>	25 <sup>th</sup>	26 <sup>th</sup>	27 <sup>th</sup>	28 <sup>th</sup>	29 <sup>th</sup>	30 <sup>th</sup>

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শ্রী: সোম কলকাতা (১৯১১) সর্বদা সত্য চিন্তাধারা অনুসরণে গৌরবময়

**December 2019** দ্বাদশ-মাসিক ১৪৩৬

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>
8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>
15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>	18 <sup>th</sup>	19 <sup>th</sup>	20 <sup>th</sup>	21 <sup>st</sup>
22 <sup>nd</sup>	23 <sup>rd</sup>	24 <sup>th</sup>	25 <sup>th</sup>	26 <sup>th</sup>	27 <sup>th</sup>	28 <sup>th</sup>
29 <sup>th</sup>	30 <sup>th</sup>	31 <sup>st</sup>				

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## PROFILE OF THE BOARD OF DIRECTORS

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**Mr. Md. Hedayetullah**  
Chairman

Mr. Md. Hedayetullah is the Chairman of Mutual Trust Bank Ltd. (MTB). Prior to his new role, he was the Vice Chairman of the Board from February 26, 2016 to May 30, 2018. He was also the Chairman of the Executive Committee of the bank.

He is presently serving as the:

- ▶ Chairman of Hedayetullah Securities Ltd.
- ▶ Managing Director of FB Footwear Ltd.

- ▶ Managing Director of Footbed Footwear Ltd.
- ▶ Director of Apex Tannery Ltd.
- ▶ Director of Apex Property Development Ltd.

Mr. Md. Hedayetullah obtained B.Sc. (Honors) degree in Leather Technology from the British School of Leather Technology, Northampton, UK and M.A. in International Business from Webster University, Regents College, London, UK



**Mrs. Khwaja Nargis Hossain**  
Vice Chairman

Mrs. Khwaja Nargis Hossain is the Vice Chairman of the Board of Mutual Trust Bank Limited (MTB). Mrs. Hossain received Master's Degree in Islamic History from the University of Dhaka.

She is also

- ▶ Managing Director of SAHCO Securities Limited.
- ▶ Corporate Director of SAHCO International Limited
- ▶ Member of BOAO Forum for Asia (BFA), China. BFA is a non-profit international organization formed by twenty six Asian Countries and Australia for socio-economic development of the people of Asia and rest of the world.



**Mr. Syed Manzur Elahi**  
Director & Founding Chairman

Mr. Syed Manzur Elahi is the Founding Chairman of Mutual Trust Bank Ltd. (MTB) and Pioneer Insurance Company Limited and currently serving as the Chairman of the Executive Committee of the bank. Mr. Elahi is the Chairman of Apex Group, a leading business conglomerate in Bangladesh, and has won various awards for his contributions to trade and industry including “Business Executive of the Year 2000” by the American Chamber of Commerce (AMCHAM), Bangladesh and “Business Person of the Year 2002” award, sponsored by the Daily Star and DHL Worldwide Express.

Besides being an eminent industrialist, he was also appointed Adviser to the Caretaker Government of Bangladesh, twice (1996 & 2001), for his leadership qualities, professionalism and non-partisanship. Mr. Elahi holds an M.A. (Econ.) from the University of Dhaka.

Mr. Elahi is currently the Chairman of

- ▶ Apex Tannery Ltd.
- ▶ Apex Footwear Ltd.
- ▶ Apex Pharma Ltd.
- ▶ Blue Ocean Footwear Ltd.
- ▶ Apex Enterprises Ltd.
- ▶ Apex Investments Ltd.
- ▶ Grey Advertising (Bangladesh) Ltd.
- ▶ Quantum Market Research
- ▶ Manusher Jonno Foundation
- ▶ Holiday Publications
- ▶ Bangladesh Freedom Foundation

He is also Director of International Publications Limited, the owning company of The Financial Express, Director of Credit Rating Agency of Bangladesh Limited (CRAB), Director of Central Depository Bangladesh Ltd. (CDBL), Member of the Board of Trustees of East West University, Member of the Board of Trustees of Centre for Policy Dialogue (CPD) and Member of Trustee Board of Diabetic Association of Bangladesh.

Previously, Mr. Elahi has served as Chairman of the Bangladesh Association of Banks (BAB), Chairman of the East West University Foundation (EWUF), Chairman of Central Depository Bangladesh Ltd. (CDBL), Vice Chairman of the Bangladesh Association of Publicly Listed Companies (BAPLC), Director on the Boards of Bangladesh Bank, Sonali Bank and Bangladesh Krishi Bank, Director of the Export Promotion Bureau, Bangladesh, President of the Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI), President, Bangladesh Employers Association (BEA), President of the Dhaka University Alumni Association (DUAA) and Honorary Consul for Belgium in Bangladesh.



**Dr. Arif Dowla**  
Director

Dr. Arif Dowla has served as Chairman of Mutual Trust Bank Ltd. (MTB) from January 17, 2012 to February 26, 2014 and is now serving as the Chairman of the Board Risk Management Committee. Son of Mr. M. Anis Ud Dowla, a leading name in Bangladesh's corporate business, trade and industry arena, Dr. Dowla is the Managing Director of the renowned conglomerate, Advanced Chemical Industries (ACI) Ltd. as well as its following subsidiaries:

- ▶ ACI Pure Flour Limited
- ▶ ACI Foods Limited
- ▶ ACI Motors Limited
- ▶ ACI Logistics Limited
- ▶ ACI Agrolink Limited
- ▶ Premiaflex Plastics Limited
- ▶ Stochastic Logic Limited
- ▶ Besides, Dr. Dowla is also the Chairman of

Tetley ACI (Bangladesh) Ltd.

He is Director of

- ▶ ACI Formulations Limited
- ▶ ACI Salt Limited
- ▶ ACI Biotech Limited
- ▶ ACI Edible Oils Limited
- ▶ ACI Godrej Agrovet (Pvt.) Limited
- ▶ Creative Communication Limited
- ▶ Consolidated Chemicals Limited
- ▶ ACI Healthcare Limited – Vice Chairman
- ▶ ACI Healthcare USA Inc.
- ▶ ACI Chemicals Limited
- ▶ Infolytx Bangladesh Limited
- ▶ Bangladesh Business Publications Limited publishing company of the bi-monthly business magazine

Member of the Board of Governors of the Society for Promotion of Bangladesh Art (SPBA).

Dr. Dowla obtained PhD degree in Mathematics from the University of California, San Diego, USA. He is a member of the American Mathematical Society and a Young Global Leader Honoree 2009 bestowed by World Economic Forum. He is also the Honorary Consul of the Kingdom of Belgium in Bangladesh.



**Mr. Rashed Ahmed Chowdhury**  
Director

Mr. Rashed Ahmed Chowdhury is the Director of Mutual Trust Bank Ltd. (MTB). Prior to assuming this role, he was the Chairman of the bank and its three subsidiary companies.

Mr. Chowdhury is the:

- ▶ Chairman of Banga Garments Ltd.
- ▶ Chairman of ABC Building Products Ltd.
- ▶ Founder Trustee and Chairman of the Board of Trustees of Independent University, Bangladesh (IUB)
- ▶ President and founding member of Cadet College Club Limited
- ▶ Director (former Chairman) of 'Bangladesh Business Publications Limited', a publishing company of the bi-monthly 'business' magazine.
- ▶ Senior Vice President of Bangladesh Squash Rackets Federation.

He is also

- ▶ Director of Associated Builders Corporation Ltd. (ABC), a pioneer in the field of construction and real estate development in Bangladesh
- ▶ Director of ABC Real Estates Ltd.
- ▶ Director of Shamsuddin Towels Ltd.

He has served as

- ▶ Senior Vice President of Bangladesh Terry Towel Manufacturers and Exporters Association
- ▶ President of the Rotary Club of Dhaka Central
- ▶ Assistant Governor of Rotary District-3280

Mr. Chowdhury obtained Higher National Diploma in Business Studies from West London College, UK and a Post Graduate Degree in Business Management from Kingston University of the United Kingdom. He is a member of the Chartered Management Institute, UK.



**Mr. M. A. Rouf, JP (Former Chairman)**  
Director

Mr. M. A. Rouf, JP is the Director of Mutual Trust Bank Limited (MTB). Prior to this role, he served as the Chairman of the bank and its three subsidiary companies, MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited, from February 26, 2016 to May 31, 2018.

He is the Chairman of Britannia Group, a British-Bangla Joint Venture Real Estate Company. Besides, he is also a Director of Tiger Tours Ltd. (Bangladesh).

Mr. Rouf is a renowned personality and holds several prestigious positions at home and abroad. He was a Justice of Peace (JP) for Scotland over 10 years. Besides, he was serving as the elected Regional President for the British Bangladesh Chamber of Commerce in the UK for Scotland for the last sixteen years. He was also appointed as a Delegate for the Department of British Trade Mission of Bangladesh. He is a Senior Vice President of UKBCCI (UK Bangladesh Catalysts of Commerce & Industry). Mr. Rouf was the Financial

Director for Scottish Cancer Research Centre for over 8 years.

Presently Mr. Rouf is serving as the chairman of following foreign company:

Diamond Properties, UK- One of the buildings the company has built, received the Civic Trust Award from the Scottish Building Authority. This was the first time an enterprise with a South Asian background was received this accolade.

He is a lifetime member of the University of St. Andrews and also a member of St. Andrews Golf Club, which is the 2nd oldest golf club in the world. He is also a member of Army Golf Club Dhaka. He has also held the post of Honorary Vice Chairman of St. Andrews University Union Debating Society for the last 17 years, which is the oldest debating society in the world and last 20 years he has been the President of St. Andrews University Cricket Club. The Cricket Team came to Bangladesh & played six matches, they had a wonderful time in 1999.



**Mr. Md. Abdul Malek**  
Director

Mr. Md. Abdul Malek, Director of Mutual Trust Bank Ltd. (MTB), obtained B.Sc. Engineering (Civil) from BUET, a renowned engineering institution of the country. He has vast experience and special skills and expertise in structuring and developing, calamity and devastation resilient and green buildings along with a glorious tradition in construction of multi-storeyed buildings.

He was the Chairman of Sheltech Consultants (Pvt.) Ltd. (SCPL), a major practitioner in Urban Planning, Architectural, Engineering Design, and Tourism Development. SCPL has successfully completed many projects, for major International Development Funding Agencies, which includes

the Asian Development Bank (ADB), The World Bank, United Nations Development Program (UNDP), European Economic Community (EEC), Swiss Agency for Development and Cooperation (SDC), Finnish International Development Agency (FINNIDA), United States Agency for International Development (USAID), United Nations Children's Fund (UNICEF), Department for International Development (DFID), Directorate-General for International Cooperation (DGIS) and Royal Netherlands Embassy (RNE), on behalf for Govt. of Netherlands. SCPL has earned a good recognition both locally and internationally. He has also vast experience in the Garments sector.



**Mr. Md. Wakiluddin**  
Director

Mr. Md. Wakiluddin, Director of Mutual Trust Bank Limited (MTB) is the Chairman of Baridhara Corporation Ltd.

He is also

- ▶ Managing Director of Swadesh Properties Ltd.
- ▶ Director of HARDCO International School.
- ▶ Managing Director of Swadesh Global Media Ltd.



**Ms. Anika Chowdhury**  
Director

Ms. Anika Chowdhury is a Director of Mutual Trust Bank Limited (MTB), grand daughter of the iconic and legendary MTB Chairman, late Mr. Samson H Chowdhury and daughter of Mr. Tapan Chowdhury, Managing Director of Square Pharmaceuticals Ltd. and former Adviser to the Caretaker Government of Bangladesh in 2007.

She received Master's Degree in Business Administration from the University of Columbia, New York.

She is also the Managing Director of Square Health Limited, Director of Square Fashions Ltd. and Management Coordinator of Square Group, the leading business conglomerate in Bangladesh.



**Mr. Md. Manirul Islam**  
Director

Mr. Md. Manirul Islam, Director of Mutual Trust Bank Ltd. (MTB), completed B.Com (Hons), M.Com (Accounting) from Dhaka University in 1976 and passed BIA Diploma from Bangladesh Insurance Academy in the year 1985. During his service in Shadharon Bima Corporation, he worked in various departments such as underwriting, Claims, Accounts, Re-insurance, Finance & Investments etc. and gathered extensive knowledge and experience. He worked as General Manager Finance, Re-Insurance, Underwriting, Claims and Dhaka Zonal office and retired voluntarily on September 30, 2012 and joined Pragati Insurance Company Ltd. on 1st October, 2012.

During the service period he attended many insurance related seminars, symposium and workshops. He participated in various professional training courses at home and abroad. Mr. Islam is now a renowned insurance personality.

Apart from insurance industry, Mr. Manirul Islam is well associated with various social organisations.

He was a councillor of Bangladesh Football Federation (BFF). He was also a councillor and former member of the Finance Committee of Bangladesh Cricket Board (BCB).

Mr. Islam was member (nominated) of the Board of Directors:

- ▶ National Housing Finance & Investment Ltd.
- ▶ IDFC Ltd.
- ▶ IDFC Securities Ltd.
- ▶ KAY & QUE (Bangladesh) Ltd.

Former Member

- ▶ Central Rating Committee – IDRA
- ▶ Fire Rating Sub-Committee – IDRA

Member

- ▶ Misc. Rating Sub-Committee – IDRA
- ▶ PSB (Public Sector Business)
- ▶ Management Committee of Co-Insurance Scheme



**Ms. Nasreen Sattar**  
Independent Director

Ms. Nasreen Sattar is an Independent Director of Mutual Trust Bank Limited (MTB). Prior to joining MTB, she was an Independent Director and Member of Executive Committee & Audit Committee of IPDC Finance Limited – IPDC is a Non-Banking Financial Institution with foreign and local Institutional investors including Government of Bangladesh.

Ms. Sattar began her banking career with ANZ Grindlays Bank, Bangladesh as a Management Trainee Officer, in 1986, where she served for 6 years in various roles, including the Head of Institutional Banking. In the year 2007, she joined Standard Chartered Bank, where she took various important roles, including the Regional Head for Development Organizations for South Asia.

Prior to joining CONSUMARK, a niche service provider in the areas of Human Resource Management, and Outsourced Services, she was

the Chief Executive Officer of Standard Chartered Bank, Afghanistan.

During her service in Standard Chartered Bank, Afghanistan as a Chief Executive Officer, she managed challenges of security, volatility in nascent financial markets, with limited options for revenue generation and developed local staff, created retention culture. She, in line with Standard Chartered Bank Group Policy, also developed local resources to replace senior level expatriate jobs. She, as a member of Afghanistan Bank Association (ABA), assisted Central Bank (DAB) with anti-money laundering issues and other financial sector issues. During her service in Standard Chartered Bank, Afghanistan, she successively attained Camel Rating 1 for two years by Central Bank Audit Inspection.

In 2012 Standard Chartered Bank sold its business in Afghanistan to a leading local bank – Afghanistan International Bank (AIB). She was invited by Afghanistan International Bank (AIB) to join a team of International Consultants on a short-term assignment for three months to help integration/transition of business from Standard Chartered to AIB and in skills development for the latter institution.



**Mr. Anis A. Khan**  
Managing Director & CEO

Mr. Anis A. Khan (AAK), a Fellow of the Institute of Bankers Bangladesh (IBB), has had over 36 years of experience and training in banking, capital markets, management, and leadership practices. Anis also serves as the Vice Chairman of the Industrial & Infrastructure Development Finance Company Limited (IIDFC), Director and Chairman of the Executive Committee of BD Ventures Limited, Independent Director and Chairman of the Board Audit Committee of Berger Paints Bangladesh Limited (BPBL) and Vice President of the Bangladesh Association of Publicly Listed Companies (BAPLC).

He is the recipient of numerous accolades including the 'Business & Entrepreneur Excellence Award 2016', where he was recognized as the 'Inspirational Business Leader of the Year', at a ceremony held in London, United Kingdom and which was organized by the UK Bangladesh Catalysts of Commerce & Industry (UKBCCI) on November 20, 2016.

AAK is the Immediate Past Chairman of the Association of Bankers, Bangladesh Limited (ABB) and a former Chairman of Primary Dealers Bangladesh Limited (PDBL). He has also served as the Chairperson of the SWIFT Member & User Group of Bangladesh.

MTB, under his leadership over the past ten years, has achieved a leading position in the business arena and

received the prize for the best "Women Entrepreneur Friendly Bank of the Year" and Best "SME Bank of the Year", in 2014, from Bangladesh Bank and the SME Foundation. In 2015, MTB was awarded the prestigious DHL-The Daily Star Bangladesh Business Award and recognized as the 'Best Financial Institution of 2014'.

A career banker, AAK started his career with the then British-owned Grindlays Bank plc. as a Management Trainee in 1982 and went on to serve its successor banks – ANZ Grindlays Bank and Standard Chartered Bank, in a diverse array of roles both at home and abroad. In 2002-2003, he served as a regional head for Standard Chartered Bank (SCB) responsible for The Gulf countries based in Dubai, UAE.

After serving SCB and its predecessor banks for 21 years, AAK went on to head IDLC Finance Limited, the country's largest financial institution (non-banking) for six years from 2003-2009 as its CEO & Managing Director.

He has also served as a government nominated Director of Chittagong Stock Exchange Limited for four years. AAK served the country's pre-eminent Metropolitan Chamber of Commerce and Industry (MCCI) as Vice President for two successive terms during the years 2014 and 2015. He continues to serve MCCI as a member of the Chamber Committee.

A regular speaker on the global circuit, he has demonstrated his competencies in the field of finance, banking and management and presented papers as follows:

- ▶ In June 2015, on "Financing the Transformation of the Bangladesh Garments Industry" at the School of South Asian Studies, University of Harvard, Cambridge, Massachusetts, USA.
- ▶ On May 12, 2017 at the Bangladesh Development Conference at Harvard University, Boston, MA, USA. His subject matter was 'Achieving SDGs: Financial Inclusion, Bangladesh Perspective'.
- ▶ Most recently, in March 2019, on the Bangladesh Economy and The State of Banking in Bangladesh at an international conference held under the aegis of Bangladesh Development Initiative at the School of Management, Yale University, USA

He has attended:

- ▶ "The Executive Program in Corporate Governance and Strategic Management" at the Haas Business School of the University of California, Berkeley in May 2014
- ▶ The Value Creation in Banking and Strategic Management Program held at INSEAD, Fontainebleau, France in October 2015
- ▶ In May 2017, a customized training programme at The London School of Economics and Political Science organized by LSE Custom Programs
- ▶ The Cambridge Executive Program in Corporate Governance: A Global Banking Perspective Program held on April 14 -17, 2019 at the Judge Business School – University of Cambridge, UK



SERVICES  
IN HARMONY  
WITH NATURE



# SCOPE OF INTEGRATED REPORTING

Integrated reporting means the integrated representation of a company's performance in terms of both financial and other value relevant information. It provides greater context for performance data, clarifies how value relevant information fits into operations or a business, and may help in company decision making more long-term. Establishing a correlation between a bank's business activities and the impact on society in terms value addition is, by its nature, very challenging. 2017 Annual Report of MTB for the first time has been presented as an 'Integrated Report' with the aim of articulating how Mutual Trust Bank Limited, as an organization, has excellently managed its business to deliver consistent value to its stakeholders.

As a forward-looking enterprise, in presenting the Integrated Report, we have referred to the guidelines issued by the Institute of Chartered Accountants of Bangladesh (ICAB) in the form of 'Integrated Reporting Checklist', which is in congruence with the integrated reporting framework prototype issued by the International Integrated Reporting Council (IIRC).

In explaining the Company's operations and financial performance, financial information so disclosed has been extracted from the Audited Financial Statements for the financial year ended 2018 with relevant comparative information. The financial statements consistently comply with the requirements of

- ▶ International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS);
- ▶ Companies Act 1994;
- ▶ Bank Companies Act 1993 (amended as upto);
- ▶ Securities and Exchange Rules 1987;
- ▶ Relevant rules and regulations of Bangladesh Bank (The Central Bank);
- ▶ And other applicable laws and regulations of the land.

The disclosure of non-financial information has been extracted from internally-maintained records reported for the statement of financial position, unless otherwise stated that it has been extracted from a reliable source.

The Sustainability requirements, as elaborated separately in our Sustainability Report, adhere to the guidelines issued by the Global Reporting Initiative (GRI)-G4 Framework.

To report our corporate governance practices, we have drawn reference from the revised Corporate Governance Guidelines (CGG) issued by Bangladesh Securities and Exchange Commission (BSEC).

The company has the following external assurance for obtaining reports in period under consideration;

## **A. Qasem & Co. Chartered Accountants, an independent member of Ernst & Young (EY)**

- ▶ Financial Statements Audit Report

## **Khan Wahab Shafique Rahman & Co., a member of mgi worldwide**

- ▶ Corporate Governance Certification
- ▶ Provident Fund Financial Audit
- ▶ Gratuity fund valuation
- ▶ Eligibility Compliance of MTB for participating in the Investment Promotion and Financing Facilities (IPFF) project
- ▶ Gratuity Fund Financial Audit
- ▶ Medical Assistance Fund & Welfare Fund Financial Audit
- ▶ MTB Foundation

## **Credit Rating Information and Services Limited (CRISL)**

- ▶ Entity Credit Rating

All the information presented in this report is on the same basis as the 2016 report in terms of the entities covered, the measurement methods applied and time frames used. Ratios used are comparable across the industry. The information provided covers all material matters relating to business strategy, risk and areas of critical importance to our stakeholders. The structure of the report has been further developed as part of our continuous focus on improving communication to our stakeholders.

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

The integrated report, incorporated in this annual report has been prepared in accordance with the IIRC's international reporting framework and addresses the material matter pertaining to the long term sustainability of the group and present fairly the integrated performance of MTB Group and the impacts thereof.

**Anis A. Khan**

Managing Director & CEO



# OUR VALUE CREATION PROCESS

Our value creation process is mainly influenced by our vision, mission and values.

As we draw resources from our various capitals as inputs, they are utilized through our business activities to generate business outputs in the form of products and service offerings.

As a multi-segment financial institution, we rely heavily on our financial capital, depositors making up 80% of our funding basket.

Our overall business model (pg. 46) involves extending our presence physically and virtually. It also involves a high dependence on IT; which together means a significant investment in branches and technological infrastructure – our manufactured capital.

Our business model also requires us to invest in and develop our human capital for business growth through professional networks – a key aspect of our social and

relationship capital – as well as our intellectual capital, to continuously innovate our offerings and improve our process efficiencies to add to our ability to be responsive and timely.

Our various activities, in turn generate outcomes, which create value for our stakeholders and adds back to our inputs, be it in the form of profits, employee compensation, reduction in carbon footprint, process efficiency or other material outputs.

In the process, we ensure our business activities are aligned with our core values and guided by our governance framework, and also that our strategies and risk mitigation efforts are in line and responsive to pressures from the external environment and market forces.

The component elements that shape our business are portrayed in our Business Model (pg. 46).

Inputs:	Outcomes:
<b>Financial Capital</b>	<b>Financial Capital</b>
▶ Capital	▶ 13.25% 5-years CAGR in total capital
▶ Liabilities	▶ 16.58% 5-years CAGR in Risk Assets
▶ Capital Adequacy	▶ 11.58% 5-years CAGR in Customer Liabilities
▶ Policy incentives	▶ Growth Quality of portfolio maintained
	▶ Improving cost-to-income ratio
	▶ 12.52% 5-years CAGR in net profits
	▶ 13.85% Return on Equity
	▶ 12.86% Capital to Risk Weighted Asset Ratio

Manufactured Capital	Manufactured Capital
▶ Branch network	▶ Network & capacity
▶ Physical infrastructures	▶ Enhanced ability to provide value added services to the customers
▶ Office equipment and supplies	▶ Through Service quality department of the bank
▶ New Business Development	▶ Smoother operations
▶ Innovations and Value Additions	▶ Tied-up with ABD & DEG for business opportunity
▶ Customer Satisfaction	

Inputs:	Outcomes:
<b>Intellectual Capital</b>	<b>Intellectual Capital</b>
▶ Product and services	▶ Launched & re-engineered new products of SME and retail like SME Neer & student account
▶ Core Banking Solution	▶ Scheme Speed of approval process and operations improved over the year
▶ In house modules	▶ In a process of implementing new CBS for the bank
▶ Processes & guidelines	▶ Strengthening IT security platforms
▶ Risk Management	▶ Launched new prepaid cards & partnership with different entities
▶ Knowledge	

Human Capital	Human Capital
▶ Experienced and skilled Human resources	▶ Rise in per employee productivity
▶ Technical and managerial skills	▶ 88% of the total human resources received local & foreign training
▶ Work life balance	▶ Work-life balance through MTB club's different amusement activity for the employees
▶ Diversity & equality	
▶ Training & development	

Social & Relationship Capital (pg. 92)	Social & Relationship Capital
▶ Key Partnerships	▶ Dividends paid to shareholders
▶ Investment in uniform customer Service assurance	▶ Contributed in the development for education of the community
▶ Investment in brand awareness	▶ Expanded the outreach & capacity as a part of financial inclusion for the mass people through Agent Banking
▶ CSR activities	▶ Contributed to the underprivileged people of the society through CSR activities

Natural Capital	Natural Capital
▶ Biodiversity & green financing	▶ Carbon footprint reduction
▶ Renewable energy usage	▶ Growth in green financing
▶ Policy inputs and initiatives from the company	

#### Useful references:

Our Business Model (pg. 46) –The intricacies of our business

Our Corporate Governance Structure – The governance structure that enables our Business Model

Our Extensive Range of Products and services (pg. 16) –Outputs/our offerings

Our Organizational Chart (pg. 102) –Hierarchy and chain of command

Creating Value

**CAPITALS ENGAGED**

**Financial Capital**

- ▶ Equity
- ▶ Debt
- ▶ Deposits

**Human Capital**

- ▶ Employees

**Intellectual Capital**

- ▶ Brand Equity
- ▶ Innovation
- ▶ Systems and Process
- ▶ Policies & Manuals

**Manufactured Capital**

- ▶ Property, Equipment
- ▶ Technology
- ▶ Intellectual Property

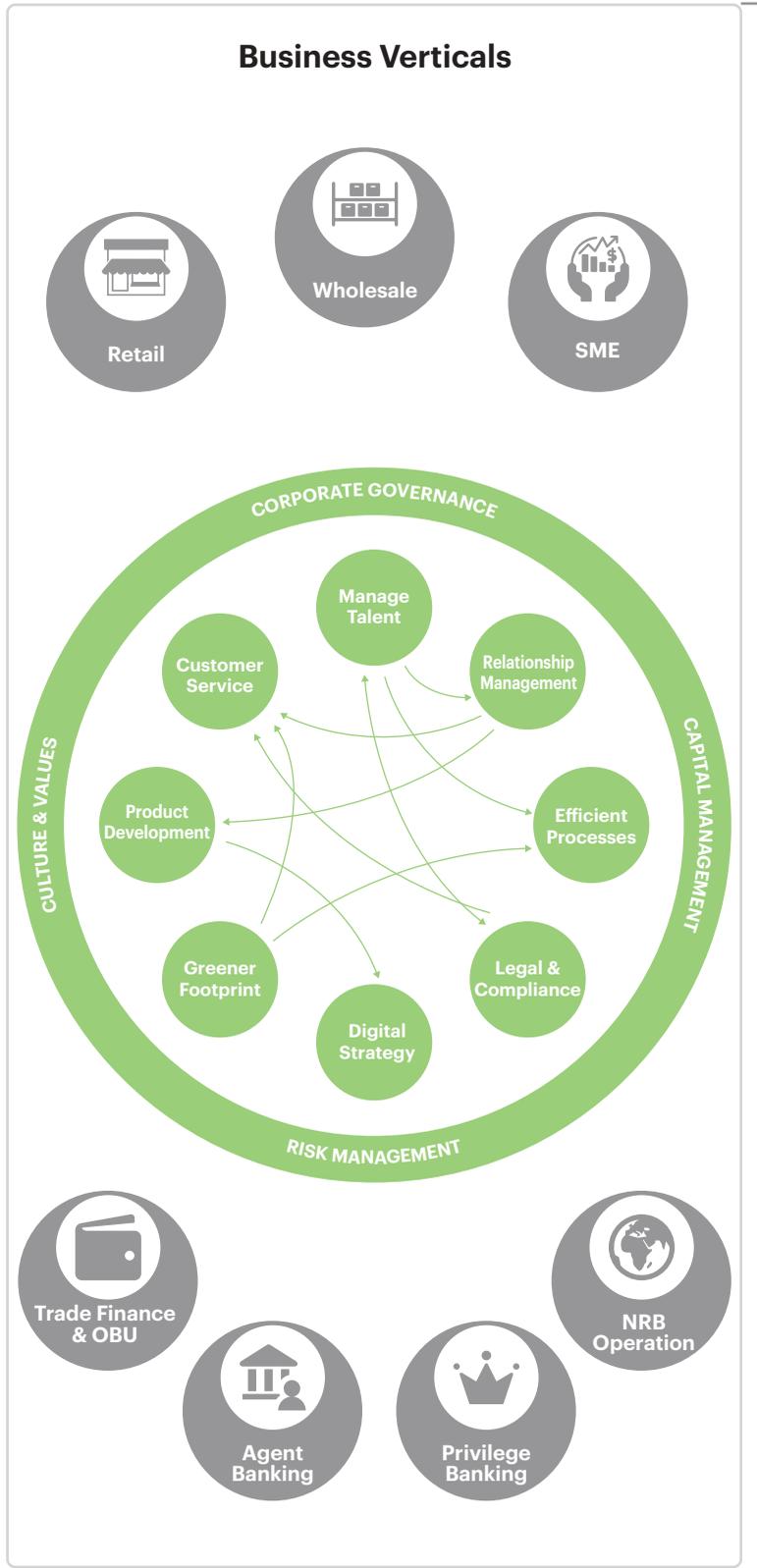
**Social Relationship Capital**

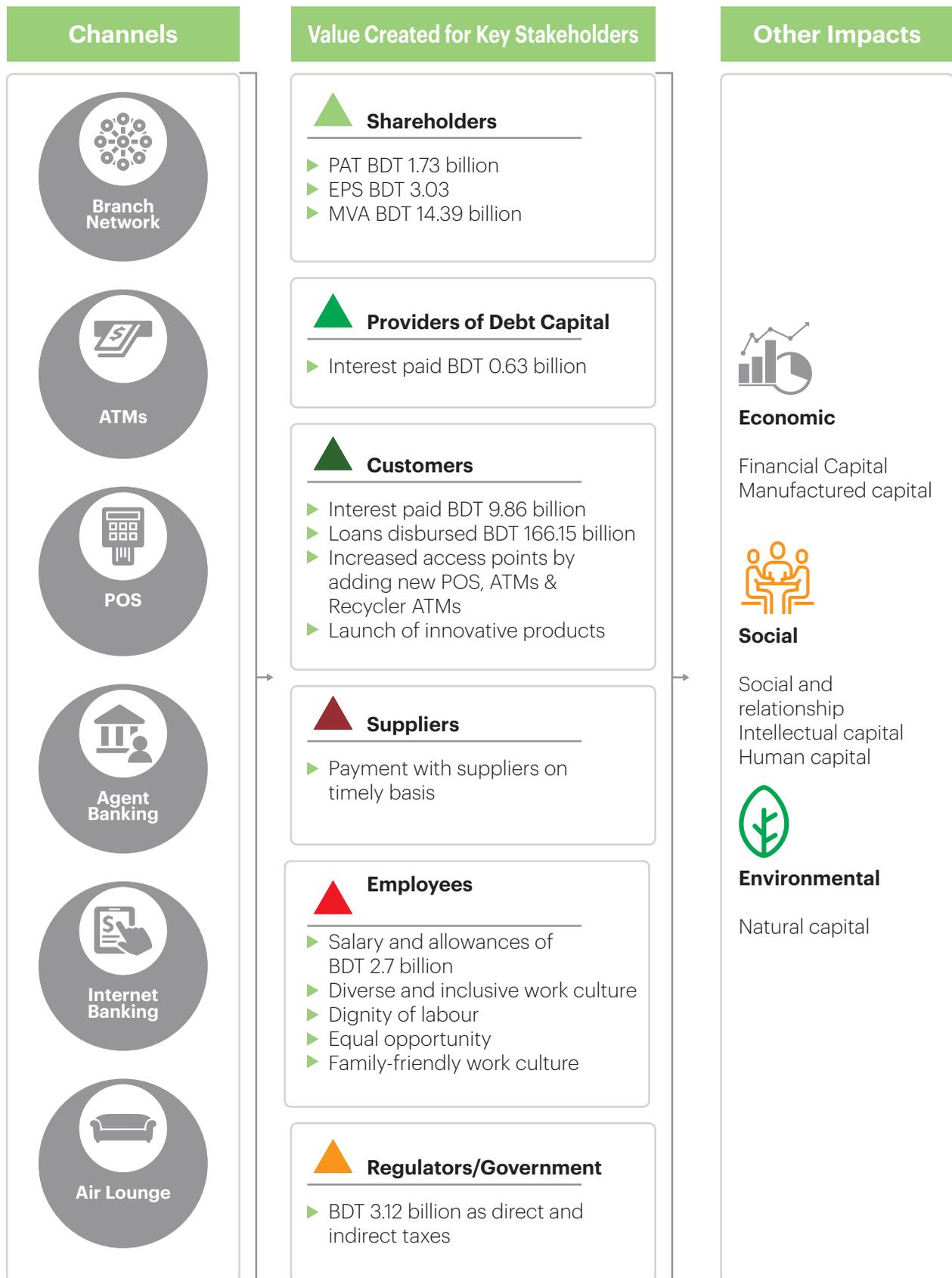
- ▶ Customers
- ▶ Correspondent Banks
- ▶ Suppliers
- ▶ Community
- ▶ Stakeholders

**Natural Capital**

- ▶ Energy
- ▶ Fuel
- ▶ Paper

**HOW WE CREATED VALUE FOR STAKEHOLDERS AND NURTURED OUR CAPITALS**







# HOW WE CREATE VALUE – OUR BUSINESS MODEL

Our business model seeks to create value for stakeholders in a sustainable way. Our strategy is clear and simple. It defines the businesses that we will do and will not do. We use our resources to build competitive advantages. We have put in place a governance framework to ensure effective execution and risk management. Further, we have a balanced scorecard to measure our performance and align compensation to desired behaviors.

Our resources	How we create value		
	Our strategy	Differentiating ourselves	
<p><b>Brand MTB</b></p> <p>A strong brand is an important business driver and our brand is a key intangible asset that gives the group a competitive advantage.</p> <p><b>Customer</b></p> <p>Putting customers at the heart of what we do helps differentiate ourselves in an industry as commoditized as banking, enabling us to build lasting relationships and deepen wallet share.</p> <p><b>Digital Platform</b></p> <p>Our resilient technology platform supports our operations across the region.</p> <p>Our digital transformation is pervasive and encompasses technology, customer journey thinking and a start-up culture</p> <p><b>Human Capital</b></p> <p>An agile and engaged workforce enables us to be nimble and react quickly to opportunities</p> <p><b>Financials</b></p> <p>Our strong capital base and diversified funding sources allow us to support our customers through good and bad times, and enable us to provide banking solutions competitively.</p> <p><b>Physical Infrastructure</b></p> <p>Our best-in-class technology and physical infrastructure allow us to be nimble and resilient.</p> <p><b>Natural Resources</b></p> <p>We impact the natural environment directly in our operations, as well as indirectly through our customers and suppliers</p> <p><b>Societal Relationships</b></p> <p>We recognize that not all returns can be found in the financial statements and our license to operate comes from society at large</p>	<p><b>Our strategy</b></p> <p>We are a local bank, seeking to make banking joyful for our customers.</p> <p>We intermediate trade and investment flows across the country.</p> <p>In Bangladesh, we are a commercial bank serving all customer segments. In other markets, we have traditionally focused on individuals, large corporates, small and medium enterprises (SMEs) and institutional investors. Going forward we will leverage digital technologies to extend our reach to individuals.</p> <p><b>Making Banking Joyful</b></p> <p>Our vision in our next phase of growth is to “Make Banking Joyful” – embedding ourselves seamlessly in our customers’ lives and delivering simple, fast and contextual banking in the digital age. To achieve this, we are focused on three execution priorities: transforming the bank to be digital to the core, embedding ourselves in the customer’s journey to be truly customer centric, and re-wiring the organization to create a start-up mindset.</p> <p><b>Our businesses</b></p> <p>We have three core business segments:</p> <ul style="list-style-type: none"> <li>▶ Wholesale Banking</li> <li>▶ Retail Banking</li> <li>▶ SME Banking</li> </ul> <p><b>What we offer</b></p> <p><b>Consumer banking</b></p> <p>We serve individuals, from mass market to affluent, at every stage of their lives: from saving at a young age to buying a home as they start their own families to investing for retirement with our diverged product range.</p> <p>We offer a diverse range of banking products and services, including deposits, loans, credit cards, online payments, internet banking, primary dealer of govt. Securities, investments and brokerage services.</p> <p><b>Institutional banking</b></p> <p>We serve large corporates, SMEs and institutional investors: from helping them to finance their business activities to managing their financial risks.</p> <p>We offer a full range of credit facilities from short-term working capital financing to specialized lending.</p> <p>We also provide transaction services such as cash management, trade finance and securities and treasury and markets products; capital markets and advisory solutions</p>	<p>We adopt the professionalism of a world-class bank with the cultural touches that are important for the institution and philosophical base – what we call MTB3V.</p> <p><b>Industry insights</b></p> <p>We know the industry of the country better: we provide unique industry insights and create bespoke products for our customers.</p> <p><b>Customer Relationships</b></p> <p>We strive to embody the elements of what relationships are about in Bangladesh. We recognize that relationships have swings and roundabouts, and that every transaction does not have to be profitable in its own right.</p> <p><b>Customer service</b></p> <p>We are deferential, easy to deal with and trustworthy, with the humbleness to serve and the confidence to lead to our customers.</p> <p><b>Product innovation</b></p> <p>We relentlessly innovate new ways of banking that are appropriate to our markets as we strive to make banking more spontaneous and interactive for our customers.</p> <p><b>Capacity &amp; Network</b></p> <p>We work in a collaborative manner across geographies, supporting our customers as they expand and doing business across the country and abroad.</p> <p><b>Technology and infrastructure</b></p> <p>Over the years, we have invested in our people and skills, and re-architected our technological backbone to be cloud-native, resilient and scalable. We have embraced the practices of global technology standards – adopting agile methodology, user interface and human-centered designs to deliver customer centric front-end applications.</p> <p><b>Nimbleness and agility</b></p> <p>We can respond rapidly and adjust our mode of operation to meet stakeholder needs and achieve our goals. We are continuing to foster a start-up culture to embed customer centricity and drive internal collaboration by embracing experimentation, entrepreneurship and innovation.</p>	

How we create value		Our stakeholders
Governing ourselves	Measuring ourselves	
<p><b>Competent leadership</b></p> <p>A strong, well-informed and fully engaged board provides strategic direction to management. Management executes on strategy and drives performance and organizational synergies.</p> <p><b>Values-led culture</b></p> <p>Our PRIDE! Values shape the way we do business and work with each other: Purpose-driven, Relationship-led, Innovative, Decisive, and Everything Fun!</p> <p>Rooted in our DNA is a role beyond short-term profit maximization: doing real things for real people to create social value in the long run, while ensuring that MTB is a joy to deal with.</p> <p><b>Corporate Governance</b></p> <p>We are devoted to the highest standards of truthfulness, ethics and professionalism.</p> <p>To safeguard stakeholders' interests, the Board of Directors is actively engaged in providing sound leadership on the bank's direction.</p> <p>We believe that sound and effective corporate governance is fundamental to the Group's long-term success and sustainability. For more information, see page 105</p> <p><b>Effective internal controls</b></p> <p>Three lines of defense guard our operational excellence: identification and management of risks by units, corporate oversight exercised by control functions, and independent assurance by Group Audit.</p> <p><b>Risk management:</b> Effective risk management is fundamental to all parts of our organization.</p> <p>The Board of Directors has overall accountability for ensuring that risk is effectively managed across the group. For more information, see page 142</p> <p><b>Capital management:</b> As one of the compliant banks of the country, we maintain a strong capital position well above regulatory requirements and continuously maintaining our focus in this area.</p> <p><b>Our values:</b> Our organizational values shape the way we do business and work within the Group.</p> <p><b>Commitment:</b> We are committed to our shareholders, community, customers and employees for creating value in every stage of our business.</p> <p><b>Accountability:</b> We are accountable for providing the highest level of service along with meeting the strict requirements of regulatory standards and ethical business practices.</p> <p><b>Agility:</b> We can respond rapidly and adjust our mode of operation to meet stakeholder needs and achieve our goals.</p> <p><b>Trust:</b></p> <p>We value mutual trust, which encompasses transparent and candid communications among all parties</p>	<p><b>Our Performance Evaluation</b></p> <p>We use a balanced performance evaluation process to track the progress we have made in serving the interests of our multiple stakeholders.</p> <p>Our evaluation is balanced in the following ways:</p> <ul style="list-style-type: none"> <li>▶ Balanced between financial and non-financial performance indicators;</li> <li>▶ Balanced across multiple stakeholders, and not focused solely on shareholders</li> <li>▶ Balanced between short-term and long-term outcomes</li> </ul> <p>The evaluation results are updated in regular interval and placed before the Board of Directors.</p> <p>It is cascaded throughout the organization, ensuring that the performance goals of every business, country and support function are aligned to those of the Group.</p>	<p><b>Shareholders</b></p> <p>We focus on maximizing shareholders' wealth by declaring sound returns annually.</p> <p><b>Customers</b></p> <p>We deliver our customers with a safe, reliable and jubilant banking experience</p> <p><b>Employees</b></p> <p>We offer our employees with an individual professional development journey which help them progress in their careers.</p> <p><b>Society</b></p> <p>We have a social cognizance which is implanted into our business. Through the CSR activities and MTB Foundation, we are dedicated to advocating social wellbeing across the region.</p> <p><b>Regulators and policy makers</b></p> <p>We ensure compliance with all regulatory guidelines and directives</p>

## How we distribute values

We distribute value to our stakeholders in several ways. Some manifest themselves in financial value while others bring about intangible benefits.

We define distributable financial value as net profit before discretionary bonus, taxes (direct and indirect) and community investments. In 2018, the distributable financial value amounted to BDT 2.41 billion

In addition, we distribute non-financial value to our stakeholders in the following ways.



### Customers

Delivering suitable products in an innovative, easily accessible and responsible way.



### Employees

Training, enhanced learning experiences as well as health and other benefits for our employees.



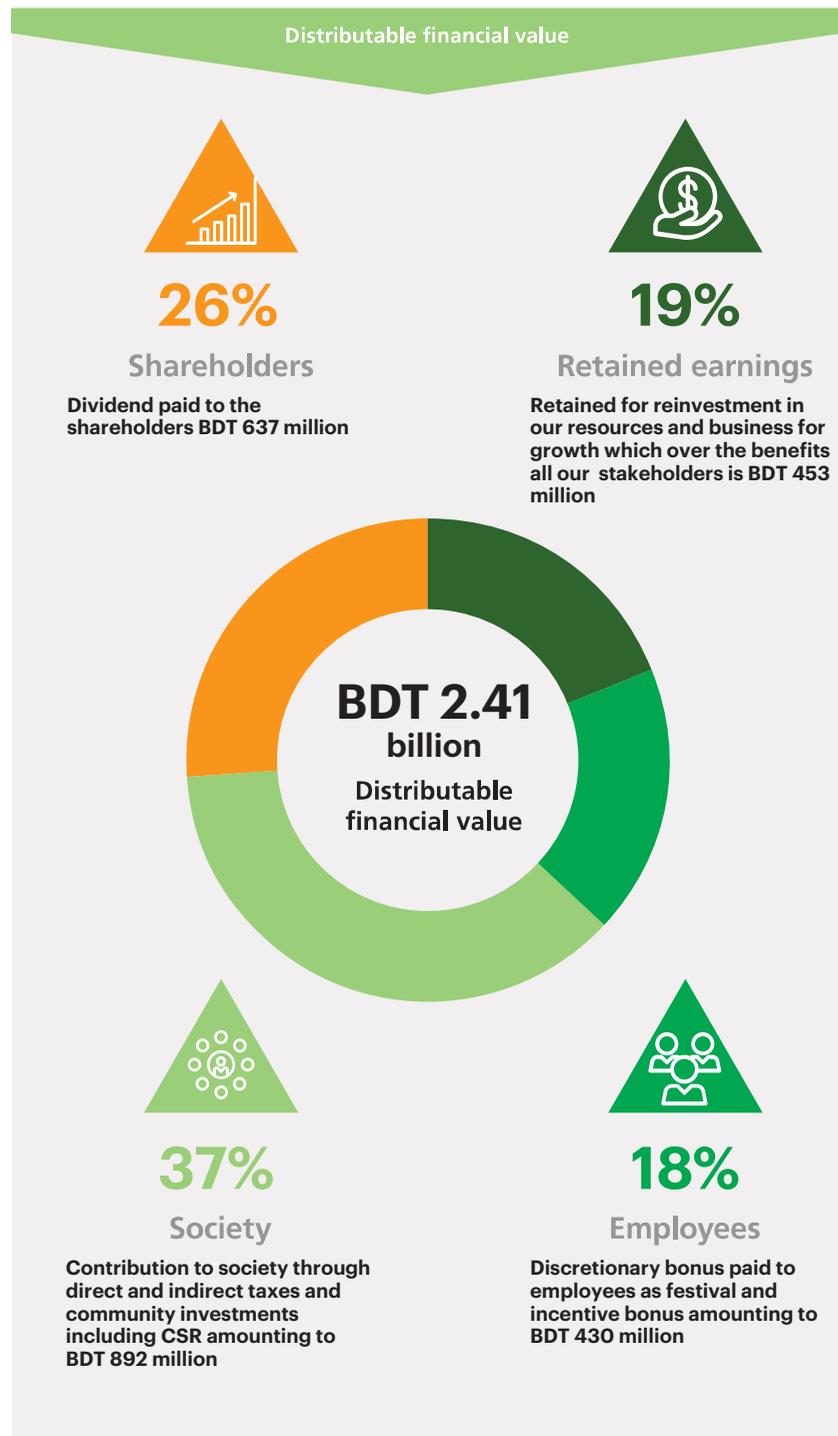
### Society

Supporting social enterprises, promoting financial inclusion, investing in and implementing environmentally-friendly practices.



### Regulators

Active engagement with local and global regulators and policy makers on reforms and new initiatives that help to maintain the integrity of the banking industry.



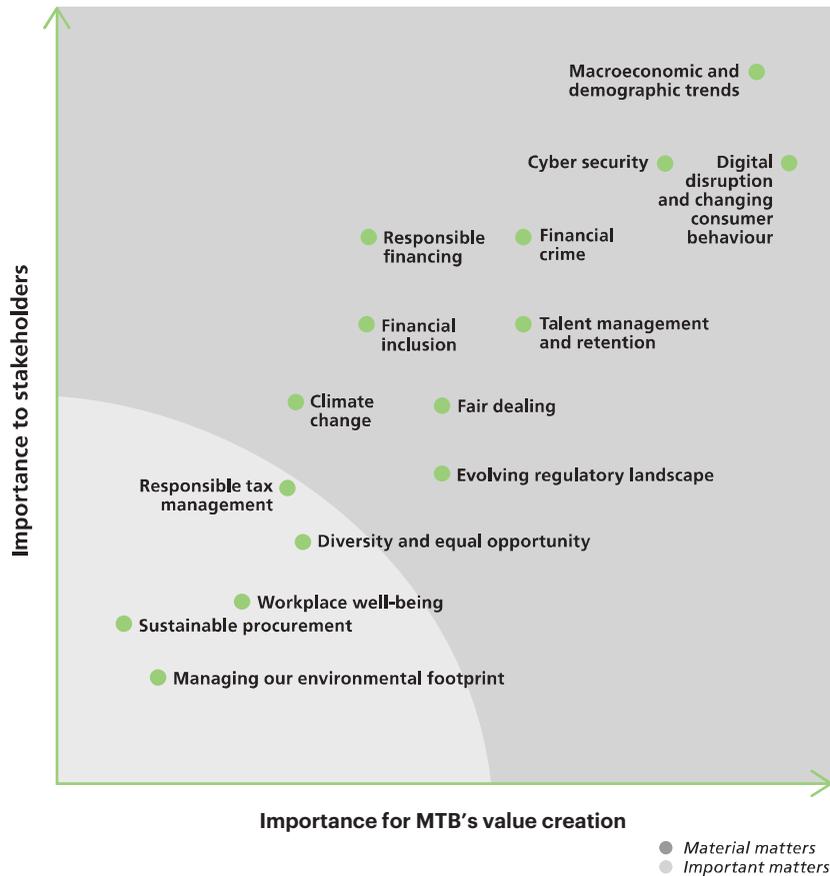
## Material Matters



Material matters have the most impact on our ability to create long-term value. These matters influence how the Board and senior management steer the bank.

Material environmental and social matters are denoted with the symbols and respectively, and are further discussed in “Sustainability” on page 222. Governance matters are discussed in “Corporate Governance” on page 105.

## MTB Materiality Matrix





# ECONOMIC CONTRIBUTION REPORT

The bank's overall mission is to be the most admired financial institution in the country, recognized as a dynamic, innovative and client focused bank that offers an array of products and services in search of excellence and to create an impressive economic value. This section covers the value we deliver to our shareholders and the nation at large.

The bank's policy has been to deliver optimum value in a manner that is consistent with the highest levels of fairness and transparency. For the bank, it has not been a case of building financial value and enhancing the bottom line at any cost, but rather participating in a process of creating value through fair and ethical means. Building sustainable value of all stakeholders is an important corporate goal. Some of the measures taken to create, sustain and deliver optimum value are as follows:

## Capital to Risk Weighted Assets Ratio:

Capital adequacy indicates the financial strength and stability of a bank. It limits the extent up to which the bank can expand its business in terms of risk weighted assets. Like all commercial institutions, banks too constantly look at ways of expanding their operations by acquiring property, plant & equipment, opening branches, in addition to mobilizing deposits, providing loans and investing in other assets.

Regulatory capital requirements are therefore necessary to prevent banks from expanding beyond their ability to manage (over trading), to improve the quality of bank's asset, to control the ability of the bank to leverage their growth and to lead to higher earnings on assets, leading to peace of mind of all the stakeholders. The bank keeps a careful check on its capital adequacy ratios.

Minimum Capital Requirement (MCR) Under Risk Based Capital (Basel-III) as at December 31, 2018:

BDT Million/Percentage

Particulars	2018	2017
<b>A. Total Regulatory Capital</b>		
1. Common Equity Tier-1 (Going-Concern Capital)	11,578	10,067
2. Tier-2 Capital (Gone-Concern Capital)	9,464	8,949
3. Tier-3 (Eligible for market risk only)	-	-
4. Total Eligible Capital (1+2+3)	21,042	19,016
<b>B. Total Risk Weighted Assets (RWA)</b>	163,644	138,224
<b>C. Capital to Risk weighted Asset Ratio (CRAR)</b>	12.86%	13.76%
<b>D. Going-Concern Capital to RWA</b>	7.08%	7.28%
<b>E. Gone-Concern Capital to RWA</b>	5.78%	6.47%
<b>F. Minimum Capital Requirement (MCR)</b>	16,364	13,822



# VALUE ADDED STATEMENT

For the year ended December 31, 2018

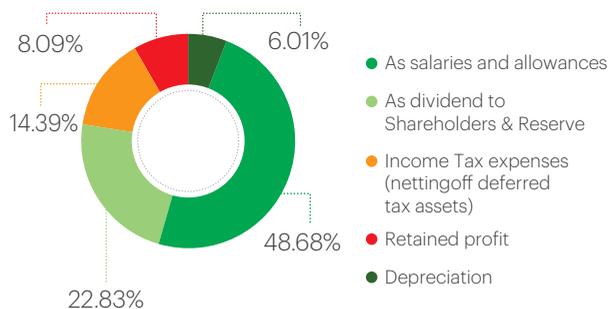
The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. Mutual Trust Bank Limited contributes positively to social-economic development by empowering employees through the payment

of salaries and allowances; by paying attractive and consistent dividend to the providers of capital; by assisting the regulatory capacities through paying taxes and of course keeping in mind company's continuous expansion and growth.

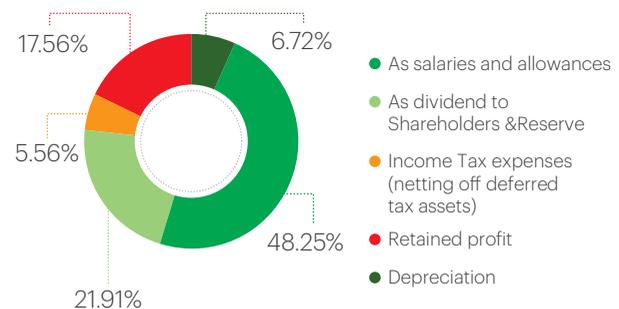
BDT in Million

Particulars	2018		2017	
	Amount	%	Amount	%
<b>Value Added</b>				
Interest Income	15,687.28	77.41%	12,160.54	74.45%
Investment Income	2,343.17	11.56%	2,127.21	13.02%
Commission, Exchange and Brokerage	1,682.81	8.30%	1,578.01	9.66%
Other Operating Income	551.93	2.72%	466.40	2.86%
<b>Sub-Total (a)</b>	<b>20,265.18</b>	<b>100.00%</b>	<b>16,332.16</b>	<b>100.00%</b>
<b>Less Cost of service rendered:</b>				
Interest Expense	10,436.06	71.21%	7,852.87	69.40%
Cost of services & supplies	1,877.09	12.81%	1,805.45	15.96%
Provision for Loans, Investment, Off B/S Items & etc.	2,342.46	15.98%	1,656.25	14.64%
<b>Sub-Total (b)</b>	<b>14,655.61</b>	<b>100.00%</b>	<b>11,314.57</b>	<b>100.00%</b>
<b>Total Value added by banking services (a-b)</b>	<b>5,609.57</b>		<b>5,017.59</b>	
<b>Distribution of value addition</b>				
<b>To Employees</b>				
As salaries and allowances	2,730.76	48.68%	2,420.96	48.25%
<b>To Providers of Capital</b>				
As dividend to Shareholders & Reserve	1,280.85	22.83%	1,099.23	21.91%
<b>To Government</b>				
As Income Tax Expenses	1,047.93	18.68%	1,180.01	23.52%
As Deferred Tax Expenses/(Income)	(240.51)	-4.29%	(900.87)	-17.95%
<b>Income Tax expenses (netting off deferred tax assets)</b>	<b>807.42</b>	<b>14.39%</b>	<b>279.13</b>	<b>5.56%</b>
<b>To Expansion and Business Growth</b>				
Retained profit	453.60	8.09%	881.11	17.56%
Depreciation	336.94	6.01%	337.16	6.72%
<b>Total Distribution</b>	<b>5,609.57</b>	<b>100%</b>	<b>5,017.59</b>	<b>100%</b>

Total Distribution-2018



Total Distribution-2017





# ECONOMIC VALUE ADDED STATEMENT (EVA)

For the year ended December 31, 2018

Economic Value Added (EVA) is the financial performance measure that attempts to measure that true economic profit of an organization. It provides a measurement of the bank(s) economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well the bank has added value for its investors and it can be compared against bank(s) peers for a quick analysis of how well the bank is operating in its industry. Economic value added is calculated by taking the bank(s) net profit after Tax, adding with it, the amount of provision charged against profit to absorb the losses inherent in the investments. EVA is calculated as under:

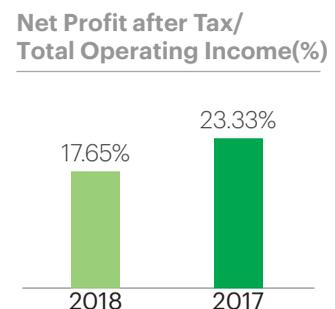
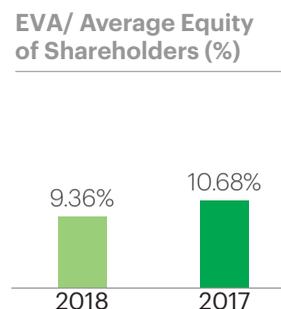
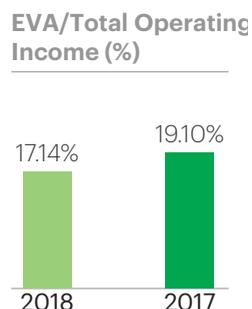
**EVA** = NPAT – Cost of average equity

**NPAT** = NPAT is the net profit after Tax plus the provision for doubtful losses charged against profit.

**Equity** = Shareholder's equity is the total amount of equity the year end plus accumulated provision charged against profit for doubtful losses.

**Cost of equity** = It is the opportunity cost i.e. the expected risk from return on investment, plus a risk premium. Interest on 5 years Bangladesh Government Sanchaya Patra plus 2% risk premium has been assumed to be the cost of equity.

	BDT in million	
For the year ended	2018	2017
Shareholders' Equity at year end	13,278.83	11,761.96
Add: Cumulative Provision for Loans, Investment, Off B/S Items & etc.	5,891.31	5,090.33
<b>Total</b>	<b>19,170.14</b>	<b>16,852.29</b>
Average Shareholders' Equity	12,520.40	10,790.11
Add: Average Cumulative Provision for Loans, Investment, Off B/S Items & etc.	5,490.82	4,388.57
<b>Average Equity of Shareholders</b>	<b>18,011.21</b>	<b>15,178.68</b>
Average cost of Equity (Risk Free Rate + 2% Risk Premium)	13.28%	13.28%
<b>Earnings</b>		
Net Profit after tax	1,734.45	1,980.34
Add: Provision for Loans, Investment, Off B/S Items & etc.	2,342.46	1,656.25
<b>Net Profit after Tax (Before Provision)</b>	<b>4,076.91</b>	<b>3,636.59</b>
Cost of average Equity	2,391.89	2,015.73
<b>Economic value added (EVA)</b>	<b>1,685.02</b>	<b>1,620.86</b>
Growth over last year	3.96%	121.31%
Total operating income	9,829.12	8,487.06
Net profit after tax	1,734.45	1,980.34
<b>Key Ratios:</b>		
EVA/Total operating income (%)	17.14%	19.10%
EVA/ Average Equity of Shareholders (%)	9.36%	10.68%
Net profit after tax/Total operating income(%)	17.65%	23.33%





# MARKET VALUE ADDED STATEMENT

For the year ended December 31, 2018

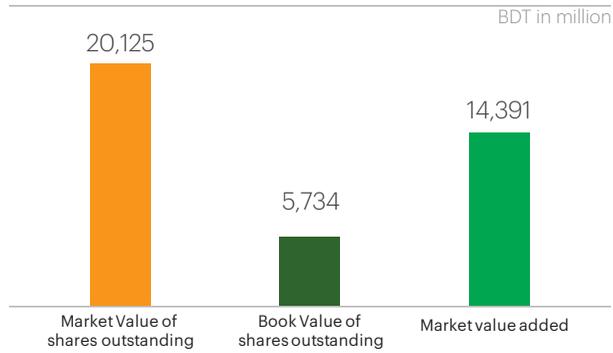
Unlike EVA, which measures internal performance, market value added (MVA) is a measure of external performance that indicate how the market has evaluated the company's performance in terms of market value of quoted shares compared to book value of this shares. Market Value Added (MVA) is the difference between the current market value of the bank and the capital contributed by investors. If MVA is positive, the bank

has added value. If it is negative, the bank has destroyed value. The amount of value added needs to be greater than the bank's investors could have achieved investing in the market portfolio, adjusted for the leverage of the bank relative to the market. A high MVA denotes that the bank has maximized the wealth for the shareholders. The calculation of market value added is tabled below.

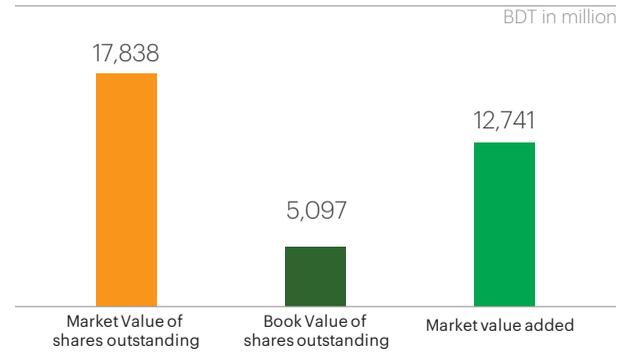
BDT in million

Particulars	Number of Shares	Value per share	Total Value 2018	Total Value 2017
Market Value of shares outstanding	573,363,038	BDT 35.10	20,125	17,838
Book Value of shares outstanding	573,363,038	BDT 10.00	5,734	5,097
<b>Market value added</b>		<b>BDT 25.10</b>	<b>14,391</b>	<b>12,741</b>

Market Value Added Statement 2018



Market Value Added Statement 2017





# INTEGRATED REPORTING CHECKLIST

Sl.	Topic	Page Ref.	Chapter Reference
<b>1. Elements of Integrated Report</b>			
<b>1.1</b>	<b>Organizational overview and external environment</b>		
	The organization's:		
	▶ culture, ethics and values	14	MTB Vision, Mission and Core Values
	▶ ownership and operating structure including size of the organization, location of its operations	25-26 46-47 280 321-324 416-422	Group Profile Our Business Model Note: 1 Note: 14 MTB Branch Network
	▶ principal activities and markets	281 416-422	Note: 1 MTB Branch Network
	▶ competitive landscape and market positioning considering factors such as the threat of new competition and substitute products or services, the bargaining power of suppliers, and the intensity of competitive rivalry customers and	72-83	Managing Director & CEO's Statement
	▶ position within the value chain	42-45	Value Creation Process
	Key quantitative information:		
	▶ The number of employees, revenue and number of countries in which the organization operates highlighting, in particular, significant changes from prior periods	5 154-156	Performance 2018 Management Discussion & Analysis
	Significant factors affecting the external environment and the organization's response (including aspects of the legal, commercial, social, environmental and political context that affect the organization's ability to create value in the short, medium or long term), e.g.:	160-162	Macroeconomic Features Affecting the Industry
	▶ The legitimate needs and interests of key stakeholders	223-227	Stakeholder Engagement and Materiality
	▶ Macro and micro economic conditions, such as economic stability, globalization, and industry trends	160-162	Macroeconomic Features Affecting the Industry
	▶ Market forces, such as the relative strengths and weaknesses of competitors and customer demand	72-83	Managing Director & CEO's Statement
	▶ The speed and effect of technological change	160-162	Macroeconomic Features Affecting the Industry
	▶ Societal issues, such as population and demographic changes, human rights, health, poverty, collective values and educational systems	160-162	Macroeconomic Features Affecting the Industry
	▶ Environmental challenges, such as climate change, the loss of ecosystems, and resource shortages as planetary limits are approached	160-162	Macroeconomic Features Affecting the Industry
	▶ The legislative and regulatory environment in which the organization operates	160-162	Macroeconomic Features Affecting the Industry

Sl.	Topic	Page Ref.	Chapter Reference
	▶ The political environment in countries where the organization operates and other countries that may affect the ability of the organization to implement its strategy.	160-162	Macroeconomic Features Affecting the Industry
<b>1.2</b>	<b>Governance</b>		
	An integrated report should show how does the organisation's governance structure support its ability to create value in the short, medium and long term.	105-121	Corporate Governance Report
	Insight about how such matters as the following are linked to its ability to create value:		
	▶ The organization's leadership structure, including the skills and diversity (e.g., range of backgrounds, gender, competence and experience) of those charged with governance and whether regulatory requirements influence the design of the governance structure	28-39 105-121	Profile of the Board of Directors Corporate Governance Report
	▶ Mandatory and voluntary code of corporate governance adopted by the Company	105-121	Corporate Governance Report
	▶ Code of ethical conduct adopted by the Company in relation to ethical business	15	MTB Code of Conduct
	▶ Specific processes used to make strategic decisions and to establish and monitor the culture of the organization, including its attitude to risk and mechanisms for addressing integrity and ethical issues	105, 109	Corporate Governance Report- Codes of Conduct, Credit & Risk Management
	▶ Particular actions those charged with governance have taken to influence and monitor the strategic direction of the organization and its approach to risk management	105, 109	Corporate Governance Report- Codes of Conduct, Credit & Risk Management
	▶ How the organization's culture, ethics and values are reflected in its use of and effects on the capitals, including its relationships with key stakeholders	105-121	Corporate Governance Report
	▶ Whether the organization is implementing governance practices that exceed legal requirements/ Key Policies	105-121	Corporate Governance Report
	▶ The responsibility those charged with governance take for promoting and enabling innovation	82	Managing Director & CEO's Statement: Towards 20 years
	▶ How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organization's use of and effects on the capitals.	46,48	How we distribute value How we create value
<b>1.3</b>	<b>Stakeholder Identification/ relationships</b>		
	Identification of key stakeholders and insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests.	223-227	Stakeholder Engagement and Materiality
	▶ How the company has identified its stakeholders.	223-224	Stakeholder Engagement and Materiality: Identifying Our Stakeholders
	▶ Stakeholder engagement methodology.	227	Stakeholder Engagement and Materiality: Engaging our Stakeholders
	▶ Identification of material matters of stakeholders.	224-225	Stakeholder Engagement and Materiality: Focusing on What Matters
	▶ How the Company has applied such matters.	225-227	Stakeholder Engagement and Materiality: Focusing on What Matters

Sl.	Topic	Page Ref.	Chapter Reference
	▶ How the stakeholders are engaged in assessing impacts, implications and outlook unrespects of Company's business model	223-225	Stakeholder Engagement and Materiality: Identifying Our Stakeholders
	Capitals:		
	▶ An integrated report needs to provide insight about the resources and the relationships used and affected by the organization, which are referred to collectively as the capitals and how the organization interacts with the capitals to create value over the short, medium and long term	42-45 46-47	Value Creation Process Our Business Model
	▶ An integrated report need to identify the various forms of capitals which are essential for the success of its business operations. E.g.:	42-45 46-47	Value Creation Process Our Business Model
	▶ Financial Capital – The pool of funds that is available to the organization for use in the production of goods or provision of services		DO
	▶ Manufacturing Capital – Manufactured physical objects that are available to the organization for use in the production of goods and provision of services		DO
	▶ Intellectual Capital–Organizational, Knowledge based intangibles		DO
	▶ Human Capital – People's competencies, capabilities and experience, and their motivations to innovate		DO
	▶ Social and Relationship Capital – The institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective wellbeing		DO
	▶ Natural Capital – All renewable and non-renewable environmental resources and processes that provide goods and services that support the past, current and future prosperity of the organization.		DO
	Note: However an entity can do its own classification of capitals based on its business activities. An entity needs to ensure that it does not overlook a capital that it uses or affects.		DO
<b>1.4</b>	<b>Business model</b>		
	An integrated report need to describe the business model, including key inputs, business activities, outputs, outcomes	42-45 46-47 160-162	Value Creation Process Our Business Model Macroeconomic Features Affecting the Industry
	Features that can enhance the effectiveness and readability of the description of the business model include:	46-47 44-45	Our Business Model Creating value
	▶ Explicit identification of the key elements of the business model		DO
	▶ A simple diagram highlighting key elements, supported by a clear explanation of the relevance of those elements to the organization		DO
	▶ Narrative flow that is logical given the particular circumstances of the organization		DO
	▶ Identification of critical stakeholder and other (e.g., raw material) dependencies and important factors affecting the external environment		DO
	▶ Connection to information covered by other Content Elements, such as strategy, risks and opportunities, and performance (including KPIs and financial considerations, like cost containment and revenues).		DO

Sl.	Topic	Page Ref.	Chapter Reference
	<b>Inputs</b>		
	An integrated report shows how key inputs relate to the capitals on which the organization depends, or that provide a source of differentiation for the organization, to the extent they are material to understanding the robustness and resilience of the business model.	42-45 46-47	Value Creation Process Our Business Model
	<b>Business activities</b>		
	An integrated report describes key business activities. This can include:	46-47 68-70 74-85	Our Business Model Chairman's Statement Managing Director and CEO's Statement.
	▶ How the organization differentiates itself in the market place (e.g., through product differentiation, market segmentation, delivery channels and marketing)	72-83	DO
	▶ The extent to which the business model relies on revenue generation after the initial point of sale (e.g., extended warranty arrangements or network usage charges)		DO
	▶ How the organization approaches the need to innovate		DO
	▶ How the business model has been designed to adapt to change		DO
	When material, an integrated report discusses the contribution made to the organization's long term success by initiatives such as process improvement, employee training and relationships management.		
	<b>Outputs</b>		
	An integrated report identifies an organization's key products and services. There might be other outputs, such as by-products and waste (including emissions), that need to be discussed within the business model disclosure depending on their materiality.	16-18 42-45 46-47	MTB Products & Services Value Creation Process Our Business Model
	<b>Outcomes</b>		
	An integrated report describes key outcomes, including:	42-45	Value Creation Process
	▶ Both internal outcomes (e.g., employee morale, organizational reputation, revenue and cash flows) and external outcomes (e.g. customer satisfaction, tax payments, brand loyalty, and social and environmental effects)		DO
	▶ Both positive outcomes (i.e., those that result in a net increase in the capitals and thereby create value) and negative outcomes (i.e., those that result in a net decrease in the capitals and thereby diminish value).		DO
<b>1.5</b>	<b>Performance</b>		
	An integrated report needs to explain the extent to which the organization has achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals	72-83 4, 50, 51, 55 154-156 239-261	Managing Director & CEO's Statement Performance 2018 Economic Contribution Report Value Added Statement Performance Analysis with the Management Shareholder's Information
	An integrated report should contain qualitative and quantitative information about performance that may include matters such as:		
	▶ Quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them	72-83 85-94 239-261	Managing Director & CEO's Statement Directors' Report to the Shareholders Shareholder's Information

Sl.	Topic	Page Ref.	Chapter Reference
	▶ The organization's effects (both positive and negative) on the capitals, including material effects on capitals up and down the value chain	42-45 46-47	Value Creation Process Our Business Model
	▶ The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests	223-227	Stakeholder Engagement and Materiality
	▶ The linkages between past and current performance, and between current performance and the organization's outlook.	72-83	Managing Director & CEO's Statement
	KPIs that combine financial measures with other components (e.g., the ratio of greenhouse gas emissions to sales) or narrative that explains the financial implications of significant effects on other capitals and other causal relationships (e.g., expected revenue growth resulting from efforts to enhance human capital) may be used to demonstrate the connectivity of financial performance with performance regarding other capitals. In some cases, this may also include monetizing certain effects on the capitals (e.g., carbon emissions and water use).	42-45 46-47	Value Creation Process Our Business Model
	Include instances where regulations have a significant effect on performance (e.g., a constraint on revenues as a result of regulatory rate setting) or the organization's non-compliance with laws or regulations may significantly affect its operations.	160-162	Macroeconomic Features Affecting the Industry
<b>1.6</b>	<b>Risks, opportunities and internal controls</b>		
	An integrated report should explain what are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them and effectiveness of the system of internal controls.	193-202	Risk Management
	This can include identifying:		
	▶ The specific source of risks and opportunities, which can be internal, external or, commonly, a mix of the two.	193-202	Risk Management
	▶ The organization's assessment of the likelihood that the risk or opportunity will come to fruition and the magnitude of its effect if it does.	193-202	Risk Management
	▶ The specific steps being taken to mitigate or manage key risks (eg: Risk Management Framework, Risk Management review process and reporting structure) or to create value from key opportunities, including the identification of the associated strategic objectives, strategies, policies, targets and KPIs.	193-202	Risk Management
	▶ Risk Management Report (Which includes details about risk, root cause, potential impact, response to risk, risk rating)	193-202	Risk Management
	▶ Response on the effectiveness of the internal controls and the board's responsibility for the disclosures on internal controls to safeguard stakeholder interest.	138	Report on Internal Control and Compliance
<b>1.7</b>	<b>Strategy and resource allocation</b>		
	An integrated report should describe its strategic direction (Where does the organization want to go and how does it intend to get there)	72-83	Managing Director & CEO's Statement
	An integrated report need to identify:		
	▶ The organization's short, medium and long term strategic objectives	14 72-83	MTB Vision, Mission and Core Values Managing Director & CEO's Statement

Sl.	Topic	Page Ref.	Chapter Reference
	<ul style="list-style-type: none"> <li>▶ The strategies it has in place, or intends to implement, to achieve those strategic objectives</li> </ul>	72-83 85-94	Managing Director & CEO's Statement Directors' Report to the Shareholders
	<ul style="list-style-type: none"> <li>▶ How the entity has positioned in the wider market.</li> </ul>		
	<ul style="list-style-type: none"> <li>▶ How the long term strategies relate to current business model.</li> </ul>	46-47	Our Business Model
	<ul style="list-style-type: none"> <li>▶ The resource allocation plans it has to implement its strategy</li> </ul>	42-45	Value Creation Process
	<ul style="list-style-type: none"> <li>▶ How it will measure achievements and target outcomes for the short, medium and long term.</li> </ul>	42-45 46-47 51, 52	Value Creation Process Our Business Model Value Added Statement Economic Value Added (EVA) Statement
	This can include describing:		
	<ul style="list-style-type: none"> <li>▶ The linkage between the organization's strategy and resource allocation plans, and the information covered by other Content Elements, including how its strategy and resource allocation plans</li> </ul>	42-45 46-47	Value Creation Process Our Business Model
	<ul style="list-style-type: none"> <li>▶ relate to the organization's business model, and what changes to that business model might be necessary to implement chosen strategies to provide an understanding of the organization's ability to adapt to change</li> </ul>	42-45 46-47	Value Creation Process Our Business Model
	<ul style="list-style-type: none"> <li>▶ are influenced by/respond to the external environment and the identified risks and opportunities affect the capitals, and the risk management arrangements related to those capitals</li> </ul>	160-162 193-202	Macroeconomic Features Affecting the Industry Management Discussion & Analysis- Risk Management
	<ul style="list-style-type: none"> <li>▶ What differentiates the organization to give it competitive advantage and enable it to create value, such as:</li> </ul>	42-45	Value Creation Process
	<ul style="list-style-type: none"> <li>▶ the role of innovation</li> </ul>		
	<ul style="list-style-type: none"> <li>▶ how the organization develops and exploits intellectual capital</li> </ul>	42-45	Value Creation Process
	<ul style="list-style-type: none"> <li>▶ the extent to which environmental and social considerations have been embedded into the organization's strategy to give it a competitive advantage</li> </ul>	222-237	Sustainability Analysis
	<ul style="list-style-type: none"> <li>▶ Key features and findings of stakeholder engagement that were used in formulating its strategy and resource allocation plans.</li> </ul>	223-227	Stakeholder Engagement and Materiality
<b>1.8</b>	<b>Outlook</b>		
	An integrated report should explain what challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance	68-70 72-83 159 160-162	Chairman's Statement Managing Director & CEO's Statement Operating Framework & Risk Management Macroeconomic Features Affecting the Industry
	An integrated report should highlight anticipated changes over time and provides information on		
	<ul style="list-style-type: none"> <li>▶ The organization's expectations about the external environment the organization is likely to face in the short, medium and long term</li> </ul>	159	Operating Framework & Risk Management
	<ul style="list-style-type: none"> <li>▶ How that will affect the organization</li> </ul>		
	<ul style="list-style-type: none"> <li>▶ How the organization is currently equipped to respond to the critical challenges and uncertainties that are likely to arise.</li> </ul>	160-162	Macroeconomic Features Affecting the Industry

Sl.	Topic	Page Ref.	Chapter Reference
	The discussion of the potential implications, including implications for future financial performance may include:		
	▶ The external environment, and risks and opportunities, with an analysis of how these could affect the achievement of strategic objectives	160-162	Macroeconomic Features Affecting the Industry
	▶ The availability, quality and affordability of capitals the organization uses or affects (e.g., the continued availability of skilled labour or natural resources), including how key relationships are managed and why they are important to the organization's ability to create value over time.	42-45	Value Creation Process
	An integrated report may also provide lead indicators, KPIs or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization's outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook.	85-94	Directors' Report to the Shareholders
	Disclosures about an organization's outlook in an integrated report should consider the legal or regulatory requirements to which the organization is subject.	41	Integrated Report – Scope and its Boundary
<b>1.9</b>	<b>Basis of preparation and presentation</b>		
	An integrated report should answer the question: How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated	41	Integrated Report – Scope and its Boundary
	An integrated report describes its basis of preparation and presentation, including:		
	▶ A summary of the organization's materiality determination process	49	Material Matters
	▶ Brief description of the process used to identify relevant matters, evaluate their importance and narrow them down to material matters	41, 49	Integrated Report – Scope and its Boundary Material Matters
	▶ Identification of the role of those charged with governance and key personnel in the identification and prioritization of material matters.	41	Integrated Report – Scope and its Boundary
	▶ A description of the reporting boundary and how it has been determined	41	Integrated Report – Scope and its Boundary
	e.g.: Include process used for identifying the reporting boundary, geographic scope, the entities represented in the report and the nature of the information provided for each entity		
	▶ A summary of the significant frameworks and methods used to quantify or evaluate material matters	41	Integrated Report – Scope and its Boundary
	e.g., the applicable financial reporting standards used for compiling financial information, a company-defined formula for measuring customer satisfaction, or an industry based framework for evaluating risks		
<b>2. Responsibility for an integrated report</b>			
	An integrated report should include a statement from those charged with governance that includes:	95	Directors' responsibilities for financial reporting
	▶ An acknowledgement of their responsibility to ensure the integrity of the integrated report	95, 113	Directors' responsibilities for financial reporting, Corporate governance report: Roles and responsibilities- financial reporting

Sl.	Topic	Page Ref.	Chapter Reference
	▶ An acknowledgement that they have applied their collective mind to the preparation and presentation of the integrated report	41, 95	Integrated Report – Scope and its Boundary Directors’ responsibilities for financial reporting
	▶ Their opinion or conclusion about whether the integrated report is presented in accordance with the Framework	41, 95	Integrated Report – Scope and its Boundary Directors’ responsibilities for financial reporting
<b>3. Other Qualitative Characteristics of an Integrated Report</b>			
<b>3.1 Conciseness</b>			
	An integrated report should be concise		
	An integrated report need to include sufficient context to understand the organization’s strategy, governance, performance and prospects without being burdened with less relevant information.		
	Eg:		
	▶ Follows logical structure and includes internal cross-reference as appropriate to limit repetition. May link to more detailed information, information that does not change frequently or external sources.		
	▶ Express concepts clearly and in as few words.		
<b>3.2 Reliability and completeness</b>			
	▶ An integrated report should include all material matters, both positive and negative, in a balanced way and without material error	95	Directors’ Responsibilities for Financial Reporting
	The organization achieve the reliability and completeness through, e.g.:		
	▶ Selection of presentation formats that are not likely to unduly or inappropriately influence assessments made on the basis of integrated report.	95	Directors’ Responsibilities for Financial Reporting
	▶ Giving equal consideration to both increases and decreases in the capitals, both strengths and weaknesses of the organization, both positive and negative performance etc.	154-156	Performance Analysis with the Management
	▶ When information includes estimates, this is clearly communicated and the nature and limitations of the estimation process are explained.	284	Note– 2.06
<b>3.3 Consistency and comparability</b>			
	The information in an integrated report should be presented		
	▶ On a basis that is consistent over time	95 285	Directors’ Responsibilities for Financial Reporting Note- 2.08
	▶ In a way that enables comparison with other organizations to the extent it is material to the organization’s own ability to create value over time. Eg:	95	Directors’ Responsibilities for Financial Reporting
	▶ Presenting information in the form of ratios (e.g., research expenditure as a percentage of sales, or carbon intensity measures such as emissions per unit of output)	239-261	Shareholders' Information
	▶ Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization (e.g., an industry body).	239-261	Shareholders' Information

Sl.	Topic	Page Ref.	Chapter Reference
	<ul style="list-style-type: none"> <li>▶ Reporting policies are followed consistently from one period to other unless a change is needed to improve the quality of information reported.</li> </ul>	281-297	Note-2
<b>3.4</b>	<b>Connectivity of information</b>		
	An integrated report should show a holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organization's ability to create value over time. Eg:	46-47	How we create value – our business model
	<ul style="list-style-type: none"> <li>▶ Connectivity between – Capitals</li> </ul>	44-45	Creating Value
	<ul style="list-style-type: none"> <li>▶ Content elements</li> </ul>	42-45	Our Value Creation Process
	<ul style="list-style-type: none"> <li>▶ Past , Present &amp; Future</li> </ul>	42-45	Our Value Creation Process
	<ul style="list-style-type: none"> <li>▶ Finance and other information</li> </ul>	42-45	Our Value Creation Process
<b>3.5</b>	<b>Materiality</b>		
	An integrated report should disclose information about matters that substantively affect the organization's ability to create value over the short, medium and long term	49	How we distribute value created: Material Matters
<b>3.6</b>	<b>Assurance on the Report</b>		
	<ul style="list-style-type: none"> <li>▶ The policy and practice relating to seeking assurance on the report</li> </ul>	95, 116	Directors' Report to the Shareholders- Appointment of Auditors Directors' Responsibilities for Financial Reporting
	<ul style="list-style-type: none"> <li>▶ the nature and scope of assurance provided for this particular report</li> </ul>	95 263-267	Directors' Responsibilities for Financial Reporting Independent Auditor's Report to the Shareholders
	<ul style="list-style-type: none"> <li>▶ any qualifications arising from the assurance, and the nature of the relationship between the organization and the assurance providers</li> </ul>		N/A



**WE GROW ON  
EVERY HORIZON  
EVERYDAY**



# MEMBERS OF THE MTB EXECUTIVE COMMITTEE



1

Mr. Syed Manzur Elahi  
Director (Founding Chairman)  
*Chairman*

2

Mr. Md. Hedayetullah  
Chairman  
*Member*

3

Mr. M. A. Rouf JP  
Director  
*Member*

4

Mr. Md. Abdul Malek  
Director  
*Member*

5

Mr. Md. Wakiluddin  
Director  
*Member*

6

Mr. Anis A. Khan  
Managing Director & CEO  
*Member*



# MEMBERS OF THE MTB BOARD AUDIT COMMITTEE

5

1

4

3

2



1

Mr. Anwarul Amin  
Independent Director  
*Chairman*

2

Mrs. Khwaja Nargis Hossain  
Vice Chairman  
*Member*

3

Mr. Rashed Ahmed Chowdhury  
Director  
*Member*

4

Dr. Sultan Hafeez Rahman  
Independent Director  
*Member*

5

Ms. Nasreen Sattar  
Independent Director  
*Member*



# MEMBERS OF THE MTB BOARD RISK MANAGEMENT COMMITTEE

4

2

1

3

5



1

Dr. Arif Dowla  
Director  
*Chairman*

2

Mr. Md. Hedayetullah  
Chairman  
*Member*

3

Mr. M. A. Rouf JP  
Director  
*Member*

4

Mr. Md. Abdul Malek  
Director  
*Member*

5

Mr. Md. Manirul Islam  
Director  
*Member*





# CHAIRMAN'S STATEMENT

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**Mr. Md. Hedayetullah**  
Chairman

## Dear Distinguished and Fellow Shareholders,

On behalf of your bank and its Board of Directors, I want to begin by thanking you, our shareholders and customers, for your continued support and confidence.

We ended 2018 stronger than at any other time in the history of our bank. A strong operating performance combined with sustained cost efficiencies have produced record results this year – operating income reached BDT 4.88 billion, higher than the BDT 3.92 billion reported in 2017. Our balance sheet remains healthy, supported by a strong capital base, liquidity levels and asset quality that are well within regulatory requirements. The MTB Group of financial companies has delivered a total asset growth of 10.26%, while driving state-of-the-art digital transformation, and initiating the restructuring (centralization) of the business model of the bank, in the midst of a revolutionary/transformational year in the banking industry. Our subsidiaries also exhibited commendable performance throughout the year.

The Board has proposed a stock dividend of 11.0% per share for 2018, subject to the approval of the shareholders at the bank's 20th Annual General Meeting (AGM) to be held on June 30, 2019. These record results could not come at a better time, for it proves that MTB is well-positioned to weather economic challenges and, in turn, support its customers, shareholders and all other stakeholders.

MTB has grown rapidly over the last few years, thereby, ensuring a strategic position in the banking domain of Bangladesh. We manage our bank for long-term resilience by focusing on internal growth, deepening existing customer relationships and optimizing fee income while ensuring efficient cost management. As we continue to deliver positive operating results while managing risks, liquidity and capital, we remain resilient in our investments in our infrastructure, products, markets, employees and brand value. We have taken-off and are ready to fly to reach the top with an array of latest financial solutions, superior customer services, and a pool of efficient and tech-savvy employees along with a state-of-the-art infrastructure. Our bottom-line approach is to accelerate the healthy profit figure to ensure better returns for shareholders and be part of the enviable socio-economic progression of the country.

We recognize that changing customer behavior, popularity of smart devices and mobile financial services, and escalating competition, are fundamentally changing the way the banking sector engages with customers. MTB has always highlighted the importance of embedding technological capability and pursuing financial innovation to stay ahead of the curve. Today, our digital financial ecosystem, with Alternate Delivery Channels (ADC), enables customers to bank safely via

their own devices, and offers them greater control and freedom to manage their financial affairs. Transactions verified by fingerprints at Agent Banking Centres, launching of contactless Mastercard and Visa cards, partnering with UnionPay to deliver state-of-the-art cards along with QR Pay, and initiation of two-factor authentication (2FA) for online transactions are a few of our accomplishments to keep pace with future fintech developments.

In an attempt to make the digital platform safer and thwart the cyber perpetrators, our Group Information Technology Services Division (GITS) and Group IT Security Department (GITSD) are working, relentlessly, to keep pace with the unprecedented speed at which innovation and technology are surging forward. We are constantly strengthening our initiatives to make our employees tech-savvy with a view to making MTB digitally safe and more adaptable to confront disruptive technology, in tandem with the developments being ushered in by the Fourth Industrial Revolution and Artificial Intelligence in the days ahead, through regularly training them and arranging seminars, workshops, etc.

With technology continuing to disrupt the business of banking, the need to stay on top of the digital revolution has been felt very keenly. The focus for 2018 was to systematically expand our digital channels and also further integrate our physical and electronic distribution channels to enable customers to transact seamlessly across multiple touch-points. As for the coming year, a key milestone will be the successful migration from our legacy system to a more powerful core banking solution, which is a further affirmation of our commitment to continuously enhance operational efficiency and service quality. This upgraded system will provide MTB with the requisite technology infrastructure to handle the surge in volume and complexity of customer transactions, broader range of financial products and services, as well as the management and analysis of customer information.

'Compliance First' is not just a rhetoric but an inherited and well embedded practice within MTB. We help establish and promote ethical standards and behaviors across all levels of the organization, working to foster an approach to business that impacts not only the economy, but also the society and the environment as a whole. Our commitment to strong and effective governance is fundamental to our way of running the business. In full conformity with the regulatory requirements, we have made sure that our Corporate Governance Framework is both forward-looking and ethical and places a heavy emphasis on compliance. At the same time, we continue to improve the governance architecture and system, enhance the working mechanisms of the Board of Directors, and fulfill our responsibilities to all the stakeholders including shareholders, customers,

employees and the society, with a view to ensuring the best practices in corporate governance.

To thrive in today's world, we need to attract and retain the most talented resources available in the market. We also need to ensure work-force diversity (women now make up 20% of our employees), so that we are better able to understand and serve our customers. Ours is an organization that lives by its values, has a strong sense of purpose, and gives the employees the chance to make transformational changes that benefit millions of people. MTB's culture is to encourage employees to use training opportunities to stay as employable as possible, inside and outside the bank. If we foresee that a certain role will disappear within a few years, we nudge employees proactively to learn new skills, even if these skills are not immediately relevant to their current jobs. It is no surprise that MTB won the "Dream Company to Work for" award in the organizational category at the "Asia's Best Employer Brand Awards 2018".

We actively engage with the bank's board of directors and senior management to ensure that a strong risk culture is supported at all levels of MTB and that the bank's risk management function is independent of the business areas. We also provide guidance on, and approve the bank's risk appetite, and maintain open communication with the regulators. Above all, we need to be sure that we are managing risks in a prudent and responsible way. We constantly work on upgrading all of our credit risk models across the group to reinforce the sustainability of our business, and we have increased our investment in cyber security, to stay at the forefront of the technological advancements in the field.

The bank also realizes that it has an important role to play in the communities we work in, simultaneously, in the process of making profits. MTB's CSR initiatives focus on Education, Healthcare, Environment & Disaster Management, Sports, Arts & Culture, Participatory Development; and Poverty Alleviation. These are aligned with the Sustainable Development Goals (SDGs) namely: No Poverty, Zero Hunger, Good Health and Well-Being, Quality of Education, Gender Equality, Clean Water and Sanitation, Decent Work and Economic Growth, Reduced Inequalities, Sustainable Cities and Communities and Climate Action. MTB's flagship CSR program "Swapno Sarathi" or "The Dream Chariot" is the bank's free bicycle distribution program for the underprivileged students, particularly girls, living in the remote areas of the country. The "Bravery and Courage" Award is a unique CSR program of MTB, launched in 2012, through which outstanding acts of bravery are recognized by providing financial support to self-sacrificing individuals and their family members. Other major CSR projects undertaken by the bank in

2018 include - Livelihood Program for the Women and Health Clinic for the Community of Char Patila at Char Kukri Mukri, Bhola; The Mangrove Children; "Shobuj Ishkool Gori"; Happy Home; School for the Intellectually Disabled at Tarash, Chalanbil Area; and Assistance for Blind Children (ABC).

MTB participated in the 18th ICAB National Award for Best Presented Annual Report 2017 competition organized by the Institute of Chartered Accountants of Bangladesh (ICAB) and was awarded the 'Certificate of Merit' in the categories of 'Integrated Reporting Awards' and 'Private Sector Banks' as a mark of excellence in corporate reporting.

I would like to thank my colleagues on the Board for their steadfast support, commitment and conscientious stewardship of the bank. I would also like to take this opportunity to thank our immediate past Chairman, Mr. M. A. Rouf, JP and our dynamic Managing Director, Mr. Anis A. Khan, for the tenacity and dedication with which he has led the bank for over a decade and helped take this organization to a new level of excellence and dynamism.

My appreciation goes to all the MTBians - the human engine that powers our operations. I thank you all for your dedication, which has been a great source of our competitive advantage. Our gratitude to Bangladesh Bank, the Bangladesh Securities & Exchange Commission, the stock exchanges, the Ministry of Finance, The Registrar of Joint Stock Companies and all other connected bodies for their continuous support.

The bank is infinitely grateful to you - our valued customers - for the trust and confidence you have placed in the MTB brand for the past 19 years. You remain the reason we are driven to innovate, succeed and grow. My sincere gratitude to our shareholders - your patronage over the years has been a source of immense strength for the bank and I look forward to your continued support to enable the bank to move forward in its journey of excellence in the years ahead.

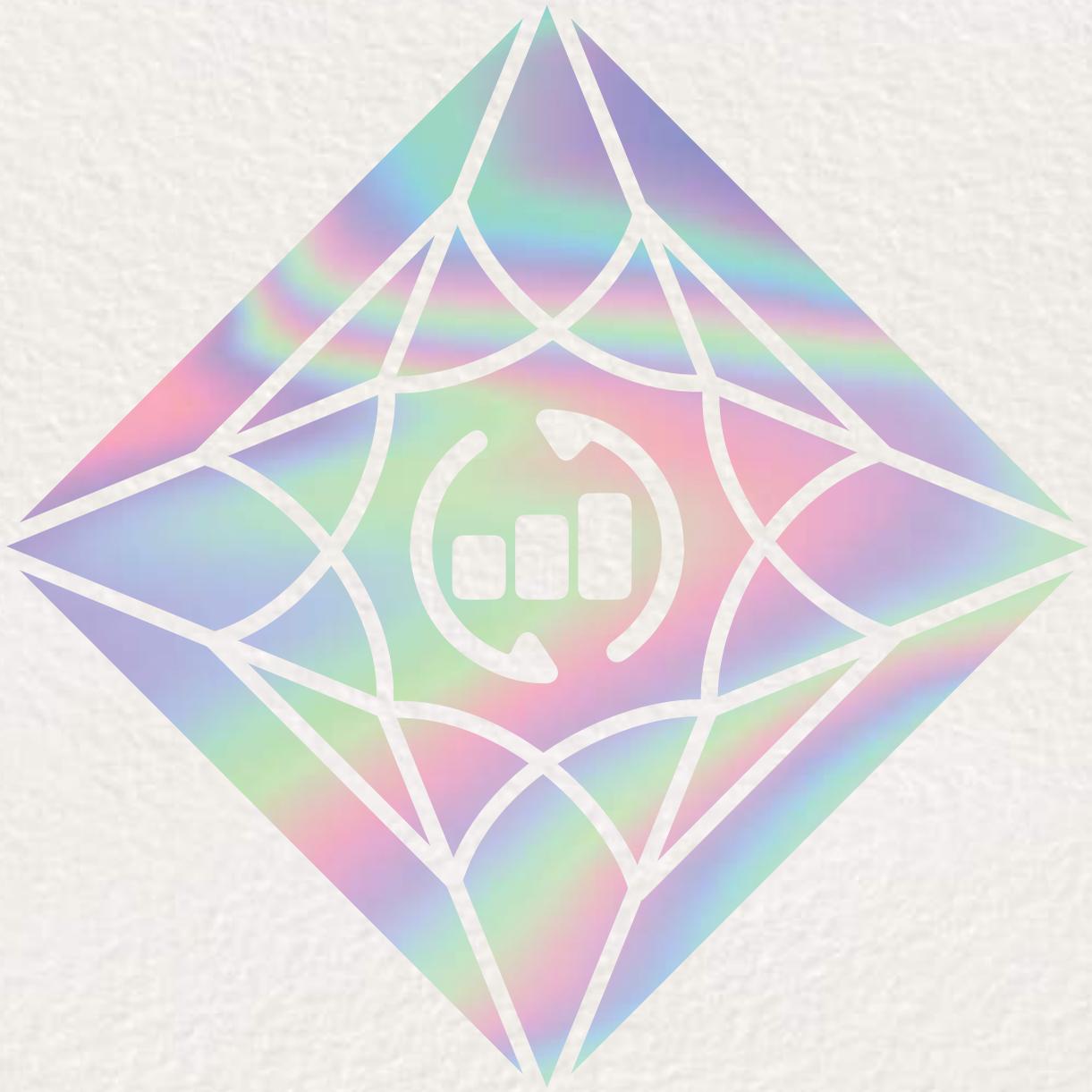
Your continued support is key, and I would like to thank you for your trust.

Sincerely,



**Md. Hedayetullah**

Chairman



THE CONVERSION  
BEGINS AND ENDS  
WITH CUSTOMERS



# MANAGING DIRECTOR & CEO'S STATEMENT

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**Mr. Anis A. Khan**  
Managing Director & CEO

## Dear Distinguished Shareholders,

2018 was a remarkable year for business achievements, marking a pleasant 24.74% growth in operating profit and reaching the BDT 4.88 billion mark for the first time in the history of the bank. It was also the year when substantial technological advancement and business model reformation initiatives took place in the organization. Our base has never been stronger than what it is today, and we are fully equipped to capitalize on opportunities that would improve scalability and enhance value for all stakeholders.

Throughout our journey, we focused on re-calibration of customer centricity, while revitalizing the digitally-enabled workforce, mitigating cyber risks and ensuring excellent corporate governance. We plan to accelerate the transformation to turn our bank into a more strategically focused, technologically modern, and operationally agile institution, so that we remain dominant in a rapidly evolving financial ecosystem. A paradigm shift is underway, as MTB is preparing for its Centralized Business Model followed by inauguration of a sophisticated core banking solution - TCS BaNCS - from Tata Consultancy Services Limited. We had, earlier, successfully centralized our trade operations under the MTB International Trade Services Division (MITS), and this model is working seamlessly since its inception with the core residing at the bank's flagship MTB Tower with two spokes at the Principal Branch in Motijheel, Dhaka and the bank's regional office at Agrabad, Chittagong. Financing from DEG and Norfund, hopefully, from ADB soon, and the proposed strategic partnership with Norfund would undoubtedly enhance the standard of corporate governance, facilitate fintech usage and help introduce innovative financial solutions in the bank. With our vast and growing network and three fully-owned subsidiary companies, MTB, today, has an extensive array of products and services across multiple product lines including Wholesale, SME and Retail Banking.

2018 has been an extraordinary year, witnessing the crossing of the BDT 4.88 billion operating profit mark with a growth of 24.74% over 2017, and the bank's Return on Equity (ROE) of 13.85% remained impressive, despite immense pressure for increased provisions against Non Performing Loans and advances (NPLs). In 2018, our balance sheet maintained an unyielding growth, where risk assets grew by 14.11% and customer liabilities by 9.48% compared to the same period of the last year. We doubled our balance sheet in just five years, attaining a cumulative average growth rate of 16.58%. At the same time, the bank continued to maintain capital adequacy ratio of 12.86%, which is well above the regulatory requirement as per the Basel-III regime. Such outcomes have been possible only because of the full support and trust of all the stakeholders, the Chairman, Vice Chairman and all members of the Board, our regulators,

my fellow colleagues, customers, and of course, you, our valued shareholders.

MTB, a shining financial brand, with over 19 years of strong market existence, a sustainable growth record and superior image, provides simple and easy to understand and smart banking solutions. The bank serves more than 850,000 customers through its physical network of 114 branches, 104 agent banking centres and alternate delivery channels including MTB Internet Banking, MTB SMS Banking, 14 Kiosks, 280 ATMs with 24/7 service capability and more than 3,325 POS devices.

We strive to make MTB a household brand through the foregoing channels and also the 104 agent banking centres across the country. In 2018, we opened 50 such centres. These points of representation extend services to customers in areas where bank branches are not available and thus pave the way for us to be a more financially inclusive bank. The centres also contribute significantly to the inflow of remittances.

After the establishment of the world-class MTB Air Lounge at the international departure area of Hazrat Shahjalal International Airport (HSIA), Dhaka in September 2017, the bank opened its 2nd air lounge at Shah Amanat International Airport (SAIA), Chattogram in November 2018. These air lounges have enabled the bank to extend its retail banking and credit cards reach, while ensuring greater comfort and convenience for MTB customers and valued stakeholders, when travelling out of the country. MTB is one of the five banks that offers such facilities amongst the 59 banks of the country.

In our aspiration to become the "Digital Bank of Choice", we continued to deliver high-quality services and innovative products through our well-managed digital channels. Our efforts to make day-to-day banking simpler and more accessible via digital media are paying off.

I am glad that the MTB CBS Transformation (MCT) project that we initiated last year, ran in full swing in 2018, and, we are confident that we will be switching to the new system, TCS BaNCS, successfully in the early second half of 2019. The new core banking solution will empower us to deal with a large number of customers, and quickly analyze reliable data, and which will allow us to come up with and offer customized solutions to our valued clientele. The solution will not only integrate functional areas of business, operations and support services, it will also be able to merge various other systems and sub-systems as well.

The Payment Card Industry Data Security Standard (PCI DSS) mechanism entails adherence to the set of policies and procedures developed to protect credit,

debit and prepaid card transactions and prevent the misuse of cardholders' personal information. MTB is always committed to ensuring that the CIA triumvirate (confidentiality, integrity and availability) of customer and card data is no different. Realizing the importance of PCI DSS certification, MTB started its journey on May 12, 2014 with Qualified Security Assessor (QSA) Right Time Limited, working on behalf of the PCI Security Standard Council, and, after a rigorous process of examination and improvements effected along the way, we successfully obtained the title of 'PCI DSS Certified Bank' in February 2019.

Operating in full compliance with the legal and regulatory requirements by managing the core risks has always been our top priority. Over the years, MTB has sufficiently equipped itself with extensive policy guidelines on risk management. The bank has made substantial investments in human resources and technological developments to ensure compliance with prevailing acts, rules, policy guidelines and circulars issued by the government and regulatory authorities.

At MTB, we always try to create a culture of operational excellence, efficient performance and world-class service delivery, which, in turn, makes us capable of responding quickly to deliver simple, fast and contextual banking in this digital age. MTB, with a loyal customer base, highly motivated employees and a solid capital and liquidity foundation, has been able to ensure a balanced and sustainable growth to deliver consistent long-term returns to the shareholders amidst a constantly and rapidly changing macroeconomic, financial, and socio-political environment.

With increasing automation and greater diversity in human resources, we consider rethinking our workforce strategy, given how work is evolving. Our workforce experience is designed to accommodate work-life balance, a purpose-driven career, and of course, digital solutions. MTB, for its human capital management excellence, won the "Dream Company to Work for" award in organizational category at the "Asia's Best Employer Brand Awards 2018".

### **Taking MTB to a new Horizon**

To justify our vision, MTB3V, of being 'The Bank of Choice', we do not consider banking as a separate activity at MTB, but as one that should be seamlessly interwoven into a customer's everyday life. To do so, we need to have a relentless focus on unwavering customer satisfaction, and, to help achieve that, we have set up a separate and independent Service Quality Department (MSQD), whose responsibility is to constantly measure service delivery and recommend ways for continuous improvement in our standards. To materialize our vision to turn MTB into a truly world-

class bank, our state-of-the-art training institute remains busy throughout the year to train MTBians, internally. Other than that, a good number of MTBians are also sent to international training and seminars. As a strong believer of empowering our employees with skills for both their professional as well as personal development, we continued to invest in new learning and development programs. With this end in view, we provided training in 2018 to 1,874 MTBians out of the total of 2,120, where the focus was on improving soft skills. At the same time, we invested in our delivery channels to enrich the same with the latest tools and technologies. With all our efforts and your continued support, we want to make MTB one of the best performing banks in Bangladesh.

### **Commitment to Citizenship and Sustainability**

2018 witnessed dramatic changes in the global political and economic arena. The macroeconomic conditions of Bangladesh also went through significant changes including increase in remittance inflow, import payment pressures over export earnings, volatility in the foreign exchange market, and liquidity crisis throughout the year.

We addressed difficulties and challenges with improvements and innovations, accelerated business structure adjustment, optimized systems and processes, and thus ensured sustained and steady development. We devoted a great deal of energy towards the development of inclusive finance and provided extensive focus on the Retail and SME segments.

The bank set the milestone of achieving the highest operating profit of BDT 4.88 billion in its 19 year history with a growth of 24.74% over 2017.

Our competitive capabilities to operate as a compliant organization has picked up pace with a multitude of leadership and talent development efforts that we went through successfully. Hence, I am excited about the prospects of MTB's continued success in its future endeavours.

### **MTB Resurgent - The Theme of 2018**

In 2018, the theme for the bank was 'MTB Resurgent'. The aim was to turn around against all odds and secure a sustainable growth for the bank. We have been resurgent in achieving our operating business target, ensuring financial inclusion through widening the agent banking outreach and increasing our risk assets portfolio. We have also been regenerative in efficiently managing cost and deposit mix. We have solidified our stand in the business, technology and operational model, which has allowed us to take-off, and boosted our goal of shining bright in 2019.

## Economic Review

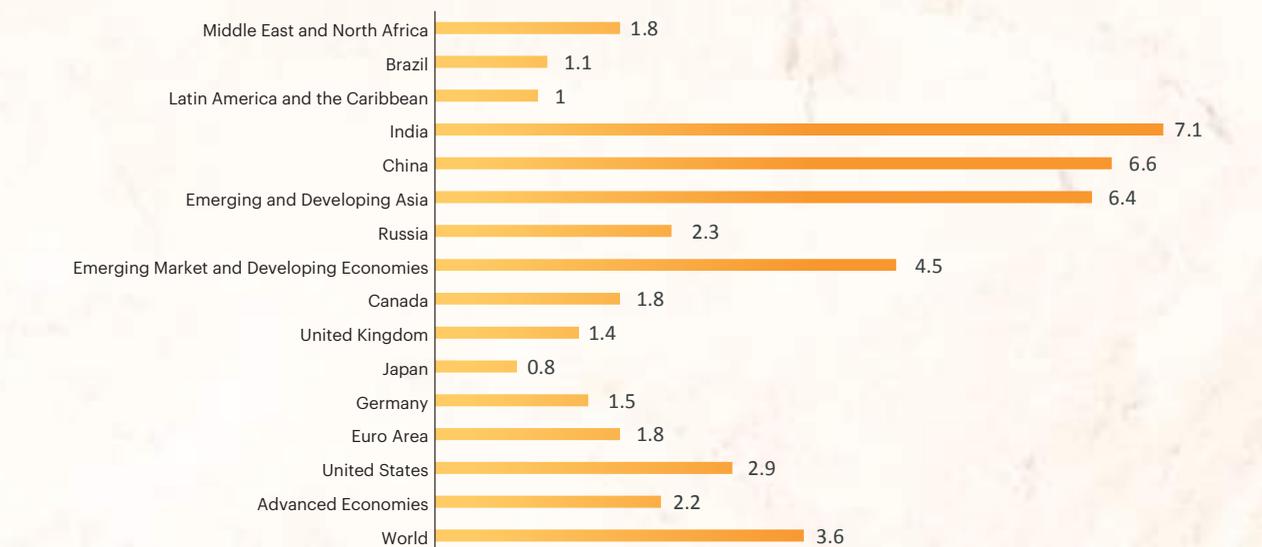
### Global Economy

The global economy started 2018 with strong, synchronized growth mainly due to a pickup in global manufacturing and trade throughout the preceding year. But as the year progressed, momentum faded and growth trends diverged. Overall, global growth remained strong at 3.8%, during the first half of 2018 but dropped notably to 3.2% in the second half of the year, reflecting a convergence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to gain some control over shadow banking and an increase in

trade tensions with the United States. The euro area economy lost a fair amount of pace as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards; external demand, especially from emerging Asia, softened. Overall, tightening of financial conditions, and higher policy uncertainty across many economies have all contributed to deceleration in economic activity during the second half of 2018.

The International Monetary Fund in its World Economic Outlook, published in April, reported moderate growth for most parts of the world. Overall, the global economy is reported to have grown by 3.6% in 2018, which was a staggering 3.8% for the preceding year.

### IMF Growth Estimates for 2018



### Inflation Scenario

During 2018, consumer price inflation remained muted across major economies. Global growth activities did not result in bigger pickup in inflation and core inflation remained well below central bank targets in major economies despite the pickup in domestic demand in the past two years. The reasons for this include the lingering impact of the 2007-2009 financial crisis on price and wage formation in advanced economies, as well as downward pressures associated with rapid technological changes and foreign competition.

In emerging market and developing economies, inflation generally rose among commodity importers, but declined in commodity exporters, as the effects of past currency depreciations wane and economic slack lingers. In 2018, the overall inflationary condition remained stronger in the Eurozone. However, it managed to cool down during the closing months mainly due to a softer rise in energy prices and food prices. In Japan, inflation reached 1% for the very first time in recent history, while in the United States headline inflation

exceeded the central bank's target of 2% for at least part of 2018. By contrast, price pressures have eased in many large developing economies and economies in transition.

### Movement in commodity market arena during 2018

Oil prices experienced a roller coaster movement during 2018. In early October, oil prices surpassed their highest level since November 2014, ahead of US sanctions against Iran's oil sector that took effect in November. However, later on the US government issued waivers that allowed several major importing countries to continue importing crude oil from Iran. In addition the US significantly increased crude oil production along with Canada, Iraq, Russia and Saudi Arabia. As a result, oil prices fell sharply between early October and the end of November. In response to falling prices, oil exporters agreed to cut production, providing some price support from the start of 2019.

Meanwhile, a growth slowdown in China and trade tensions put downward pressure on metal prices in 2018, metal prices recovered on fiscal stimulus in

China, improved global market sentiment, and supply disruptions in some metal markets.

On the other hand, prices of agricultural goods increased somewhat during 2018. Trade tensions, weak emerging market currencies, and exceptionally strong US grain yields constituted the primary drags on global food prices in the first three quarters of 2018. Since then, prices have been less volatile.

### **Monetary Policy**

Monetary conditions remained broadly accommodative throughout the globe during 2018. Interest rates continued to diverge between the euro area, Japan and the United States, reflecting differences in the timing and pace of economic cycle.

In the United States, the Federal Reserve increased the interest rate for consecutive 4 quarters of 2018 in a display of measured confidence in the economy that came despite financial market worries and political pressure to suspend rate increases. The benchmark federal funds rate now ranges around 2.5%. The Fed's rate hike is likely to cause higher rates on consumer loans, some mortgages, credit cards and other loans. These indicates the central bank's confidence over the strength of the economy.

The Bank of England in August of 2018, raised its main rate by a quarter of a percentage point, from 0.5% to 0.75%, its second hike in less than a year as it continues the process of slowly normalizing monetary policy following more than a decade of unprecedented stimulus. The bank's key rate now stands at its highest level since March 2009.

Meanwhile the European Central Bank (ECB) kept its main interest rate at zero although the Euro zone banks were well prepared for sharp changes in interest rates.

In Asia, the Bank of Japan also maintained its short-term interest rate at minus 0.1% and the target for the 10-year government bond yield at zero percent during 2018. Whereas, China's central bank slightly raised interest rates for its Medium-term Lending Facility (MLF) and reverse repos. The seven-day reverse repurchase rate was revised to 2.55% while that for the 28-day reverse repurchase rate was increased to 2.85%

### **Global Banking Industry**

A decade after the financial crisis, the global banking industry is on firmer ground. The financial position of the banking sector in developed countries continued to improve during 2018. US banks, compared to their European counterparts, are ahead on multiple measures. Total assets in the United States reached a peak of USD 17.5 trillion. Capital levels are up as well, with average tier 1 capital ratio standing at 13.14%.

Return on equity (ROE) for the industry is at a post-crisis high of 11.83%. However, the same cannot be said of the banking industry in Europe. Structural deficiencies, overcapacity, low/negative interest rates, and the absence of a pan-European banking regulatory agency have all likely contributed to European banks experiencing persistent profitability challenges. In the Asia Pacific region, the growth of Chinese banks has been the most stunning development in the last 10 years. The Chinese banking industry has surpassed that of the EU in terms of size.

By the end of 2018, the global banking sector managed to attain a much better shape than it used to be at the start of the global financial crisis 10 years ago. According to 'The Banker's Top 1000' World Banks Ranking for 2018, total assets reached \$124 trillion, while return on assets (ROA) stood at 0.90%. Similarly, tier 1 capital ratio as a proportion of assets rose to 6.7%, significantly higher than in 2008.

### **Global Capital Markets**

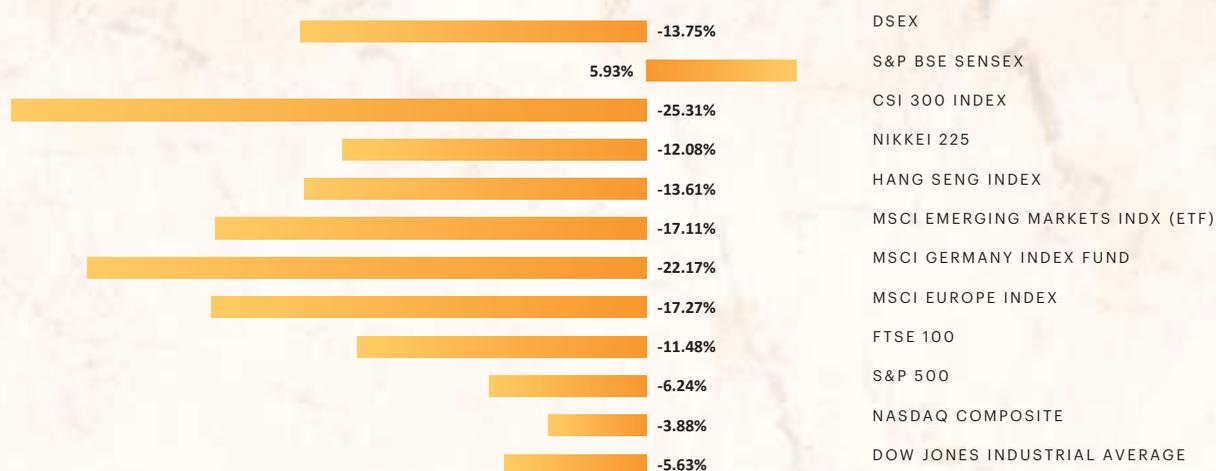
Global stock markets closed out their worst year in 2018 since the financial crisis. Global equity markets turned negative despite several highly favorable economic developments.

Markets around the world bled badly due to the trade conflict between the United States and China, fears over rising interest rates and geopolitical hitches like Brexit. Market around the globe kept losing throughout the year and 2018 remained the worst year for US, London and European indices since 2008.

The FTSE All-World index, which tracks thousands of stocks across a range of markets, plummeted 12% during the year, a sharp reversal from a gain of nearly 25% in 2017. In Wall Street, stocks remained volatile during the trading sessions of 2018 but closed negative. The Dow fell 5.6%. The S&P 500 was down 6.2% and the Nasdaq fell 4%. The Shanghai Composite entered a bear market by the mid of 2018 and lost nearly 25% since the start of the year. In Hong Kong, the Hang Seng lost 14%.

The Japanese equity market reflected the deterioration in global sentiment, and ended the year down by 12.08%. Japanese stocks remained volatile throughout the year and foreign investors were mostly in selling mode mainly due to the developments in global arena. A trade dispute with the US and a crackdown on shadow banking made China the world's worst-performing major stock market in 2018, shedding some USD 2.3trillion in value. China's benchmark CSI 300 index lost over 25% during the trading sessions of the year. On the contrary, Indian stock market managed to close the year 2018 in a positive tone and gained 5.93% despite the negative performances of in stock market continued to drive higher.

## Movement of major Stock Indices



## Growth Prospects for 2019

Currently the global economy is undergoing a phase that can be termed as very delicate. Global expansion got significantly weakened during the second half of 2018 that is expected to persist into the first half of 2019. Following the weak start, growth is projected to pick up in the second half of 2019. This pickup is supported by significant monetary policy accommodation by major economies, made possible by the absence of inflationary pressures despite growing at near potential. The US Federal Reserve, the European Central Bank, the Bank of Japan, and the Bank of England have all shifted to a more accommodative stance. China has ramped up its fiscal and monetary stimulus to counter the negative effect of trade tariffs. Furthermore, the outlook for US-China trade tensions has improved as the prospects of a trade agreement take shape.

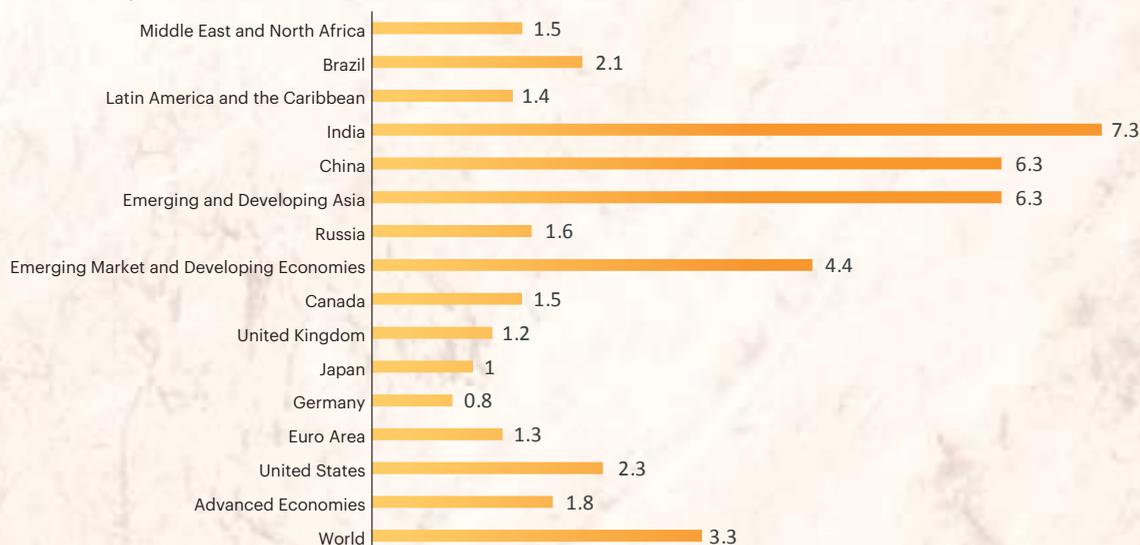
The International Monetary Fund (IMF) has set the global forecast for 2019 to be 3.3%, down from 3.6% in 2018, the

lowest level since the financial crisis as ongoing trade tensions and slowing economic growth in advanced economies continue to put a dent in the world economy.

As a whole, 70% of the the global economy is forecasted to decline this year. Advanced economies are projected to expand 1.8% in 2019 before shrinking to 1.7% in 2020. In comparison, emerging markets and developing economies are expected to grow 4.4% before growing 4.8% in 2020.

In the U.S., the IMF foresees 2019's growth to be at 2.3% compared with 2.9% in 2018. The IMF cut its outlook for the euro-area economy to 1.3% for 2019, down from 2.9% in 2018. Emerging and developing Asia is expected to grow at around 6.3% during 2019, the region continues to account for over half of world growth. In Latin America, the recovery is expected to strengthen, with growth of 1.4% in 2019 and 2.4% in 2020. The growth pickup in Sub-Saharan Africa is broadly anticipated to rise modestly from 3.0% in 2018 to 3.5% in 2019.

## IMF Growth Projections for 2019



## Bangladesh Economy

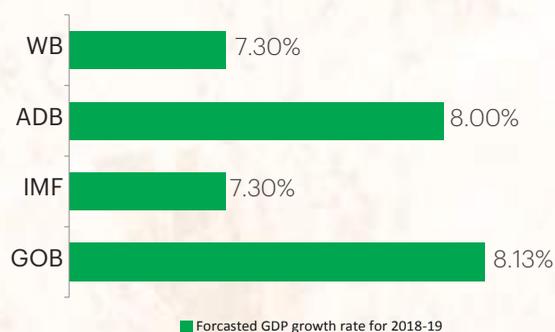
Instead of being one of the world's insolvent nations, the economy of Bangladesh has been growing rapidly over the past few years. The country attained its interim graduation from the least developed country to middle-income status, and is expected to achieve the status permanently in 2024. The amazing growth story of the economy has turned it into a role model before the world arena. With a population of over 165 million inhabitants, grew by an average of over six percent per year since 2008. In fact the economy even managed to maintain 7% growth trajectory for the third consecutive time, driven by double-digit growth in manufacturing and construction sector. The rise in construction growth is attributable to progress in implementation of mega projects and increased growth in housing construction. The extraordinary growth momentum of the country has also been endorsed by major international agencies. The International Monetary Fund (IMF) marked Bangladesh as the second fastest growing economy in 2018-19. As per another global lender the 'World Bank', Bangladesh's economy is growing at an impressive rate and it is among the five fastest-growing economies of the world. Currently, all most all the economic indicators are exhibiting shining results with robust private consumption, increased public investment, strong export performance, and expansion in industries.

### Gross Domestic Product (GDP)

Bangladeshi economy grew at a faster pace than most major nations in 2018 and it is poised to become the 41st largest economy of the world in 2019. The growth rate was registered to be a staggering 7.86% for 2017-18. The contribution of the agriculture sector to the country's GDP was 13.82%, while the industry and services sectors contributed 30.17% and 56%, respectively. Every other macroeconomic indicators from poverty rate (21.8%) to investment to GDP ratio (31.23%) also managed to exhibit positive trends during the year.

As per Asian Development Bank's (ADB) forecast GDP growth rate slightly surpassed government's estimation to be 7.9% in 2017-18. From the demand side of economy, acceleration in private consumption, continued growth in

### Forecasted GDP growth rate for 2018-19

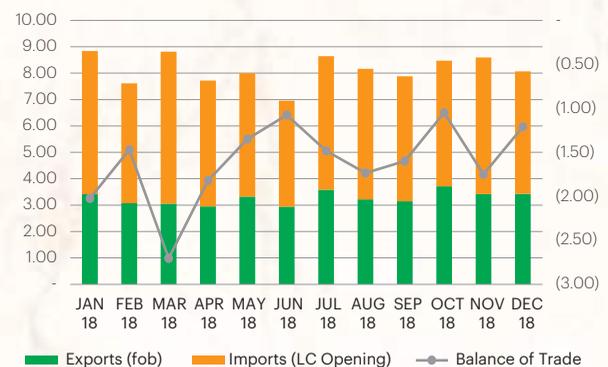


public infrastructure investment and private investment contributed to higher GDP whereas, from supply side, growth was driven by expansion in agriculture, industry and microeconomic management. The estimations made by every other development agencies lagged slightly behind the government's estimate.

On the flipside, Bangladesh government targeted economic growth at 8.13% for the FY 2018-19. Among the international agencies, International Monetary Fund (IMF) said that Bangladesh's economy will grow by 7.30% during 2018-19. ADB forecasted the growth to be 8.0% and for World Bank the growth would be 7.30%.

### Inflation

The country's inflation rate, measured on 12-month average basis is reported to be 5.54% at the end of December 2018 that is slightly above the Government's budget target of 5.50%. However, during the same month of the previous year, the 12 month average inflation was 5.70%. The point to point general inflation decreased by 0.19 percentage point and stood at 5.35% in December 2018, down from 5.54% in June 2018, as food inflation eased to a comfortable level offsetting the effects of increase in non-food inflation.



### External Sector

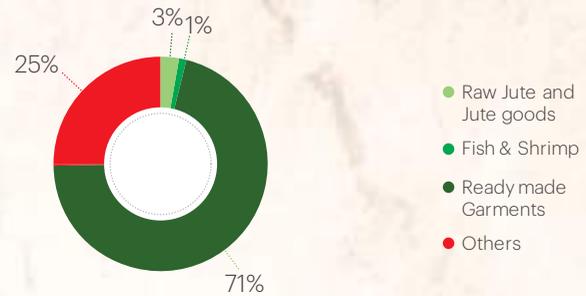
Bangladesh's foreign exchange reserves was reported to be USD 32.02 billion at the end of December 2018, down by 3.64% from December last year. Bangladesh's foreign exchange reserve increased by 450% in the last 10 years, riding on the steady rise of garment exports and inflow of remittances. With the current reserve it is possible to serve the import payments for over nine months.

Current account deficit widened to USD 1.7 billion at the end of 2018 mainly due to a rise in primary income outflow and a bit slower remittance inflows. Trade deficit edged down to 1.3% of GDP at the end of 2018 as compared to 1.8% of GDP at the end of 2017 due to robust growth in export against slower growth in import.

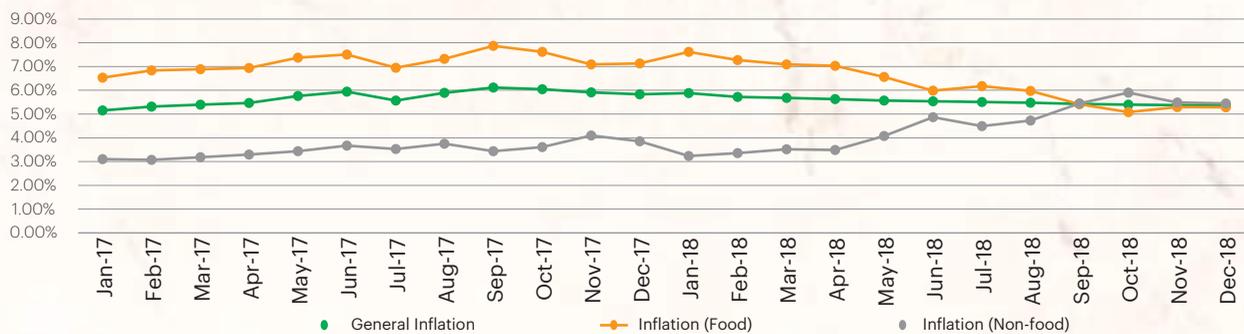
## Exports

Export earnings recorded a growth of 9.49% (up by USD 3.40 billion) and recorded to be USD 39.25 billion for 2018 which was USD 35.84 billion during 2017. The export items that registered a positive growth during 2018 include ready-made garments, raw jute, newsprint and others. On the other hand, jute goods, fish & shrimps, tea, leather and fertilizer experienced a negative growth during 2018 compared to the same period of the previous year.

## Category-wise share of Total exports 2018



## Point to Point Inflation-Movement



Fresh opening of import LCs during 2018 decreased by 10.45% (down by USD 6.83 billion) and stood at USD 58.51 billion which was USD 65.34 billion during 2017. The overall imports increased during the period mainly due to higher import of capital machinery and industrial raw material as implementation of the different ongoing infrastructure development projects are undergoing across the country. Higher import for textile, leather, jute, garment, pharmaceutical, ship building and energy and power sectors contributed to rise in overall capital machinery imports.

## Remittance

Remittance is the second highest source of foreign currency earning in Bangladesh next to exports of readymade garments (RMG). Remittance inflow posted its all-time high in 2018 amid appreciation of US dollar against the Bangladeshi taka, prompting expatriates to send money through legal channel. In 2018, inflow of remittance increased by 14.83% or USD 2.01 billion, taking the total remittance inflow to USD 15.53 billion from USD 13.53 billion in the previous year. It made Bangladesh the ninth highest recipient of remittances for 2018.

## Fiscal Management

Total tax revenue collection (NBR & non-NBR) during 2018 stood at BDT 2,122 billion which was higher by BDT 119 billion or 5.92% against the collection of BDT 2,004 billion of 2017.

NBR tax revenue collection during 2018 stood at BDT 2,111 billion which was higher by BDT 117 billion or 5.89% against the collection of BDT 1,993 billion of 2017.

## Capital Market Scenario

The year 2018 can be marked to be a depressing year for the capital market of Bangladesh, as the market index and turnover, including foreign investment, declined. Since it happened to be the election year the slowness in the market was anticipated but the speed with which it was supposed to recover was not achieved during the trading sessions of the year.

The market correction was largely driven by decline in financial sector stocks. In 2018, financial sector was adversely affected by rising interest rate and growing NPL problems which dominated its stock market performance. Financial composite which includes Bank, NBFI, and Insurance declined by 18.6% against overall market decline of 13.8%.

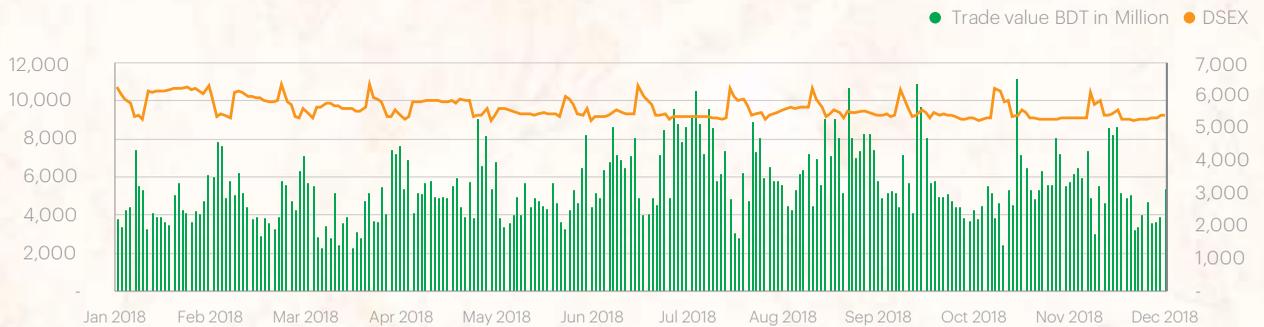
The benchmark index, DSEX started the year from 6,245 level mark. It lost momentum gradually with little fluctuations to decline the 5,386 level mark during the end of December 2018. The market capitalization decreased by 8.42% to BDT 3,873 billion at the end of 2018, which was BDT 4,229 billion a year earlier. DSE's average daily turnover was recorded to be BDT 5.52 billion for 2018 that was BDT 8.75 billion for 2017.

In an attempt to stimulate the capital market, the regulators initiated a number of activities including

forming a strategic partnership between Dhaka Stock Exchange (DSE) and a Chinese consortium of Shanghai and Shenzhen Stock exchanges. The consortium took 25% stake in DSE in exchange of USD 125 million, valuing the exchange at USD 500 million. The strategic partnership is expected to make significant contribution in improvement of local capital market. One of the biggest regulatory move in 2018 was extension of

tenure of closed end mutual funds for another term of 10 years, provided that the total tenure of the mutual funds don't go beyond 20 years. In 2018, BSEC approved draft Bangladesh Securities and Exchange Commission (Qualified Investor Offer by Small Capital Companies) Rules, 2018. The rule is expected to facilitate a separate market for small cap companies, increasing efficiency of overall market.

## DSEX TRADE 2018



## Banking Sector Scenario

A sound banking sector is the key for a sustained economic development for any country. It facilitates the financial mechanisms between borrowers and lenders, helps expedite capital accumulation, and ensures use of resources into productive sectors. The Bangladeshi banking sector experienced several ups and downs to reach to its current well-structured position. However, the year 2018 has not been a very good year for the industry. Global credit ratings giant Moody's put Bangladesh's banking system on 'negative watch' despite the country's robust economy. The main reason for the negative outlook is the worsening asset quality, the growing stock of unclassified rescheduled loans poses further risk to asset quality.

During 2018, the country's banking sector, faced a severe governance crisis, which caused the industry to face a record increase in non-performing loans (NPL), financial scams and liquidity shortages. Consequently, reforms have been undertaken with objectives such as increasing the capital adequacy of banks, streamlining guidelines for rescheduling of various types of loans, tightening provisions for non-performing loans, lowering of the ceiling for bank's loan-deposit ratio, strengthening disclosure requirements and improved accounting systems. These have undoubtedly improved the soundness of the sector. Consequently, Operating profit for most of the scheduled banks increased significantly during 2018. However, banks might not be able to retain that much as net profit due to the growing amount of bad loans. The NPL of the banking sector scaled up to 10.30% (BDT 939 billion) of the total outstanding loans of BDT 9,117 billion at the end of December 2018.

After years of gradual decline to a comfortable level, interest rate shoot up in early 2018. Difference between bank deposit rates and rate offered by National Savings Certificates (NSCs) widened as the former steadily declined for a long period until 2018, and the later remained unchanged out of sync of market. Increasingly negative risk premium incentivized individuals and institutions to divert their funds from capital and money market to NSCs. Liquidity was thus tightening for a while and reached a critical point in early 2018. As banks kept looking for funds to maintain their AD ratio, interest rates shoot up. Regulators interfered to raise interest rates with emergency measures.

## Banks' Deposits

Total deposit of the scheduled banks was reported to be BDT 10,100 billion at the end of December 2018, increased by BDT 859 billion (10.22%) from BDT 9,262 billion of December 2017. Time deposits registered a growth of BDT 777 billion or 9.45% and demand deposits also registered a growth of BDT 61 billion or 5.87% in December 2018 over December 2017. MTB's deposits registered an increase of BDT 14 billion or 9.5% from BDT 152 billion in December 2017 to BDT 166 billion in December 2018.

## Banks' Advances

Banks' advances recorded an increase of BDT 1,313 billion or 18.72% to be BDT 9,605 billion at the end of December 2018 compared to BDT 8,444 billion of December 2017. Whereas, MTB's advances registered an increase of BDT 21 billion or 14.1% from BDT 146 billion in December 2017 to BDT 166 billion in December 2018.

## **Banks' Profitability**

Profit of most of the private commercial banks rose considerably in 2018 mainly due to much higher interest rate on lending than that on deposits. The banks put more emphasis on maximizing non-funded business income and accumulating low cost deposits that cut down costs and pushed up profits.

However, as the default loans skyrocketed due to aggressive lending by most of the banks, the profit after tax is expected to take a hit in final count due to increased need for keeping provisions against the defaulted loans

MTB's operating profit stood at BDT 4.61 billion during 2018 experiencing an impressive growth of 25% compared to BDT 3.67 billion in 2016. Whereas, the consolidated operating profit for MTB at the end of 2018 was reported to be BDT 4.88 billion that is 25% more than what it achieved during 2017.

## **Money Market**

Interbank call money market experienced extreme volatility during 2018 due to change in liquidity position in the overall market. Since the banks were having adequate liquidity during the initial part call money rate hovered around a controlled zone, eventually the said rates experienced upward adjustments during the later part with constant fluctuation. At the end of December 2018, deals were getting settled at 4.61%. Whereas, during the initial months of the year, the same deals were getting settled at 3.90%. Interest rates on treasury bills and bonds increased gradually during 2017. 91 days cut-off got hit to as high as high as 3.67% during June 2018 to fall as low as 2.18% during December 2018. The Reverse Repo rate was kept unchanged at 4.75% during 2018 in an attempt to contain inflation and boost economic growth. However, Repo rate was kept down by 75 basis points to 6% with effect from mid April 2018.

## **Interest Rate Spread**

The banking sector was struggling for liquidity from the start of 2018. Banks started to collect high-cost fund, from different sources to meet their growing demand for liquidity. Consequently the banks made upward adjustments to lending rates. The government also came up with ways to help the banks to get rid with the liquidity crisis. On March, government decided to allow the state entities to deposit 50% of their funds with the private commercial banks, up from the previous ceiling of 25%. CRR was revised to 5.5% from 6.5% percent effective from April 15, 2018. The liquidity problem got resolved to some extent. However, the both lending and deposit rates also kept shooting up. Since, lending rates grew more than the deposit rates the spread kept growing up to the June of 2018. Under such circumstances the government advised the

banks to bring down the lending rates to single digit to boost investments and also to accelerate employment generation from July 2018. Thereafter the banks started slashing lending rates gradually and the spread kept lowering.

The spread between weighted average advances and deposit rates came down to 4.23% in December 2018 from 4.35% of December 2017. On a year on year basis, both interest expense on deposit and interest income on advances both experienced growth. Interest on deposit grew by 0.35 percentage point to 5.26% in December 2018 from 4.91% of December 2017. Whereas, interest on advances grew to 9.42% during December 2018 from 9.26% of December 2017.

## **Primary Dealer Operation**

Primary dealers operate in an attempt to establish a sound, efficient and vibrant 'secondary market for the government securities' by active participation of market makers, operators and the market participants. A total of 12 leading commercial and three non-banking financing institutions (NBFIs) are working as primary dealers in treasury bills and government bonds while other banks and NBFIs did not require to involve their funds in related operations. However, during 2017, interest rates on the government treasury bills and bonds remained volatile. Till the first half of the year the rate moved upward as most of the scheduled banks were struggling with liquidity and the rate for 91 days Treasury bill wet as high as 4.83%. Since the second half of the year while the liquidity condition got stabilized rate for government bills and bonds experiences downward adjustments with little fluctuations during the closing months.

## **Non-Performing Loan (NPL) Management**

Non-Performing Loan (NPL) is a critical challenge for the banking sector of Bangladesh, and most of the banks are struggling to address the problem. The banking system is still burdened with an alarming amount of non-performing loans (NPLs) that make funds costlier and banks' operations riskier. The SCBs (State Owned Commercial Banks) and SBs (Specialized Banks) continue to have high level of NPLs mainly due to substantial loans provided by them on considerations other than commercial criteria.

The NPL of the banking sector remained 10.30% (BDT 939 billion) of the total outstanding loans of BDT 9,117 billion at the end of December 2018 that was BDT 743 billion (9.31%) at the end of December 2017. The major reasons behind rising NPL are extending loans based on political consideration, taking mortgage or collateral against loans at inflated prices, use of loan money in unproductive sectors, non-supervision and post disbursement monitoring of loans and inadequate actions to realize loans even after they default

At the end of 2018, the non-performing loans for MTB stood at BDT 8.95 billion that is 5.39% of the total loans outstanding.

### **Implementation of Monetary Policy**

The main objective of Bangladesh Bank's Monetary Policy Statement (MPS) for the first half (H1) of the FY 19 is to support robust domestic demand in line with government's growth target while ensuring price and financial stability. As per Bangladesh Bank's guideline, at the end of 2018, a bank is required to maintain capital equal to at least 11.875% (Including Capital Conservation Buffer 1.875) of its risk-weighted assets under the Basel-III guidelines.

The aim of the policy is to support the 7.8% growth target and the 5.6% inflation target for the fiscal year 2019. As per the MPS H1 2018 reserve money is projected to grow at 7% and broad money (M2) at 12%, which are adequate to support the growth and inflation targets. It has also taken the growth rates of both public and private credit into account. The policy focuses on inclusive, productive use of credit; with particular attention to adequacy of credit flows to agriculture, SMEs, and environmentally benign 'green' output initiatives, where domestic credit is projected to grow at 15.9% at the end of the fiscal year 2019. Private sector credit is projected to grow at 16.5% and public sector credit at 15.9%. The Bangladesh Bank's monetary and financial policy stance is grounded on the growth supportive developmental mandate in its charter.

### **Capital Adequacy Management**

Basel III, the latest capital and liquidity standards for banks prescribed by the Bank for International Settlements (BIS), emerged in 2010 as the guideline of Basel II, the previous version of capital standard, failed to maintain financial stability during the global financial crisis in 2008.

Banking sector needed to maintain minimum 10% total capital ratio comprising minimum 5.5% Tier-1 capital and maximum 4.5% Tier-2 capital in 2015, and the distribution will be minimum 6% Tier-1 capital ratio and 4% Tier-2 capital ratio at the end of 2019. As per Bangladesh Bank's guideline, at the end of 2018, a bank is required to maintain capital equal to at least 11.875% (Including Capital Conservation Buffer 1.875) of its risk-weighted assets under the Basel-III guidelines.

At the end of September 2018, the number of banks compliant with the minimum capital to risk-weighted assets ratio (CRAR) were 48 out of 57. Banking sector's aggregate CRAR at the end of September 2018 increased to 10.9%, which was reported to be 10.1% at the end of December 2017. Tier-1 capital ratio slightly increased to 7.6% compared to 7.0% percent of December 2017. At the end of December 2017, MTB's CRAR was reported to be 13.80% that decreased to 12.82% at the end of December

2018. The Tier-1 capital to risk weighted assets ratio for MTB stood at 7.30% at the end of December 2017 that came down to 6.98% at the end of December 2018.

### **MTB Shining: Towards 20 years**

#### **Standing out with expertise, innovation and sustainability**

On a continuum of 19 years of banking excellence, MTB's success over the last decade has been noteworthy, thanks to an enviable culture of corporate governance, firm commitment in harnessing the best out of the available resources and unyielding accountability towards the society.

As we approach the milestone of 20 highly rewarding years of operation, we are proud to have maneuvered through numerous challenges, absorbed constant market shocks and succeeded in becoming one of the major banks within the financial services periphery of the nation. Throughout this journey, we have protected & surged, we have been resurgent and now we are poised to shine.

MTB aims at setting a shining example of customer service excellence required for it to become one of the brightest stars in the financial services sector of the country. We shall expand the reach of our banking channels and services to uncharted territories and will keep catering to the needs of the modern-day tech-savvy clients through our various never-done-before initiatives, like recycler ATMs, QR code payments and contactless credit cards.

#### **Moving Forward Together**

The year 2018 was exciting and as we go through 2019, we would like to promise to our customers of moving forward together, which encapsulates and reinforces our value proposition, which means empowering our customers to advance towards their ambitions, goals and dreams in every stage of their lives. We want to inculcate a culture of providing the right solutions that are simple, yet innovative, ahead of the curve, and competitively priced. Basically, it is a promise to deliver solutions to the needs and wants of our customers, wherever and whenever that may be.

In the past years, the bank made strenuous efforts to mitigate risks and thus maintained stable asset quality. As we step into 2019 with some caution, we remain watchful over asset quality concerns that could prolong during the year. We remain committed, as always, to upholding the highest standards of compliance and risk management, whilst also endeavoring to provide superior customer experience.

MTB's elevated growth in 2018 is attributed to its growing reputation as a compliant bank, timely strategy

and customer centric culture supported by good governance.

As I look back, after having spent in this bank the last 10 years of my 36 plus year career in the financial sector, both in the country and abroad, I have an overwhelming feeling of emotion and, particularly, gratefulness to all the people, including, but not limited to, the caring regulators, the visionary and progressive Board of Directors and my beloved MTBians, who have put their trust in me and extended their tremendous support in achieving, as a team, all the great moments that we have crafted for this wonderful institution. The challenges of introducing the concepts of privilege banking, agent banking, air lounges and alternate delivery channels, as well as the infrastructural accomplishments in the forms of state-of-the-art office buildings - MTB Tower, MTB Centre, MTB Square, and physical network of MTB branches, agent banking centres and ATMs are just a few of those great moments that have defined MTB as it has become today.

Widening the horizon of the bank into the MTB Group of financial companies - envisioned timely, and relentlessly supported by the empowering MTB Board and with the tremendous support from the management team - through forming a number of subsidiaries - MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited - was a big stride in my journey as the Managing Director & CEO of this great institution, where MTBians have developed and proudly nurture a unique culture reinforced by MTB3V, the philosophy upon which our vision is set.

I take this opportunity to thank all our stakeholders - Ministry of Finance, Ministry of Commerce, Bangladesh Bank, Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies, other regulators,

customers, valued shareholders, 604 correspondent banks, developmental international financial organizations like DEG-KFW, Asian Development Bank FMO and Norfund, and all other organizations for the overall support they have extended towards MTB in enabling it to take big strides towards living our aspiration of "One of the Best Performing Banks in Bangladesh".

On behalf of the management, I would like to express my sincere thanks to our honorable Board of Directors for their guidance and constant support for the entire period. We will forge ahead and repay their trust and support with better business performance and by working hard towards our strategic goals.

I also convey my heartfelt gratitude to all MTBians for their loyalty, dedication, passion and tireless contributions in helping to build MTB into a stronger organization that can weather through any challenging circumstances.

Our shareholders are the reason we are here and we thank you and reaffirm our commitment to deliver best possible value and return to them.

Finally, let me reaffirm the commitment of the management and staff of MTB to continue to do our best to deliver superior value to you all.

Thank you,

Sincerely,



**Anis A. Khan**  
Managing Director & CEO



**CONSOLIDATION  
AND  
SUSTAINABILITY**



# 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 20th 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. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, 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

Global economy exhibited mixed performance during 2018. However, only a year ago, global economic activity was accelerating in almost all regions of the world and gained the maximum pace since 2011. The upturn continued till the first half of 2018 and global growth remained strong at 3.8%, but dropped to 3.2% in the second half of the year. The escalation of trade tensions and tariff hikes between the United States and China, a decline in business confidence, disruptions to the auto sector in Germany, a tightening of financial conditions, and higher policy uncertainty across many economies have all contributed to deceleration in economic activity during the second half of 2018. Overall, the global economy is reported to have grown by 3.6% in 2018, which was a staggering 3.8% for the preceding year.

As for 2019, the slowdown that initiated from the second half of previous year, is expected to persist up to the first half. However, a growth is projected to pick up in the second half of 2019. The potential upturn is stimulated by significant monetary policy accommodation by major economies, made possible by the absence of inflationary pressures despite growing at near potential. The US Federal Reserve, the European Central Bank, the Bank of Japan, and the Bank of England have all shifted to a more accommodative stance. Overall, global growth is projected to decline to 3.3% in 2019.

## Bangladesh Economy

Bangladeshi economy grew at a faster pace than most major nations in 2018 and it is poised to become the 41st largest economy of the world in 2019. The country attained its interim graduation from the least developed country to middle-income status, and is expected to achieve the status permanently in 2024. As per Bangladesh Bureau of Statistics (BBS) data, the country registered a 7.86% GDP growth in 2017-18, maintaining the 7% trajectory for the third consecutive time, driven by double-digit growth in manufacturing and construction sector. The rise in construction growth is attributable to progress in implementation of mega projects and increased growth in housing construction. The extraordinary growth momentum of the country has also been endorsed by major international agencies. The International Monetary Fund (IMF) marked Bangladesh as the second fastest growing economy in 2018-19. As per another global lender the 'World Bank', Bangladesh's economy is growing at an impressive rate and it is among the five fastest-growing economies of the world. 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. Currently, all most all the economic indicators are exhibiting shining results with robust private consumption, increased public investment, strong export performance, and expansion in industries. The Bangladeshi economy's journey to glory is only getting accelerated with the per capita income growing as high as US\$ 1,751 and approaching towards the US\$ 2,000 mark.

The economy is on track to log in even better GDP growth figures in years to follow. Accordingly, the government has set the growth target at 8.13% for the 2018-19 breaking all previous records. Asian Development Bank (ADB) has also forecasted the 2018-19 growth rate to be 8%. However, in order to maintain the economic uptrend, the country needs to promote entrepreneurship, innovation and adaptability in an attempt to enable its workforce to adapt in an environment of rapidly changing technology and global demands.

## Banking Industry in 2018

Despite the scattered financial turbulences that hit the banking sector in 2018, the year was rewarding for the Banking sector as most of the private commercial banks reported hefty operating profit. Mainly because, the banks put more emphasis on maximizing non-funded business income and accumulating low cost deposits, that cut down costs and pushed up profits. During the phase of the year, the overall industry went through massive technological transformation. As, globally the way people and companies connect with their banks are getting changed. Hence, technological adoption in Bangladesh's financial industry is also gathering pace. Almost all the major banks in Bangladesh now offer online or mobile app-based banking solutions. Almost all banks' cards are now EMV-compliant. The number of ATMs (automated teller machines) and PoS (points of sales) machines has gone up, while some banks have introduced cash recycling machines. Almost all the banks are investing heavily in enhancing digital capabilities

As a whole, the banking sector indicators exhibited mixed performance during 2018. The challenges that the sector encountered during the year was ensuring cyber security, dealing with the pressure of non-performing loans and collecting deposits to maintain the prescribed advance-deposits (AD) ratio.

The NPL of the banking sector eased slightly to 10.30% (BDT 939 billion) of the total outstanding loans of BDT 9,117 billion at the end of December 2018 mainly due to recovery efforts and loan rescheduling ahead of the national elections. At the end of September 2018, the number of banks compliant with the minimum capital to risk-weighted assets ratio (CRAR) were 48 out of 57. Banking sector's aggregate CRAR at the end of September 2018 was 10.90%, which was reported to be 10.10% at the end of December 2017.

Total deposit of the scheduled banks was reported to be BDT 10,100 billion at the end of December 2018, increased by BDT 859 billion (10.22%) from BDT 9,262 billion of December 2017. Advances by banks recorded an increase of BDT 1,313 billion or 18.72% to be BDT 9,605 billion at the end of December 2018 compared to BDT 8,444 billion of December 2017. The spread between the weighted average advances and the deposit rates of all banks decreased gradually since the first half of 2018. Thereafter, a downward adjustment was experienced till the end of the year. The spread between weighted average advances and deposit rates came down to 4.23% in December 2018 from 4.44% of December 2017.

In Bangladesh the real sector is extensively dependent on the banking sector. Unlike in many other countries, bond and equity market, non-bank financial institutions, external sources are not significant as sources of

investment and finance in Bangladesh. Hence, stability as well as soundness of banking sector is apparently a prerequisite for maintaining the current level of production of the overall economy.

## 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. CBS Project Team and Consultants engaged in a) AS-IS & b) TO-BE and document finalization with all departments, divisions at Corporate Head Office and Branches. In parallel 140 internal, 2 meetings with BUET experts, MTB stakeholders and 4 analytical presentations to different Board Meetings by Project Director

Currently, the CBS implementation team is engaged in multiple activities with one mission to Go-Live within 3rd quarter of 2019.

## MTB at a Glance

During 2018, MTB gained 14.11% and 9.48% percent growth over 2017 in risk assets and customers liabilities, respectively. Despite a stiff environment, the bank ended the year with a credit-deposit ratio of 82.83%. In 2018, the number of branches across the country reached 114, agent banking centers expanded to 100, 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 November, 2018 MTB opened its second Air Lounge at Shah Amanat International Airport, Chattogram. However, a work is in progress to open the 3rd lounge at Osmani Airport, Sylhet.

The bank is moving towards centralization and to execute the process liability and assets will be centralized in the very first phase. The bank is also going to open banking booths as a part of guidelines given by central bank. Moreover, creation of Islamic banking wing is also under consideration of the management.

## 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 114 branches, which includes SME/Agri branches and two booths at Hazrat Shahjalal International Airport (arrival and departure lounges), Dhaka, 100 agent-banking centers across the country, and three wholly-owned subsidiary companies - MTB Securities Ltd. (MTBSL), MTB Capital Ltd. (MTBCL) and MTB Exchange (UK) Ltd.

### Strategic Priorities

1. Managing financial capital and foresight to enhance shareholders' returns while ensuring sustainable growth
2. Launching the Core Banking Software (CBS) and keeping it up-to-date
3. Focusing more on smart banking through increased digital customer experience
4. Reforming business model
5. Enhancing data analytics proficiencies
6. Focusing on controlling operating cost with a view to improving cost to income ratio
7. Utilizing digital avenues extensively to extend customer reach
8. Launching new and/or improved products and

services

9. Improving the funding and liquidity position with the proviso of maintaining a high level of asset quality through portfolio diversification and lower provisioning
10. Ensuring that MTB's high compliance and governance standards are maintained at all times
11. Recruiting and retaining talent as well as motivating the existing human capital
12. Reviewing and improving business processes on a regular basis
13. Enhancing security and authentication system with specific focus on cyber security
14. Partnering with Fintech providers to face the new challenges of the market
15. Contributing to the progress of the economy and the people by continuing to work as a socially responsible organization
16. 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 carefully ensures optimum return on its assets and equities while 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.

Further discussion on internal and external risk factors, threat to sustainability and initiative to reducing negative impacts on environment is included under the section Sustainability Analysis and Management Discussion and Analysis in chapters Operating Framework & Risk Management, Macroeconomic Features Affecting the Industry.

### **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 1,874 employees were given training both at home and abroad in different fields of banking and management practices in 2018.

### **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 2018, 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 IAS/IFRS**

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 as at 31 December 2018, 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 International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 1994. There has not been any change in accounting policies and estimation which can have effect on financial performance or financial position.

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.

### **Financial Statement Related Risk Mitigation**

Financial statements are prepared to present a depiction of the activities of an organization to its stakeholders. Often the statements are used by both internal and external parties to evaluate the performance and make financial decisions. There are risks that the presented Financial Statement is not accurate and has material errors. Such risk can arise from various sources such as i) Key processes of an organization are not defined ii) Finance staffs (Financial analysts) do not have clear idea on functions of the organization iii) Financial activities are not well differentiated iv) Unclear & inadequate policies and formal processes v) Database is not unified and use of manual, semi manual systems.

With the view to mitigate the risk of misrepresentation in the financial statements, MTB has clear defined operational and financial policies set to standardize the activities. Also the people working in the finance department are skilled enough and well aware about the operations and they have well defined segregation of responsibilities. The bank is always concerned about making the system well integrated, customized and automated with monitoring access from the finance department.

### **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 International Financial Reporting Standards (IFRS) 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**

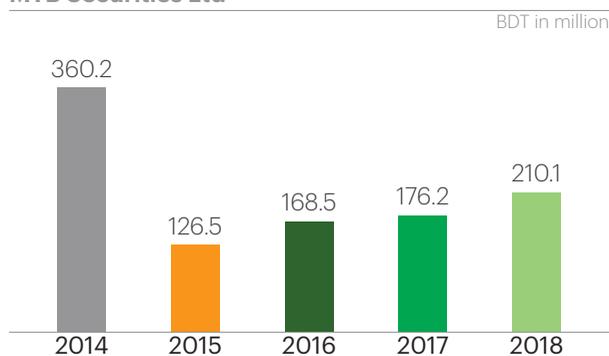
A review on the bank's operational activities is given in detail in the later part of this Annual Report. Brief review reports of the bank and its subsidiaries are as follows:

## 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 2018, the company made an operating profit of BDT 210 million as against BDT 176 million in 2017.

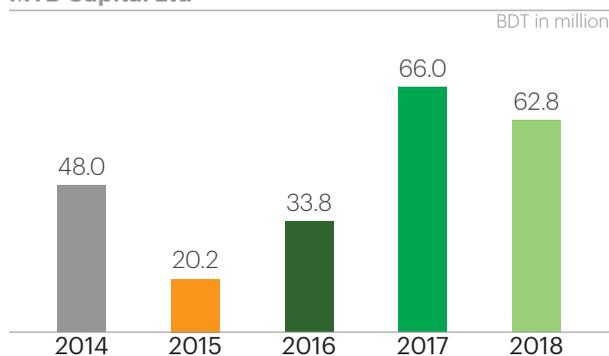
#### MTB Securities Ltd



### 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 2018, the company made an operating profit of BDT 63 million as against BDT 66 million in 2017.

#### MTB Capital Ltd



### MTB Exchange (UK) Ltd.

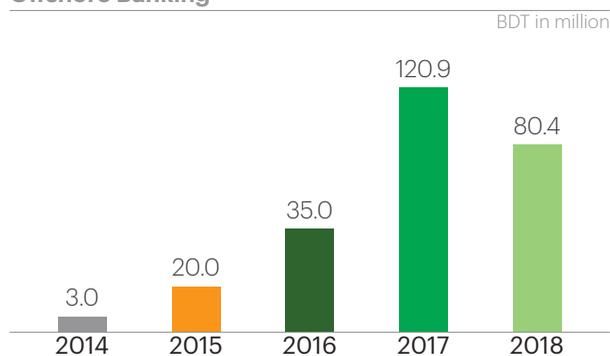
MTB Exchange (UK) Limited (MTB UK) is one of the three wholly owned subsidiary companies of Mutual Trust Bank Limited (MTB) and started its operation from February 15, 2011. During the year 2018, the company made an operating profit of BDT 3.14 million and a total

amount of GBP 0.63 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 136.97 million in December 2018 compared to USD 111.70 million in 2017, with a growth of 23%. In 2018, the OBU's operating profit stood at USD 0.96 million, equivalent to BDT 80.38 million, as against USD 1.50 million, equivalent to BDT 120.99 million, in 2017.

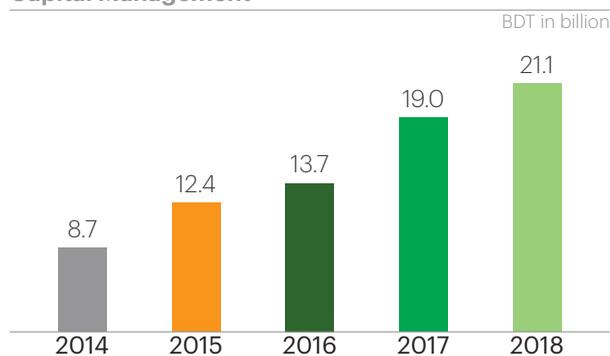
#### Offshore Banking



### Capital Management

As per Bangladesh Bank's guideline, at the end of 2018, a bank is required to maintain capital equal to at least 11.875% (Including Capital Conservation Buffer 1.875) 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 2.03 billion and stood at BDT 21.04 billion in 2018. Tier-I capital grew by BDT 1.51 billion, and was recorded at BDT 11.58 billion in 2018. Total capital is now equivalent to 12.86% 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.

#### Capital Management



## Financial Analysis

This section depicts performance and position for the year 2018. Explanation is provided, if there is any significant deviations from the last years operating results, which might arise due to any of the internal and external reasons. There has not been any significant change in the financial performance and position from quarterly financial performance.

A comparative analysis of key financial performance and position for current year and preceding four immediate years, with explanations, is available under Shareholder's Information (Pg. 241, 250-252). Comparison for the performance and position with peer industry, future plan and projection is discussed under Managing Director and CEO's Statement (Pg. 72-83).

### Total Assets

The consolidated assets of the bank stood at BDT 222 billion in 2018 compared to BDT 202 billion in 2017. Total assets of MTB stood at BDT 222 billion in 2018 compared to BDT 201 billion in 2017, with a growth of 10.26%. MTB has been successful in marketing significant amount of loans and advances by launching new and innovative products in the market.

BDT in billion

	2018	2017	Growth
Deposits	166.16	151.78	9.48%
Advances	166.15	145.61	14.11%
Funds Under Management (FUM)	332.31	297.38	11.74%

### 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 12.30 billion in 2018 compared to BDT 13.08 billion in 2017 due to decrease in balance in terms of local and foreign currency with 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 4.76 billion in 2018 compared to BDT 7.49 billion in 2017. This was BDT 4.54 billion in 2018 compared to BDT 7.05 billion in 2017 for MTB only.

### Investments

MTB's consolidated investments increased during the year under review by BDT 2.28 billion to BDT 27.39 billion.

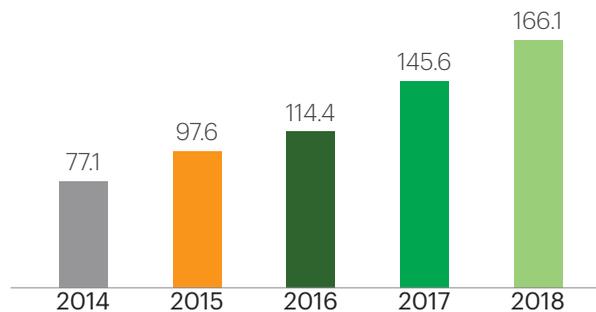
The bank purchased government treasury bills and bonds to cover the increased statutory liquidity requirement. MTB, as a primary dealer bank, had to purchase and participate in government securities auctions set by Bangladesh Bank.

### Risk Assets

MTB's consolidated loans and advances stood at BDT 166.15 billion in 2018. Outstanding loans and advances of off-shore banking units was BDT 11.49 billion in 2018 compared to BDT 9.24 billion in 2017. Yield on loans and advances increased to 10.07% in 2018 from 9.50% in 2017 due to increase in lending rates. Details of credit are given in No. 7 of the Notes to the Accounts. The ratio of non-performing loans of MTB stood at 5.39%, which was much below the industry average of 10.30% in 2018.

### Risk Assets

BDT in billion



### Liabilities

The consolidated total liabilities of the bank stood at BDT 209.17 billion in 2018 compared to BDT 189.99 billion in 2017. MTB's total liabilities rose to BDT 208.80 billion in 2018 from BDT 189.61 billion in 2017, with a growth of 10.12%. The increase in liability was mainly due to growth in deposits and borrowings.

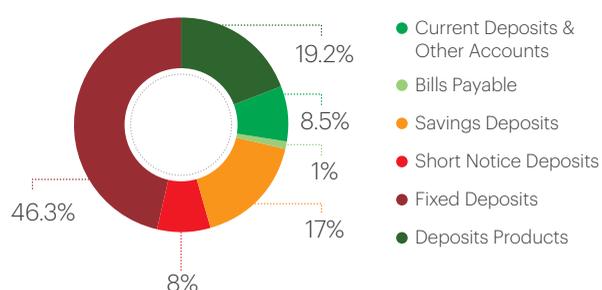
### Deposits and Other Accounts

MTB's consolidated deposits grew by 9.48% to BDT 166.16 billion in 2018. The growth was supported by a wide range of branch network, spread throughout the country. With 114 branches and 268 ATMs, MTB was able to acquire more low cost funds in 2018. Fixed deposits accounted for 46% percent of the total deposits. Cost of deposit increased to 5.96% percent in 2018 compared to 5.08% percent in 2017.

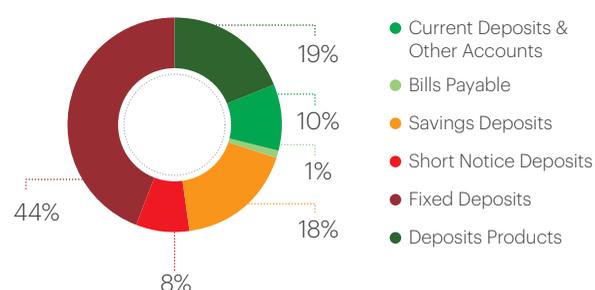
BDT in billion

Deposits and Other Accounts	2018	2017	Growth Over 2017
Current Deposit & Other Accounts	14.09	14.65	-3.83%
Bills Payable	1.70	2.10	-18.92%
Savings Deposit	28.24	27.48	2.77%
Special Notice Deposit (SND)	12.86	11.72	9.74%
Fixed Deposit	77.04	67.11	14.79%
Deposit Products	32.22	28.71	12.23%
<b>Total Deposits</b>	<b>166.16</b>	<b>151.78</b>	<b>9.48%</b>

### Total Deposits 2018



### Total Deposits 2017



### Shareholders' Equity

MTB's consolidated shareholders' equity increased by 12.90% to BDT 13.28 billion in 2018. Paid-up capital of the bank increased by 12.50 percent to BDT 5.73 billion in 2018. Statutory reserves increased by 13.08% to BDT 4.10 billion during the year. Total distributable profit stood at BDT 740 million in 2018 after retaining of deferred tax assets of BDT 1,194 million.

### Shareholders' Equity



### Analysis of Consolidated Income Statement of MTB

BDT in million

SL	Particulars	2018	2017	Growth over 2017
1	Interest Income	15,687	12,161	29.00%
2	Interest Expenditure	10,436	7,853	32.89%
3	Net Interest Margin (NIM)	5,251	4,308	21.90%
4	Net Interest Margin (NIM) Ratio	3.34%	3.09%	0.25%
5	Income from Investment, Commission, Brokerage & Others	4,578	4,179	9.54%
6	Total Net Income (Net Interest Income + Non Interest Income)	9,829	8,487	15.81%
7	Operating Expenditure	4,945	4,571	8.17%
8	Profit Before Provision	4,884	3,916	24.74%
9	Net Profit after Tax	1,734	1,980	-12.42%

## Interest Income

Interest income increased by 29% percent to BDT 15.69 billion in 2018. The gross yield on advances stood at 10.07% in 2018 compared to 9.50% in 2017.

## Interest Expense

Interest expenditure increased by 32.89% to BDT 10.44 billion in 2018.

## Net Interest Margin

Net Interest Margin (NIM) increased by 21.90% to BDT 5.25 billion in 2018. The increase in interest income contributed largely to the increase in net interest margin. The net interest margin ratio stood at 3.34% in 2018 compared to 3.09% in 2017.

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

Income from investment, commission, brokerage & others increased to BDT 4.58 billion in 2018 compared to BDT 4.18 billion in 2017.

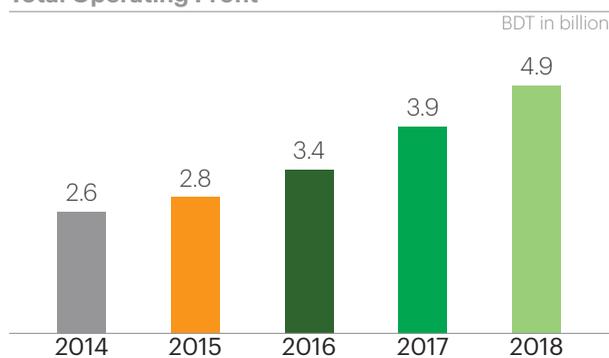
## Total Operating Expense

Total operating expenses increased by 8.17% percent to BDT 4.94 billion in 2018 compared to BDT 4.57 billion in 2017.

## Total Operating Profit

Total operating income increased by a healthy margin of 24.74% to BDT 4.88 billion during the year compared to BDT 3.92 billion in 2017.

## Total Operating Profit



## Provision for Classified Loans

Total provision against classified loans and advances stood at BDT 3.18 billion in 2018 compared to BDT 2.40 billion in 2017. Provision increased against classified loans by BDT 785 million in 2018. The non-performing loan ratio during the year is given below:

	2018	2017
NPL Ratio	5.39%	4.30%

## Profit before Tax

Profit before tax stood at BDT 2.54 billion in 2018 with a positive growth of 12.50% as against BDT 2.26 billion in 2017.

## Provision for Income Tax

Due to creation of deferred tax assets of BDT 240.51 million on specific provision made against bad & loss loan, provision for income tax stood at BDT 807.42 million in 2018 compared to BDT 279.13 million in 2017.

## Net Profit after Tax

Net profit after tax registered a negative growth of 12.42 percent to BDT 1.73 billion in 2018 compared to BDT 1.98 billion in 2017. Basic earnings per share (EPS) decreased to BDT 3.03 in 2018 compared to BDT 3.45 in 2017.

## 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 173.78 million was transferred to statutory reserve in 2018.

## Dividends

The fund available for distribution was BDT 740.26 million in 2018 after retaining of deferred tax assets of BDT 1,193.77 million. In order to maintain a satisfactory capital adequacy ratio of the bank, the Board has decided to recommend 11% stock dividend for the year 2018. Mentionable that, during the year 2018, no interim dividend was declared by the Board.

## Management's Discussion and Analysis

Detailed analysis of the company's position and operation can be found in Managing Director & CEO's Statement (Pg. 72-83), Management Discussion & Analysis (Pg. 154-220) & Shareholders' Information (Pg. 239-261)

## 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. Managing Director is paid a salary and allowances, as per approval of the bank's Board of Directors and Bangladesh Bank.

The statement of 'remuneration paid to the directors including independent directors' is available at page 106 under 'Corporate Governance Report'.

### Shareholding Pattern:

A report on the pattern of shareholding disclosing the aggregate number of shares' is available at page 120 under 'Corporate Governance Report'.

'Details of Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children' are available at page 119-121 of 'Corporate Governance Report' as well as under the 'Related Party Transaction'. Details of the executives are stated at page 121 under the same Report.

### Appointment or Reappointment of a Director

No new director has joined the MTB family in the year 2018. But as per companies act 1994, 1/3 of the directors of the Board of MTB retired by rotation and subsequently reappointed during the year 2018.

### Board of Directors' Profile

Brief profile depicting the nature of expertise in specific functional areas of all the directors is available at page 28-39 under "Board of Directors' Profile".

A statement detailing 'the name of companies in which the directors of the bank have interest' is available at page 345-347 under the segment 'Financial Statements'.

Declaration (certification) by the CEO and CFO has been published in the page 104 under corporate governance report.

### 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 2018, the bank contributed BDT 3.13 billion to national exchequer as against BDT 2.78 billion 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 3.03 and return on average equity stood at 13.85% during 2018. Market capitalization of MTB stood at BDT 20.13 billion as at December 31, 2018.

MTB keeps full caution in terms of maintaining that interest of minority shareholders is protected against any direct and indirect abusive effect arising from actions taken by the bank. The bank encourages participation of every shareholders in the AGMs so that they can raise any concern regarding reserving their rights.

### Meeting of the Board of Directors of MTB

16 meetings of the Board of Directors of MTB were held in 2018. Total number of meetings attended and the amount of remuneration received by board members are stated at page- 117 under corporate governance report.

### Appointment of Auditors

The Board of Directors' of the bank in its 19th Annual General Meeting held on May 31, 2018 appointed A. Qasem & Co., Chartered Accountants as External Auditor of the bank for the year 2018.

### Annual General Meeting

The Annual General Meeting of Mutual Trust Bank will be held on Sunday, June 30, 2019 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 236th meeting of the Board of Directors of MTB, held on April 29, 2018 for presentation to the shareholders.

### Compliance of Corporate Governance Checklist:

MTB has complied with corporate governance conditions in line with the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB)

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



**Md. Hedayetullah**

Chairman



# DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are required to present a report along with the financial statements and place them before the 20th Annual General Meeting (AGM) as per The Companies Act, 1994.

The Directors are also required to report that, the financial statements of the Bank and its subsidiaries, which are prepared by the management, gives a true and fair view of:

- ▶ The state of affairs as at balance sheet date, i.e., December 31, 2018; and
- ▶ The profit and loss for the year ended on the balance sheet date.

In preparing these financial statements, the Directors are required to ensure that:

- ▶ The appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- ▶ Estimates and judgments have been made, which are reasonable and prudent; and
- ▶ All applicable accounting standards, as relevant, have been followed.

The Directors are also required to declare the following matters in their report as per Bangladesh Securities & Exchange Commission (BSEC)'s notification dated June 3, 2018 as applicable for bank:

- ▶ Industry outlook and possible future developments in the industry;
- ▶ Segment-wise or product-wise performance with relevant risks;
- ▶ Extraordinary gain or loss;
- ▶ Related party transactions-a statement of all related party transactions;
- ▶ Utilization of proceeds from public issues, rights issues and/or through any other instruments;
- ▶ Significant variance between quarterly financial performance and annual financial statements;
- ▶ Remuneration to directors including independent directors;
- ▶ Preparation of the financial statements and any

departure thereof, has been adequately disclosed;

- ▶ The system of internal control is sound in design and has been effectively implemented and monitored;
- ▶ There are no significant doubts upon the bank's ability to continue as a going concern;
- ▶ Significant deviations from the last year's operating results;
- ▶ Key operating and financial data of at least preceding 5 (five) years;
- ▶ If no dividend (cash or stock) has been declared for the year, the reasons thereof shall be given;
- ▶ The number of Board meetings held during the year and attendance by each director;
- ▶ The pattern of shareholding structure; and
- ▶ In case of the appointment/re-appointment of a director, the following information to be disclosed to the shareholders:- a) A brief resume of the director; b) Nature of his/her expertise in specific functional areas; c) Names of companies in which the person also holds the directorship and the membership of committees of the board.

The Directors confirm that the Annual Report together with the Directors' Report and Consolidated Financial Statements have been prepared in compliance with the laws, rules and regulatory guidelines and BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018.

The Directors are of the view that they have discharged their responsibilities as set out in the Companies Act, 1994, the Bank Company Act, 1991 (amended up to 2013 and 2018), securities laws, listing regulations, 2015, and other prevailing laws and regulations, as applicable for the MTB.

By order of the Board,

**Md. Hedayetullah**

Chairman



# SENIOR MANAGEMENT TEAM (SMT)



10 Mr. Anis A. Khan  
Managing Director & CEO  
*Chairman*

9 Mr. Syed Rafiqul Haq  
Deputy Managing Director & CBO  
*Member*

7 Mr. Goutam Prosad Das  
Deputy Managing Director & GHoICC  
*Member Secretary*

6 Mr. Tarek Reaz Khan  
Deputy Managing Director  
*Member*

5 Mr. Swapan Kumar Biswas  
SEVP & HoBOD  
*Member*

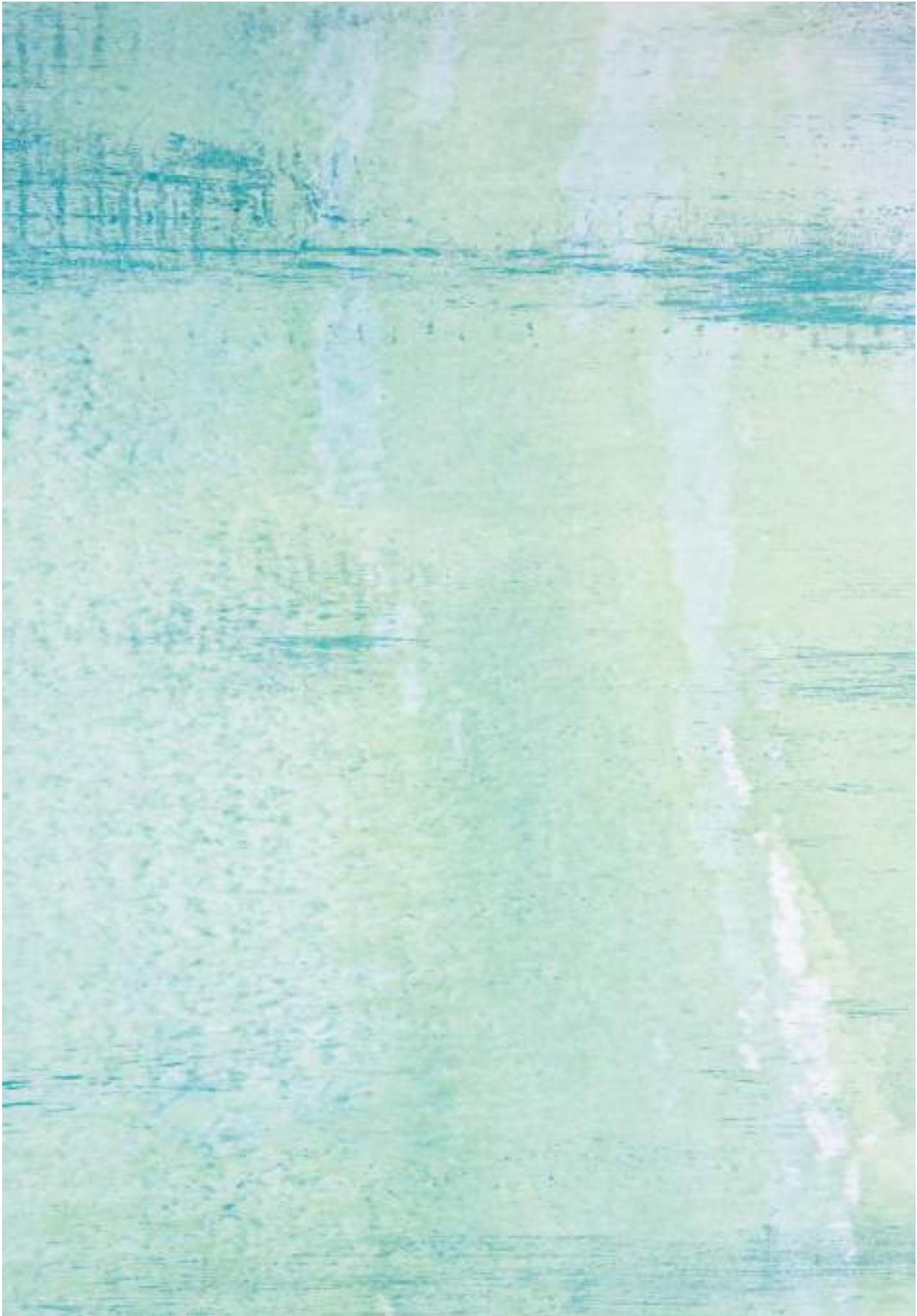
4 Mr. Sayed Abul Hashem  
SEVP & GCFO  
*Member*

3 Mr. Nurul Maruf Khan  
SEVP & HoCRM  
*Member*

2 Mr. Md. Shah Alam Patwary  
SEVP & GCIO  
*Member*

1 Mr. Md. Shamsul Islam  
SEVP & GHoT  
*Member*

10 Mr. Marcus C. Gomes  
EVP & Acting GHoHR  
*Member*





# MANAGEMENT COMMITTEE (MANCOM)

15

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3

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2

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1

Mr. Anis A. Khan  
Managing Director & CEO  
*Chairman*

2

Mr. Syed Rafiqul Haq  
Deputy Managing Director & CBO  
*Member*

3

Mr. Goutam Prosad Das  
Deputy Managing Director & GHOICC  
*Member*

4

Mr. Tarek Reaz Khan  
Deputy Managing Director  
*Member*

5

Mr. Syed Rafiqul Hossain  
SEVP & HoMTB Dhaka Division Branches  
*Member*

6

Mr. Md. Khurshed Ul Alam  
SEVP & HoMTB Ctg Division Branches  
*Member*

7

Mr. Swapan Kumar Biswas  
SEVP & HoBOD  
*Member*

8

Mr. Azad Shamsi  
SEVP & Project Director, MCT Project  
*Member*

9

Mr. Sayed Abul Hashem  
SEVP & GCFO  
*Member*

10

Mr. Khondaker Rahimuzzaman  
SEVP & Corporate Head of SAMD,  
Collection Unit, CMD and MODB  
*Member Secretary*

11

Mr. Nurul Maruf Khan  
SEVP & HoCRM  
*Member*

12

Mr. Md. Shah Alam Patwary  
SEVP & GCIO  
*Member*



13 Mr. Md. Bakhteyer Hossain  
SEVP & HoMITS  
*Chairman*

14 Mr. Md. Shamsul Islam  
SEVP & GHoT  
*Member*

15 Mr. Malik Muntasir Reza  
SEVP & GCS  
*Member*

16 Mr. Kamrul Hasan Khan  
SEVP & Head of Wholesale Banking  
*Member*

17 Mr. Md. Abdul Latif  
EVP & HoMTB Other Division  
Branches  
*Member*

18 Mr. Marcus C. Gomes  
EVP & Acting GHoHR  
*Member Secretary*

19 Mr. Mohammad Anwar Hossain  
EVP & HoCards  
*Member*

20 Mr. Azam Khan  
SVP & GCCO  
*Member*

21 Mr. Iqbal Mahmud  
SVP & HoRMD  
*Member*



# ASSET LIABILITY COMMITTEE (ALCO)



1 Mr. Anis A. Khan  
Managing Director & CEO  
*Chairman*

2 Mr. Syed Rafiqul Haq  
Deputy Managing Director & CBO  
*Member*

3 Mr. Tarek Reaz Khan  
Deputy Managing Director  
*Member*

4 Mr. Swapan Kumar Biswas  
SEVP & HoBOD  
*Member*

5 Mr. Sayed Abul Hashem  
SEVP & GCFO  
*Member*

6 Mr. Md. Bakhteyar Hossain  
SEVP & HoMITS& OBU  
*Member*

7 Mr. Md. Shamsul Islam  
SEVP & GHoT  
*Member Secretary*

8 Mr. Iqbal Mahmud  
SVP & HoRMD  
*Member*



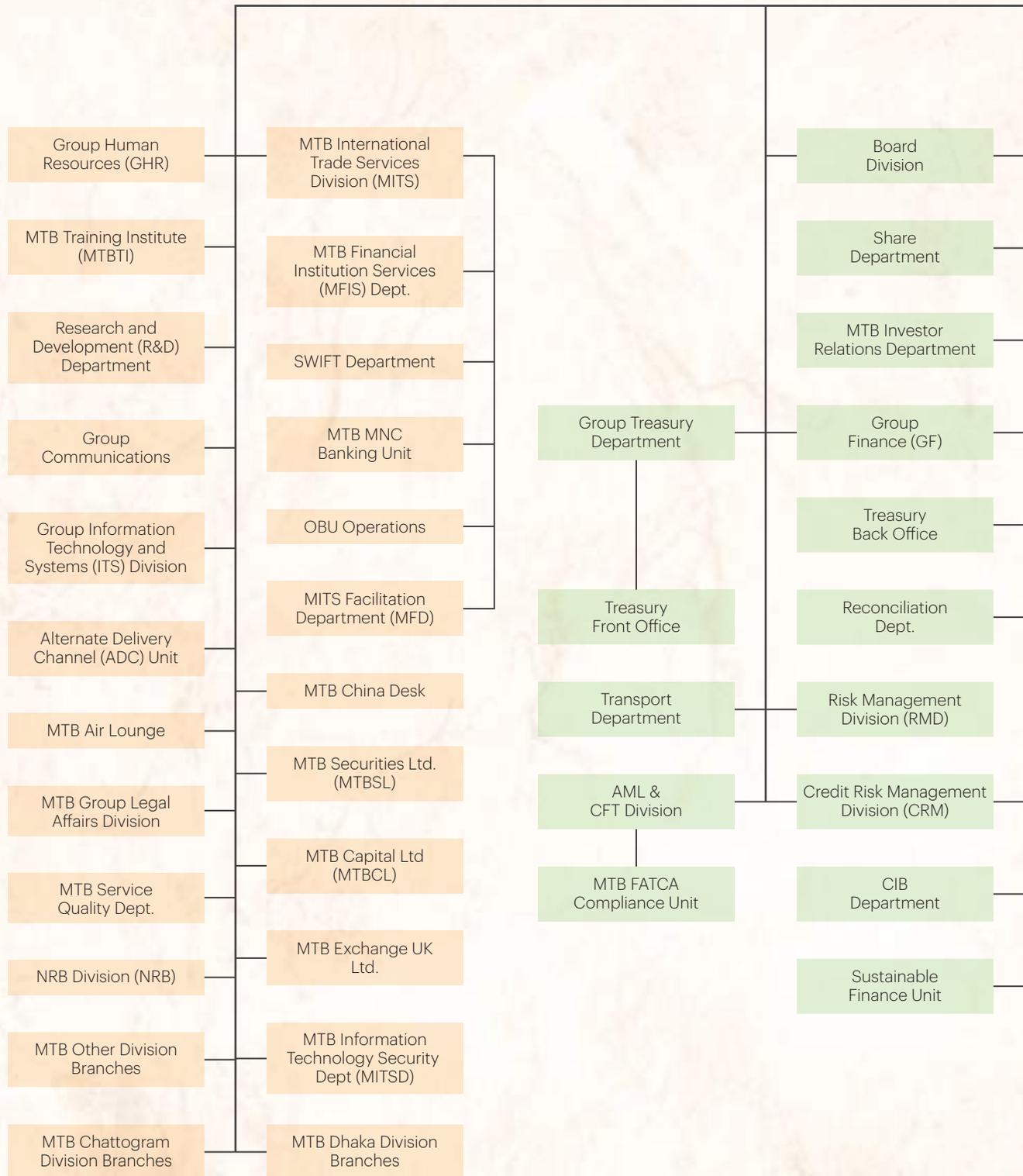
# SENIOR MANAGEMENT

Name of Executive	Designation
Anis A. Khan	MD & CEO
Syed Rafiqul Haq	DMD
Goutam Prosad Das	DMD
Tarek Reaz Khan	DMD
Syed Rafiqul Hossain	SEVP
Md. Khurshed Ul Alam	SEVP
Swapan Kumar Biswas	SEVP
Md. Sanawar Hossain	SEVP
Md. Khalid Mahmood Khan	SEVP
Abdul Mannan	SEVP
Sayed Abul Hashem FCA, FCMA	SEVP
Azad Shamsi	SEVP
Khondaker Rahimuzzaman	SEVP
Md. Bakhteyar Hossain	SEVP
Md. Nazrul Islam Mazumder	SEVP
Nurul Maruf Khan	SEVP
Md. Shah Alam Patwary	SEVP
Khairul Bashar Abu Taher Mohammed	SEVP
Md. Shamsul Islam	SEVP
Malik Muntasir Reza	SEVP
Kamrul Hasan Khan	SEVP
Syed Mahbub Morshed	SEVP
Mohammed Ishaque	EVP
Md. Zahidul Kabir	EVP
Md. Abdul Latif	EVP
Syed Mahmud Akhter	EVP
Md. Amirul Islam	EVP
K. M. Abdul Wadood	EVP
Md. Monwar Hossain	EVP
Md. Kamal Uddin	EVP
Marcus Cornelius Gomes	EVP
Amitav Kaiser	EVP
Mohammad Anwar Hossain	EVP
Md. Anisur Rahman	EVP
Mohammad Mamun Faruk	EVP
Irfan Islam	EVP

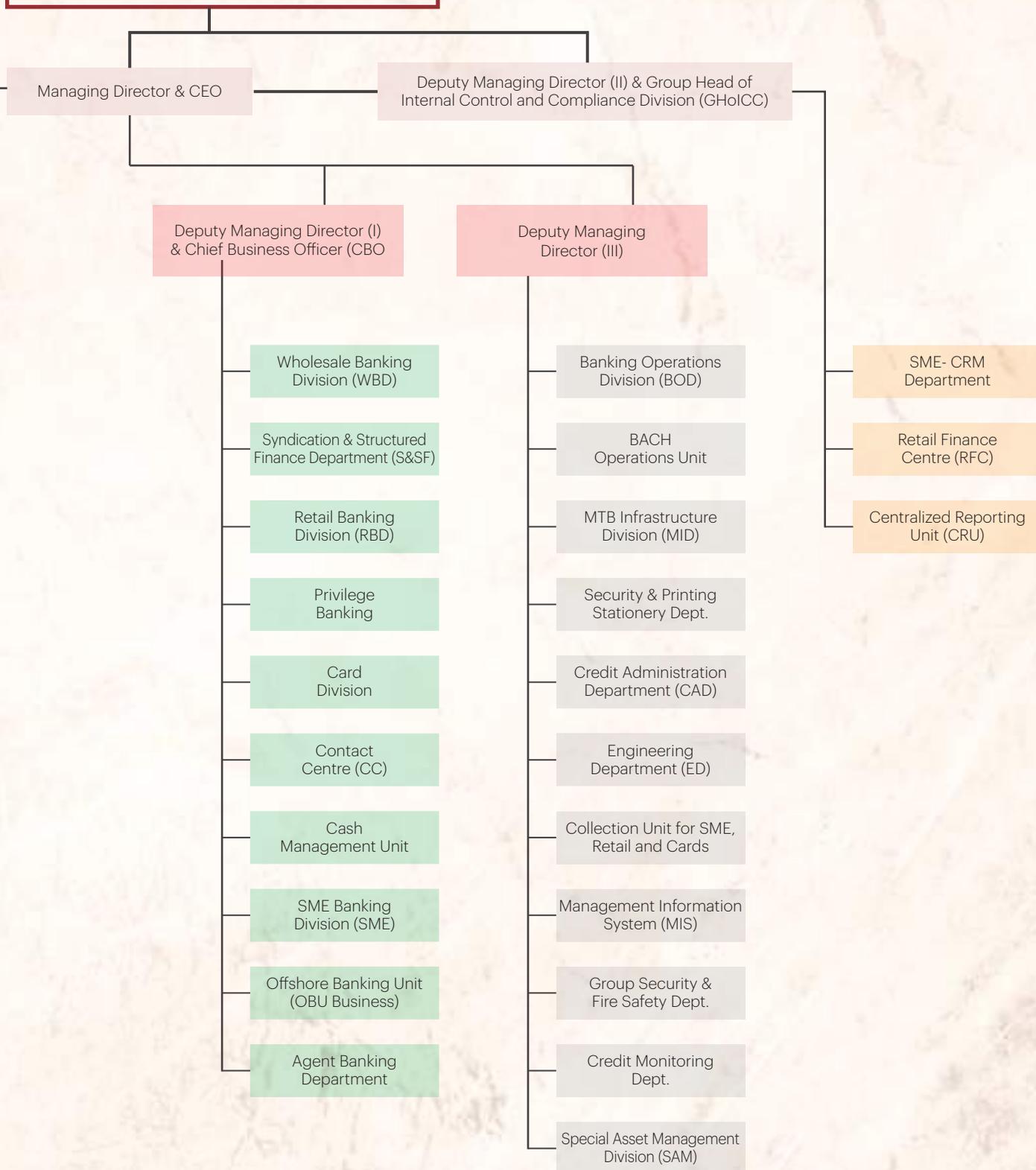
Name of Executive	Designation
Md. Habibur Rahman	EVP
Touhid Ahmed	SVP
Md. Ifthakhar Hassan	SVP
A.K.M. Zahirul Islam Khan	SVP
Md. Humayun Kabir	SVP
Md. Shamsul Alam	SVP
Salek Sabbir Ahmed	SVP
Md. Azam Ali Khan	SVP
Abu Zafar Md. Saleh	SVP
Syed Golam Faruk	SVP
Khair Uddin Khan	SVP
Md. Tauhidul Alam	SVP
Md. Ashraful Islam	SVP
Suvash Chandra Biswas	SVP
Md. Shoab Khan Chowdhury	SVP
Mohammad Rajib Hossain	SVP
Md. Humayun Kabir	SVP
Mohammad Shaheen Khan	SVP
Giash Uddin Ahmed	SVP
Md. Towfiqul Alam Chowdhury	SVP
Azam Khan	SVP
Md. Zakir Hossain	SVP
Md. Aminul Islam	SVP
Md. Saiful Islam	SVP
Mohammad Zahidul Ahasan	SVP
Md. Moazzam Hossain	SVP
Reaz Ahmed	SVP
Iqbal Mahmud	SVP
Mohammad Ikramul Ghani Khan	SVP
Md. Ehetesham Rahman	SVP
Sultana Shikder Ahona	SVP
Nafiz Hasnat	SVP
Khalid Munir Kanak	SVP
Ashraf Uddin Ahmed	SVP
Eva Rahman	SVP
Madan Mahan Karmoker	SVP
Ashraf Ur Rahman Chowdhury	SVP



# MTB GROUP ORGANOGRAM



# Board of Directors



[All new /existing Branches/Divisions/Departments will prepare their organogram every year as per their need and business size. They will submit the same to GHR who will review and place the requirement to the MD & CEO. The MD & CEO will then place it to the Board of Directors for their approval, as required.]



# MUTUAL TRUST BANK LTD. DECLARATION BY CEO AND CFO

**April 29, 2019**

To  
The Board of Directors  
Mutual Trust Bank Ltd.

**Subject: Declaration on Financial Statements for the year ended on December 31, 2018**

Dear Sirs,

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

1. The Financial Statements of Mutual Trust Bank Ltd. for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

**In this regard, we also certify that:**

- (i) We have reviewed the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

**Anis A. Khan**  
Managing Director & CEO

**Sayed Abul Hashem FCA, FCMA**  
Group Chief Financial Officer (GCFO)



# CORPORATE GOVERNANCE REPORT

Mutual Trust Bank Limited (MTB) believes that its ongoing commitment and efforts in ensuring a strong corporate governance structure and culture across the organization will help it deliver value to all its stakeholders. Hence, the Bank has strived to have good corporate governance practices put in place and the highest standards of business integrity applied to all its activities.

## Corporate Governance Principles

The Bank has developed processes for identifying, assessing and managing the significant risks and uncertainties facing the Bank. Internal control processes have been established to ensure efficiency and effectiveness of business operations and controls in all areas including finance and operations, as well as compliance with relevant laws and regulations. The Group Internal Control and Compliance Division have been tasked to provide oversight and support to ensure that individual business units conduct their business and affairs in a manner that drives forward the Bank's strategic objectives, while complying with applicable laws and regulatory requirements.

A strong focus is placed on educating and increasing awareness among directors, executive officers and employees on the bank's codes of conduct, the relevant laws and regulatory requirements as well as disciplinary procedures.

The Bank's corporate governance policy, which contains guidelines for directors, executive officers, and employees, has been formulated as per guidelines of regulators. With adherence to this policy in its operations, the Bank aims to build trust and confidence among investors and stakeholders, thereby improve its competitiveness, enhance value and promote stability. The policies are updated time to time in order to comply with the good governance principles and relevant regulatory requirements.

## Corporate Governance

### 1. Rights of Members/Shareholders

The bank has acknowledged the rights of all members/shareholders and encouraged them to exercise their

basic rights on an equitable basis, as well as proactively communicated with them regularly. Such rights include the rights to sell, purchase or transfer shares within the period as specified in the regulations, access bank information, ensure fair distribution of profit, attend meetings, if required, express opinions and comments, and decide on important matters, and approval of any special items, etc.

### 2. Equitable Treatment of Shareholders

The Bank recognizes the importance of fair treatment of all shareholders including its duty to protect shareholders' interests. Measures are in place to prevent the use of internal information for personal gains by the Board members, executives and employees. The Board has set a policy and procedure to prohibit unauthorized disclosure of material and non-public information which may affect the Bank's securities.

### 3. Role of Stakeholders

The Bank places great importance to the rights of all its stakeholders including directors, executive officers, employees, shareholders, clients, business partners, creditors and the relevant authorities.

### 4. Codes of Conduct

#### 4.1 Clients

The Bank takes its commitment seriously to provide clients with high-quality products and services while safeguarding their interests and treating them fairly in all aspects of their dealings with the Bank. To pursue with this objective, the Bank set up Customer Complaint Cells at every branch and the Head Office. A report is prepared and forwarded to the concerned management to resolve any complaints in an effective, fair, coordinated and timely manner. Client confidentiality is strictly maintained and observed at all times.

#### 4.2 Shareholders

The Bank focuses on creating and delivering sustainable shareholder value, protection of assets and providing all shareholders with fair treatment whilst allowing them to exercise their rights fully and fairly in an informed

manner except when they have material interests in the matter considered at the meeting. In such case, the shareholders concerned are required to abstain from voting thereon, but they are eligible to participate.

#### 4.3 Employees

The Bank believes in fair treatment of all employees, and is fully committed to enhancing the quality of its human capital. In this context, it consistently offers training and support, including providing opportunities for career development.

#### 4.4 Creditors and Business Partners

The Bank conducts business with its creditors and business partners fairly and in compliance with the relevant laws and regulations.

#### 4.5 Competitors

The Bank acknowledges the importance of a fair and competitive business environment. It is committed to conducting business in a fair and confidential manner posing no impairment to the reputation of its competitors and upholding ethical practices among its employees.

#### 4.6 Responsibility towards the Community and the Environment

The Bank always appraises to make positive impacts on the community and the environment. It is actively involved in a range of charitable activities, including blanket distributions, donation to Prime Minister's Relief Fund, distribution of bicycles among the female students of remote unprivileged areas under a campaign titled "Swapno Sharathi", sponsoring corporate cricket tournament, blood donation, scholarship among underprivileged brilliant students and brilliant children of bank employees, assistance to construct schools in remote areas etc.

### 5. Disclosure and Transparency

Information on the Bank's activities is made available to regulatory bodies, investors, shareholders, analysts and the general public through newspapers, and online news portal, including the Bank's website. In addition, in line with regulatory requirement, the Bank discloses relevant information in annual reports.

### 6. Policy on Training of the Board of Directors

The Board of the Bank is composed of Directors having diversified skills, who are highly professional and are renowned and pioneer in their respective business arenas. They have adequate professional academic knowledge and training (both local and foreign) to play vital role in transforming MTB into the bank of choice, having global acceptance. As such, whenever they have the opportunity, they utilize the same to keep them up to date. As part of continuous improvement process, recently some of them attended a workshop titled "Revisiting Corporate Governance Regulations for Banks in Bangladesh" organized by Bangladesh Bank, in association with the International Finance Corporation (IFC).

A Code of Conduct has also been adopted by the Board to be followed by its members and it is duly abided by them. Besides, all relevant regulations, promulgated/ circulated by the concerned authorities from time to time, are communicated with them at regular intervals.

### 7. Remuneration of Directors

The Bank does not pay any remuneration to its Directors other than the meeting fees fixed by the Bangladesh Bank. As per the Banking Regulation and Policy Department of Bangladesh Bank (BRPD) circular, the Chairman may be provided a car, telephone, office and private secretary. The Managing Director is paid a salary and allowances as per approval of the Bank's Board of Directors and Bangladesh Bank. As per BRPD circular, no honorarium is given for attending the Board meeting or the meeting of any Committees formed by the Board. As per circular, the maximum remuneration for attending any meeting of the Board and its Committees has been fixed at BDT 8,000 only.

### 8. Responsibilities of the Board

#### 8.1 Board Structure

In 2018, there were 13 Board members, including two independent Directors and Managing Director & CEO. The Board of Directors consists of:

Sl.	Name	Position
1.	Mr. Md. Hedayetullah	Chairman
2.	Mrs. Khwaja Nargis Hossain	Vice-Chairman
3.	Mr. Syed Manzur Elahi	Director (Founding Chairman)
4.	Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director
5.	Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director

Sl.	Name	Position
6.	Mr. M. A. Rouf, JP	Director
7.	Mr. Md. Abdul Malek	Director
8.	Mr. Md. Wakiluddin	Director
9.	Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director
10.	Mr. Md. Manirul Islam (Representing Pioneer Insurance Company Ltd.)	Director
11.	Mr. Anwarul Amin	Independent Director
12.	Dr. Sultan Hafeez Rahman	Independent Director
13.	Mr. Anis A. Khan	Managing Director & CEO

The Board of MTB is composed of individuals from diverse professional backgrounds with a broad spectrum of experience and expertise as well as business ethics. There are Non-Executive Director and Independent Director. Non-Executive Director means a director, who does not hold any position in the Bank other than being a member of the Board and its Committees. Independent director means a director who does not have any related business, hold any managerial position or have any beneficial interest in financial institutions that may affect his/her independent decision.

Election of the Board members follows the resolution of shareholders' meetings and as set out in the Bank's Articles of Association. The structure of the Board of Directors and the setup of Board Committees are as prescribed by the Bangladesh Bank and BSEC. The Board composition is as follows: 1 (one) Executive Director, i.e., the Managing Director, 2 (two) Independent Directors and 10 (ten) Non-Executive Directors.

The two Independent Directors who concurrently serve on the Audit Committee must satisfy the criteria based on the corporate governance guidelines issued by the BSEC and Bangladesh Bank. The Board appoints two of its Directors to be the Chairman and Vice-Chairman. As per guideline, the Managing Director & CEO and the Chairman will not be the same person.

Each director's term of office is prescribed in the Articles of Association, bank company act as well as in the company act. At every Annual General Meeting, one-third of the directors retire. In any subsequent years, the directors, who have been in office the longest, retire. The retiring director may be re-elected.

## 8.2 Selection, Appointment and Removal of Directors

### 8.2.1 Appointment of Directors

The Board of Directors elects/re-elects directors and submits recommendation to the meeting of the shareholders for approval and appointment/re-appointment, subject to compliance of Articles of Association of the Bank and fulfillment of regulatory procedures.

Whenever any person vacates his/her seat as a Board member for any reason other than expiry of term of office, the remaining members, at the next Board meeting appoint another qualified and suitable Director to fill that position for the remainder of the term of office of his/her predecessor.

### 8.2.2 Election/Re-election of the Directors

As per Companies Act, each year one-third of the Directors retire from office at the AGM, and, if eligible, as per the bank company act, may offer themselves for re-election by shareholders at the AGM. Accordingly, following Directors retired at the 19th AGM and they were eligible for re-election.

Mr. Arif Dowla, Director, Mr. Md. Abdul Malek, Director and Mr. Anjan Chowdhury, Director, retired and were re-elected. Besides, Pioneer Insurance Company withdrawn their representative Mr. Q.A.F.M. Serajul Islam and given a fresh nominee Mr. Md. Manirul Islam to represent them in the Board of Directors of MTB.

### 8.2.3 Vacation of Office of Director

The office of director to be vacated according to the instructions specified in section 108 (1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfill the minimum eligibility criteria, the office of the director to be vacated.

### 8.2.4 Removal of Directors from Office

According to section 108 (2) of the Companies Act, 1994, with the prior approval of Bangladesh Bank, a director of any bank, other than specialized banks, can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal becomes effective from the date of Bangladesh Bank's approval.

### 8.2.5 Appointment of Alternate Director

Subject to compliance of section 101 of the Companies Act, 1994, an alternate director can be appointed to act for a director, during his absence for a continuous period of not less than three months from Bangladesh.

### 8.3 Board Committees

The Board has established the Board Executive Committee, the Board Audit Committee and the Board Risk Management Committee to assist in screening and scrutinizing specific operations and support the performance of duties of the Board to ensure efficiency and effectiveness and maintain a good corporate governance system.

### 8.4 Roles, Duties and Responsibilities of the Board

To ensure good governance in the bank management, it is essential to have specific demarcation of responsibilities and authorities among the controlling bodies over bank affairs. In the amended bank company act, Section 15 (kha) and (ga) give responsibility to the board of directors for establishing policies for the bank company, for risk management, internal controls, internal audit and compliance and for ensuring their implementation.

Basic responsibility of the Board is to exercise judgment on the business operations in a manner that they reasonably believe to be in the best interests of the Bank and in compliance with the applicable laws and regulatory rules, the Bank's Articles of Association, and resolutions of the shareholders' meetings, as detailed below:

1. Set vision, targets, policies, strategies, administration, utilization of resources, and business standards and framework of the Bank; and monitor and supervise the Bank's business operations to ensure efficient and effective discharge of functions in accordance with the policies set forth.
2. Select individuals qualified for directorship and make recommendation thereof to the shareholders' meeting for election as directors.
3. Select qualified individuals from diverse professional backgrounds and with a broad spectrum of experience and expertise for appointment of Independent Director.
4. Review and approve budgets proposed by the management.
5. Delegate authority for day-to-day management to executives based on agreed objectives and targets, except when the matter is of high significance and not in the normal course of business of the Bank, and, hence, warrants the Board's attention, such as change in the Bank's capital structure, investment in other business, business merger, disposal of

assets and capital expenditure; or in such cases, where the Board's ratification is required, including issues of conflict of interest, and an approval of the shareholders has to be sought.

6. Determine the issues to be brought to its attention by the management.
7. Set measures for the management to communicate and ensure there are communication of operational targets and policies to Bank staff at all levels.
8. Monitor and supervise management's business operations to ensure compliance with relevant laws and regulations as well as contractual terms and conditions.
9. Monitor and ensure that the Bank has exist efficient and effective risk management system.
10. Assume responsibility for the financial statements of the Bank and its subsidiaries, and, in that process, ensure that the notes to the financial statements contain all-important disclosures; and supervise to ensure that processes are in place for implementing a sound accounting system and proper accounting records are kept for future references.
11. Ensure that processes are in place for reporting of operating results in comparison with the targets and the problems arisen so that the Board can monitor, improve and rectify the plans and strategies as appropriate.
12. Ensure that adequate, accurate, reliable information is disclosed in a timely manner.
13. Put in place corporate governance principles and business ethics, Board and Board committees' charters, and human resource management policies.

### 8.5 Authorities of the Board of Directors

#### 8.5.1 Work-planning and Strategic Management:

- i. The board determines the objectives and goals, and, to this end, chalks out strategies and work-plans on annual basis. It specially engages itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It analyzes/monitors, at quarterly rests, the development of implementation of the work-plans.
- ii. The board incorporates analytical review in the Annual Report as regards the success/failure in achieving the business and other targets as set out in its annual work-plan and apprises the shareholders of its opinions/recommendations on plans and strategies. It sets Key Performance Indicators (KPIs) for the CEO and officers immediately two tiers below the CEO, and evaluates from time to time.

### 8.5.2 Credit and Risk Management

- i. Policies, strategies, procedures, etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off are made with the board's approval under the purview of the existing laws, rules and regulations. The board specifically distributes/delegates power of sanction of loan/investment among the CEO and his subordinate executives, as part of its governance practice. No director, however, interferes, directly or indirectly, into the process of loan approval.
- ii. The board frames policies for risk management and get them complied with, monitor the compliance regularly, review the concerned report of the risk management team, and compile in the minutes of the board meeting. The board monitors compliance of the guidelines of Bangladesh Bank regarding key risk management.

### 8.5.3 Internal Control Management

The board is vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board establishes internal control system so that the internal audit process can be conducted independently from the management. It reviews reports submitted by the audit committee regularly regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports. It also monitors and ensures that the Bank has in place adequate, proper and effective internal control system for the benefit of the Bank; formulates and implements a clear procedure to cope with conflict of interest; puts in place policies and processes preventing management and other concerned parties from using confidential inside information for personal gains; and assesses and reviews the adequacy of the Bank's internal controls.

### 8.5.4 Human Resources Management and Development

- i. Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development, etc. and service rules have been framed and approved by the board. The Chairman and the directors in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No members of the board of directors are included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer and punishment of the officers immediately two tiers below the CEO rest upon the board. Such recruitment and promotion are carried out complying with the service rules.

- ii. The board focuses its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board gets these programs incorporated in its annual work plan.
- iii. The Bank has formulated code of conduct for every tier, and all have to comply with the same when interacting with the customers, shareholders, employees and business partners or creditors. Emphasis is also placed on responsibilities for the environment, society and competitors, preservation of client confidentiality, honesty, fairness, professional integrity, business capacities, strict compliance with laws and regulations, as well as cooperation with regulatory agencies. In performing their duties, employees are required to keep uppermost in their mind the principles, use good judgment, and act in compliance with rules and regulations.

### 8.5.5 Financial Management

- i. The annual budget and the statutory financial statements are finalized with the approval of the board. It reviews/monitors the positions in respect of Bank's income, expenditure, liquidity, non-performing asset, capital adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures, at monthly rests.
- ii. The board frames policies and procedures for Bank's purchase and procurement activities and accordingly approves the distribution of power for making such expenditures. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of Bank's business are adopted with the approval of the board.

### 8.5.6 Appointment of Chief Executive Officer (CEO)

The Bank has conducted annual evaluation of Managing Director & CEO's performance, taking into consideration the key performance indicators, determined based on the Bank's strategies and targets each year.

The issue of good governance is very important in bank management. In order to strengthen the financial base of the Bank and obtain confidence of the depositors, appointing honest, efficient, experienced and suitable chief executive is one of the responsibilities of the Board of Directors. In order to ensure good governance, the Bank follows the guidelines of Bangladesh Bank enumerated below while appointing the CEO and in devising the role and responsibilities as well as authorities of the CEO:

## **A. Rules and Regulations for Appointing CEO:**

1. Moral Integrity: In case of appointment to the post of Chief Executive, satisfaction in respect of the concerned person should be ensured to the effects that,-
  - a) He has not been convicted by any Criminal Court of Law;
  - b) He has not been punished for violating any rules, regulations or procedures/norms set by any controlling authority;
  - c) He was not associated with any such company/ organization, registration or licence of which has been cancelled.
2. Experience and Suitability:
  - a) For appointment as Chief Executive, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediately below the Chief Executive of a bank.
  - b) He must at least have a master's degree from any recognized university. Higher academic education in the field of economics, banking and finance or business administration will be treated as additional qualification for the concerned person.
  - c) In respect of service, the concerned person should have excellent record of performance.
  - d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company.
  - e) Any director of any bank or financial institution or any person, who has business interest in the bank concerned will not be eligible for appointment to the post of chief executive.
3. Transparency and Financial Integrity: Before appointment as chief executive, satisfaction should be ensured to the effects that:
  - a) The concerned person was not involved in any illegal activity while performing duties in his own or banking profession;
  - b) He has not suspended payment to creditors or has not compromised with his creditors to be relieved from debt or he is not a loan defaulter;
  - c) He is not a tax defaulter;
  - d) He has never been adjudicated insolvent.
4. Age limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.
5. Tenure: The tenure of the chief executive shall be for at least 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that period.
6. Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting proposal to Bangladesh Bank.
  - a) In fixing the salary and allowances of the chief executive, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.
  - b) Total salary shall be comprised of direct salary covering 'basic pay', 'house rent' and allowances as 'others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'others' head should be specified in amount/ ceiling. Besides, other facilities (e.g., car, fuel, driver, etc.), monetized as far as possible to determine monthly total salary, shall have to be mentioned in the proposal to be submitted to Bangladesh Bank.
  - c) Without improving the bank's major economic indicator like CAMELS, annual salary increment will not be payable.
  - d) Terms of salary, allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent chief executive.
  - e) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary, allowances and other facilities as enumerated in clause (b) above.
  - f) The bank shall not pay any income tax for the chief executive, i.e., the chief executive so appointed shall have to pay it.
7. Incentive Bonus: Subject to the payment of incentive bonuses to all staff/employees, the CEO will be eligible to get such bonus. However, the amount of CEO's incentive bonus will not cross BDT 10 (ten) lacs per year.
8. Honorarium for attending Board Meeting: As CEO is a salaried official of the bank, he will not get any honorarium for attending the Board meeting or the meeting of any Committee formed by the Board.
9. Evaluation Report: While reappointing CEO, an evaluation report approved by the board of directors should be submitted to Bangladesh Bank by the chairman of the Board.

10. Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of the Bank Company Act, 1991 (Amended up to 2013). For processing such approval, along with the proposal signed by the chairman of the board, the selected person's complete resume, offer letter (mentioning the direct and indirect remuneration and facilities) and copy of board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations to Bangladesh Bank in prescribed formats.
11. Decision of Bangladesh Bank regarding appointment of CEO will be treated as final and such appointed CEO cannot be dismissed, released or removed from his office without prior approval from Bangladesh Bank. However-
  - a) In case the CEO desires to terminate the contract before expiry or resigns from his office voluntarily, he shall serve at least one-month notice upon the Chairman of the Board stating the actual reason for such resignation, and, at the same time, forward a copy of such notice to Bangladesh Bank.
  - b) In case the Board of the Bank desires to terminate the contract before expiry or asks the CEO to tender resignation from his post, the Board shall serve at least one-month notice stating the reasons for such action; at the same time forward a copy of such notice to Bangladesh Bank and obtain approval of Bangladesh Bank for such removal.
  - c) When the position of the CEO falls vacant due to resignation, expiry of contract, or any other reason, the bank shall immediately appoint a 'CEO In-charge' (for maximum 3 months) from among the officials next to the CEO and notify Bangladesh Bank with details of such Officer In-charge.

## **B. Duties and Responsibilities of CEO:**

The CEO of the bank, by whatever name called, shall discharge the responsibilities and affect the authorities as follows:

- a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.
- b) The CEO shall ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations in discharging routine functions of the bank.

- c) At the time of presenting any memorandum in the Board Meeting or Board Committee Meeting, the CEO must point out if there is any deviation from the Bank Company Act, 1991 and other relevant laws and regulations.
- d) The CEO shall report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.
- e) The recruitment and promotion of all staff of the bank, except those two tiers below him, shall rest on the CEO. He shall act in such cases in accordance with the approved service rules, on the basis of the human resources policy and sanctioned strength of employees as approved by the board.

## **C. Evaluation of the CEO by the Board**

There is a five-year Strategic Priorities & Action Plan for the evaluation of the CEO/Management on an annual basis and it is revisited and revised from time to time, depending on the scope and opportunity of banking business, local and global economic condition, etc. The CEO's performance is evaluated on regular basis, taking into consideration the trends of financial indicators, bank's image/reputation, non-performing loans and advances, regulatory guidelines, etc.

## **8.6 Other Responsibilities of the Board**

The board follows and complies with the responsibilities assigned by Bangladesh Bank.

### **8.6.1 Meeting of the Board**

Board meetings are scheduled in advance, with at least one held every month. In addition to the scheduled Board meetings, further Board meetings can also be held as and when required.

### **8.6.2 Chairman of the Board of Directors**

The Chairman of the Board of Directors or Chairman of any Committee is formed by the Board of Directors independently.

### **8.6.3 Formation of Committees**

The bank only forms Executive Committee, Audit Committee and Risk Management Committee with the directors, as per Bangladesh Bank and BSEC guidelines.

#### **8.6.3.1 Executive Committee**

Executive Committee, formed with the members of the board, performs according to its terms of reference determined by the Board of Directors.

- a) Organizational Structure
  - i. Members of the Committee are nominated by the board of directors from themselves;

- ii. The Committee consists of 5 (five) members, i.e., within the limit set by the regulator;
  - iii. Company Secretary of the bank is the secretary of the Committee.
- b) Qualifications of the Members
- i. Integrity, dedication, and opportunity to spare time in the functions of the Committee are considered while nominating a director to the Committee;
  - ii. All the members are capable of making valuable and effective contributions in the functioning of the Committee;
  - iii. All Committee members have adequate understanding of the detailed responsibilities of the Committee as well as the bank's business, operations and its risks.
- c) Roles and Responsibilities
- i. The Committee takes all necessary decisions and approves cases within the power delegated by the board.
  - ii. All decisions taken in the Board Executive Committee are ratified in the board meeting.

### 8.6.3.2 Board Audit Committee

The board approves the objectives, strategies and overall business plans of the bank and the Audit Committee assists the board in fulfilling its oversight responsibilities. The committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.

#### a) Organizational Structure

- i. Members of the Committee are nominated by the board from the directors;
- ii. The Committee consists of 4 (four) members, with 2 (two) independent directors;
- iii. The Committee consists of directors, who are not executive committee members;
- iv. Company Secretary of the bank is the secretary of the Audit Committee.

#### b) Qualifications of the Members

- i. Integrity, dedication, and opportunity to spare time in the functions of the Committee are considered while nominating a director to the Committee;
- ii. Each member is capable of making valuable and effective contributions in the functioning of the Committee;
- iii. Members have adequate understanding of the detailed responsibilities of the Committee as

well as the bank's business, operations and its risks.

- iv. Professionally experienced persons in banking/financial institutions, specially having educational qualification in finance, banking, management, economics, accounting get preference in forming the Committee.

#### c) Roles and Responsibilities

##### (i) Internal Control

1. The Board Audit Committee reviews the effectiveness of internal controls, risk management processes and governance practices, taking into account the requirements of relevant guidelines issued by Bangladesh Bank, BSEC and listing regulations of the stock exchanges.
2. Establish organizational structure, policies and work procedures that ensure effective risk management and internal control systems, enabling stable business growth and compliance with good corporate governance principles.
3. Evaluate setting of appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities.
4. Structure organization taking into account proper segregation of duties that contributes to effective risk management and internal control as well as monitoring and audit systems.
5. Review actions taken by management in connection with computerization of the bank and its applications and bank's Management Information System (MIS).
6. Review the findings and compliance issues identified by regulators and to ensure that appropriate and prompt remedial actions are taken by the management.
7. Consider internal control strategies recommended by internal and external auditors and implement such strategies.
8. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place before the board after reviewing whether the management has taken necessary corrective measures.
9. Ensure there are relevant and effective operational controls, monitoring and

guidelines available in all work units across the organization.

10. Review the scope of authority and responsibilities conferred on or delegated to the executives at different levels. A clear division of responsibilities between various management positions provides a mechanism for checks and balances between senior executives.
11. Establish Compliance Department to provide oversight and support to ensure that the Bank conducts its business in compliance with all applicable laws and regulatory requirements.
12. Put in place processes for monitoring and reviewing the implementation of activities against the Bank's strategic objectives, policies, procedures, relevant laws, regulations, and internal control systems. Review annual business plan to ensure its effectiveness in the rapidly changing environment.

#### **(ii) Financial Reporting**

The Committee checks whether the financial statements are prepared according to existing rules, regulations and standards enforced in the country i.e., accounting policies and procedures in line with international accounting standards that support the Bank's business requirements.

#### **(iii) Internal Audit**

1. Monitor whether or not the internal audit acts independently from the management.
2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process.
3. Review the efficiency and effectiveness of the internal audit function, i.e., compliance function and monitor compliance department work to ensure compliance with relevant regulations.
4. Examine whether the management duly considers the findings and recommendations made by the internal auditors or not.

#### **(iv) External Audit**

1. Review the performance of the external auditors and their audit reports.
2. Examine whether the management duly considers the findings and recommendations made by the external auditors or not.
3. Make recommendations to the Board regarding the appointment of the external auditors and fix their remuneration.
4. Review the correctness and adequacy of

financial statements for submission to the Board.

#### **5. Reports of the External Auditors**

The Committee requires external auditor to report to it on all relevant matters, including the following, to enable the audit committee to carry out its oversight responsibilities, if any:

- a) Significant difficulties encountered during the audit;
- b) Key areas of significant risk of material misstatement in the financial statements;
- c) Judgments about events or conditions identified that may cast significant doubt on the bank's ability to continue as a going concern (including consideration of liquidity/funding issues of the bank);
- d) Use of external experts to assist with the external audit;
- e) The auditor's approach to internal control;
- f) The extent to which the auditor uses the work of internal audit;
- g) Significant internal control deficiencies identified in the course of statutory audit;
- h) Significant qualitative aspects of financial statement disclosures;
- i) Any other significant matters discussed with or considered by the engaged quality control reviewer.

#### **(v) Meetings with Bangladesh Bank**

Before finalizing the Audited Financial Statements, a tripartite meeting is held among Bangladesh Bank, the bank concerned and the external auditor(s).

#### **(vi) Submission of Audit Report to Bangladesh Bank**

The bank submits Audited Financial Reports to the Bangladesh Bank according to Section 40 of the Banking Companies Act, 1991 within the stipulated time.

#### **(vii) Compliance with Existing Laws and Regulations**

Review whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the board are being complied with.

#### **(viii) Other Responsibilities**

1. Submit compliance report to the board on regular interval for regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities (if any);

2. Perform other oversight functions as desired by the Board of Directors.

#### **d) Meetings**

1. The Committee met 5 times in 2018;
2. Detailed memoranda are distributed to the members well in advance before each meeting;
3. All decisions/observations of the Committee are noted in the minutes.

#### **8.6.3.3 Board Risk Management Committee (BRMC)**

The Bank realizes the significance of risk management covering both internal and external risk factors. Risk Management Committee of MTB is appointed by the Board of Directors with relevant and clearly defined roles, duties and responsibilities and performance of which is assessed to ensure conformity with the risk management plan in place.

To play an effective role in mitigating impending risks arising out of strategies and policies formulated by the Board and to carry out the responsibilities efficiently, the Board Risk Management Committee of MTB, being in charge, formulates risk management policy and procedures of the Bank as well as sets up the risk control and monitoring mechanisms with a view to continuously strengthening risk governance. After risk factors are identified and assessed for credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks, etc.; the Committee scrutinizes whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.

#### **a) Organizational Structure**

1. Members of the Committee are nominated by the board from themselves;
2. The Committee consists of 5 (five) members;
3. Company Secretary of the bank is the secretary of the Board Risk Management Committee.

#### **b) Qualifications of the Members**

1. Integrity, dedication, and opportunity to spare time in the functions of the Committee are considered while nominating a director to the Committee;
2. Each member is capable of making valuable and effective contributions in the functioning of the Committee;
3. Each Committee member has adequate understanding of the detailed responsibilities as well as the bank's business, operations and its risks.

#### **c) Roles and Responsibilities of BRMC**

##### **i) Risk Identification and Control Policy**

Developing well formulated strategy and ensuring implementation of the same for risk assessment and control are responsibilities of the BRMC. The BRMC monitors risk management policies and methods and, from time to time, amend those. The Committee reviews the risk management process to ensure effective prevention and control measures.

##### **ii) Construction of Organizational Structure**

The responsibility of the BRMC is to ensure an adequate organizational structure for managing risks within the bank. The Committee supervises formation of separate management level committees and monitor their activities with a view to ensuring that those committees are in compliance with the instructions of lending risk, foreign exchange transaction risk, internal control and compliance risk, money laundering risk, information and communication risk and other risk related guidelines.

##### **iii) Analysis and Approval of Risk Management Policy**

Risk management policies and guidelines of the bank are reviewed annually by the Committee. The Committee proposes amendments, if necessary, and sends those to the Board of Directors for approval. Besides, other limits, including lending limit, are reviewed at least once annually and, amended.

##### **iv) Storage of Data and Reporting System**

Adequate record keeping system, developed by the Bank management, is approved by the Committee. The Committee ensures proper use of the system. The Committee minutes its proposal, suggestions and summary in a specific format and informs the Board of Directors.

##### **v) Monitoring the Implementation of Overall Risk Management Policy**

The BRMC monitors proper implementation of overall risk management policies. The Committee monitors whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.

##### **vi) Other Responsibilities**

1. Ensuring that the Committee's decision and suggestions are submitted to the Board regularly;
2. Complying with instructions issued by the controlling authority from time to time.

#### **d) Meetings**

1. The BRMC met 5 (five) times in 2018;
2. To ensure active participation and contribution by the members, detailed memoranda are distributed to Committee members well in advance before each meeting;
3. All decisions/observations of the Committee are noted in minutes.

#### **9. Related Party Transactions**

As of December 31, 2018, the Bank recorded business transactions with its subsidiary and affiliated companies (related by way of having common shareholders), including related persons. These transactions were concluded on commercial terms and based on mutually agreed upon criteria in the ordinary course of business between the Bank and its subsidiary, associated and affiliated companies. Details are as given in the Notes to the Financial Statements as disclosure and placed separately, as per guideline of Bangladesh Bank, for approval by the members of the bank, at its ensuing annual general meeting.

Procedures for approving related party transactions and safeguarding shareholders' interest according to the regulatory guidelines are in place, and all related party transactions are subject to a formal approval process, including the analysis and approval of the relevant authorities. Directors with material interest in any transaction are not allowed to take part in the decision-making process.

Related party transactions include those related to the Bank's business functions, and, are subject to formal approval process in place and criteria of the relevant regulatory bodies. There is a strong probability that related party transactions will continue to be an integral part of the Bank's business, and will be governed by clearly defined review and approval procedures and practices.

#### **10. Organization and Personnel**

As of 31 December 2018, the total manpower of the Bank was 2,120 of whom 1,315 work at Bank branches, 733 at the Corporate Head Office, 65 at MTB Securities Ltd. (a subsidiary of the bank), 7 at MTB Capital Ltd. (a subsidiary of the bank).

##### **10.1 Staff Development Program and Human Resource Management Plan**

In 2018, the Bank focused on developing its existing employees with competency-based learning to become future-leaders and successors to various key positions in the organization.

The Bank has established procedures for evaluating the performance of senior executives to determine the appropriate levels of remuneration, taking into account the risks and responsibilities involved as well as added value to shareholders in the long run.

Training roadmap was in place for branch staff at all levels to ensure increased skills in serving as a professional financial advisor. The Bank also emphasized on providing all staff levels with leadership program, and implemented Learning Management System (LMS) via MNet for key mandatory training programs for all staff.

In 2018, the Bank organized 290 training courses, comprising 120 in-house, 140 local/out-sourced and 30 overseas courses. The details are mentioned in the training part of the report.

##### **10.2 Employee Benefits**

The Bank provides employee benefits such as provident fund, social security fund, medical treatment, medical assistance fund, welfare fund, death benefit plan, annual health check-up, housing loan, car/motorcycle loan, and general purpose loan that are competitive against other leading banks to attract and retain talented and competent staff. The bank has also appointed a physician, whom the employees can consult with for their health related issues. Employees at the head office can make appointment electronically, via MNet, with the doctor, who spends two work-days every week at the MTB Corporate Head Office.

To be an employer of choice, the Bank continues to improve its staff benefits to attract and retain quality staff. In this regard, the Bank introduced Performance Management System for all level of employees.

##### **10.3 Anti-Harassment Policy**

The Bank has established Anti-Harassment Policy. The MTB Group has grown large and is now a family of four separate companies in Bangladesh and the United Kingdom. As the MTB network and the number of MTBians grow, it is important, that we go about our everyday working lives in a safe, secure, responsible, dignified and happy manner. It is the desire of the Bank's Board and Management to make MTB a happy place to work in, where people feel a sense of belongingness and loyalty, and contribute to taking the Group towards MTB3V. It is the policy of MTB to prohibit racial, gender, sexual and other forms of unlawful harassment.

#### **11. Dividend Policy**

The Bank's policy is to maximize shareholders' wealth. As a result, the bank tries to allocate optimum dividend to the shareholders for each operational year, after payment of income tax, transfer of fund to regulatory reserve, provision for loans and advances, etc. The

payment of dividend is made within the time prescribed by law and published in a newspaper. With respect to the Bank's subsidiary companies, the decision to declare a dividend payment is at the discretion of the Boards of Directors of that particular subsidiary and is dependent upon the net earnings of the subsidiary.

## 12. Dividend

In order to maintain a satisfactory capital adequacy ratio of the bank, the MTB Board, at its 236th meeting held on April 29, 2019 has approved 11% stock dividend for the year 2018 and recommended for shareholders' approval at the AGM. The shareholders, whose names appeared as members of the bank on record date are eligible to receive such dividend.

## 13. Appointment of Auditor

A. Qasem & Co., Chartered Accountants, is the statutory auditor of the bank. They were appointed as the Auditor at the 19th AGM, held on May 31, 2018. As per regulatory guidelines, their engagement with the MTB would expire after the 20th Annual General Meeting (AGM).

## 14. Fuel and Maintenance Cost of MTB Transport

As per circular letter no. 2, dated January 16, 2014, issued by the Banking Regulation & Policy Department (BRPD) of Bangladesh Bank, information of expenses incurred, in respect of fuel and maintenance cost of bank's transport is placed before the Board, semi-annually.

## 15. Details of Management as per Corporate Governance Code

As per clause 2 of Corporate Governance Guideline No. SEC/CMRRCD/2006-158/134/Admin/44, following positions of the management are defined clearly. The details of those positions are given below:

### Mr. Anis A. Khan

#### Managing Director & CEO

Anis A. Khan (AAK), a Fellow of the Institute of Bankers Bangladesh (IBB) is one of the most prominent and senior-most bankers of our country. He holds a LL.B. (Honours) degree and also a LL.M. (Masters) degree (First Class First) from the University of Dhaka. Mr. Anis A. Khan has carved out a career spanning over 35 years in the corporate world and still continues to work hard with unabated zeal and enthusiasm. He has been serving as the Managing Director and Chief Executive Officer (MD & CEO) of Mutual Trust Bank Limited (MTB) for 10 years. MTB appointed Mr. Anis A. Khan as the Managing Director & CEO of the bank in April, 2009 for a period of three years as per the Bank Companies Act. He was re-appointed for further periods, and, lastly, for four years and seven and a half months, with effect from

April 15, 2015 until December 01, 2019 (the mandatory retirement age). This was confirmed by the Bangladesh Bank, considering his leadership qualities and contributions towards diversifying the bank's products and services, expansion of the branch network. He has also contributed to the setting up of three fully-owned subsidiaries - MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited.

### Mr. Goutam Prosad Das

#### Deputy Managing Director & Group Head of Internal Control & Compliance

Bangladesh Bank, vide its BRPD Circular No. 03, dated March 08, 2016, circulated the revised 'Guidelines on Internal Control and Compliance in Banks' to all scheduled banks, with advice to implement the directives of the guidelines. In line with the new directives of Bangladesh Bank, as well as to comply with the applicable laws and regulations and corporate governance notification of Bangladesh Securities and Exchange Commission, Mutual Trust Bank has restructured its Internal Control and Compliance Division, and appointed Mr. Goutam Prosad Das, Deputy Managing Director, as the Head of Group Internal Control and Compliance (GICC). He supervises all the three divisions that are under ICC Department. The divisions have been revamped in light of the revised guidelines. The Bank has an Internal Control and Compliance Policy and a Compliance Manual, duly approved by the Board of Directors. As the Head of GICC, Mr. Goutam reviews and monitors Bank's Internal Control and Compliance Risk.

### Mr. Sayed Abul Hashem, FCA, FCMA

#### Senior Executive Vice President & Group Chief Financial Officer (GCFO)

The Board has appointed Mr. Sayed Abul Hashem as Senior Executive Vice President & Group Chief Financial Officer (GCFO) of the Bank. He attends the meetings of the Board of Directors. Duties of the GCFO include ensuring compliance with the applicable laws and regulations and corporate governance guidelines and to assist the CEO regarding various issues related with financial operation and control.

### Mr. Malik Muntasir Reza

#### Senior Executive Vice President & Group Company Secretary

The Board has appointed Mr. Malik Muntasir Reza as Senior Executive Vice President & Group Company Secretary and Secretary to the Board of Directors and its Committees to assist the Board in fulfilling its tasks. Duties of the Secretary include providing advice and ensuring compliance with the applicable laws and regulations, which is consistent with the Corporate Governance Notification.

**Md. Shah Alam Patwary,****Senior Executive Vice President & Group Chief Information Officer (GCIO)**

Md. Shah Alam Patwary, a Computer Engineer from Bangladesh University of Engineering and Technology (BUET), is serving the Mutual Trust Bank (MTB) for more than 11 years with a working experience for more than 24 years in information technology. As per BRPD Circular letter no O3 dated March 25, 2018, He is responsible for bank technology and presently he is project manager (IT) for MTB Core Banking System Transformation Project (MCT).

To perform the day-to-day tasks smoothly, provide support in decision-making process, and to comply regulatory requirements, the management forms different committees, subcommittees and units/cells comprising executives/staff of different levels. These are re-constituted from time to time, as per updated guidelines and requirement of the bank.

The committees are;

- i) Core Management Committee (CMC)
- ii) Management Committee (MANCOM)
- iii) All Risk Committee (ARC)
- iv) Asset Liability Committee (ALCO)
- v) Credit Evaluation Committee (CEC)
- vi) Exception Approval Committee (EAC)
- vii) Supervisory Review Process (SRP) Team
- viii) Group Integrity Committee
- ix) Central BCP (Business Continuity Plan)
- x) Document Preparation Committee
- xi) IT Steering Committee
- xii) IT Security Committee etc.

**Meeting Attendance of the Directors:**

In 2018, meeting attendance of the members of the Board and Board Committees are as follows:

**Meetings of the Board of Directors**

Sl.	Name of Director	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1.	Mr. Md. Hedayetullah Chairman	16	15	120,000	Leave of absence was granted
2.	Mrs. Khwaja Nargis Hossain Vice-Chairman	16	14	112,000	"
3.	Mr. Syed Manzur Elahi Director & Founding Chairman	16	15	120,000	"
4.	Dr. Arif Dowla Director (Representing Advanced Chemical Industries Ltd.)	16	09	72,000	"
5.	Mr. Rashed Ahmed Chowdhury Director (Representing Associated Builders Corporation Ltd.)	16	11	88,000	"
6.	Mr. M. A. Rouf, JP Director	16	15	120,000	"
7.	Mr. Md. Abdul Malek Director	16	16	128,000	"
8.	Mr. Md. Wakiluddin Director	16	12	96,000	"
9.	Mr. Anjan Chowdhury Director (Representing ASTRAS Ltd.)	16	07	56,000	"
10.	Mr. Md. Manirul Islam Director (Representing Pioneer Insurance Company Ltd.)	09	09	72,000	Nomination given on May 31, 2018
11.	Mr. Anwarul Amin Independent Director	16	11	88,000	"
12.	Dr. Sultan Hafeez Rahman Independent Director	16	12	96,000	"
13.	Mr. Q. A. F. M. Serajul Islam Director (Representing Pioneer Insurance Company Ltd.)	06	04	32,000	Nomination withdrawn on May 31, 2018
	<b>Total</b>			<b>1,200,000</b>	

## Executive Committee Meetings

(January 01, 2018 to July 02, 2018)

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1.	Mr. Syed Manzur Elahi Director & Founding Chairman	Chairman	4	4	32,000	-
2.	Mr. Md. Hedayetullah Vice-Chairman	Member	4	3	24,000	Leave of absence was granted
3.	Mr. Md. Abdul Malek Director	Member	4	4	32,000	-
4.	Mr. Md. Wakiluddin Director	Member	4	3	24,000	Leave of absence was granted
5.	Mr. Q. A. F. M. Serajul Islam Director	Member	4	3	24,000	-
	<b>Total</b>				<b>136,000</b>	

(July 03, 2018 to December 31, 2018)

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1.	Mr. Syed Manzur Elahi Director & Founding Chairman	Chairman	3	3	24,000	-
2.	Mr. Md. Hedayetullah Vice-Chairman	Member	3	3	24,000	-
3.	Mr. M. A. Rouf, JP Director	Member	3	3	24,000	-
4.	Mr. Md. Abdul Malek Director	Member	3	3	24,000	-
5.	Mr. Md. Wakiluddin Director	Member	3	1	8,000	Leave of absence was granted
6.	Mr. Anis A. Khan Managing Director & CEO	Member	3	3	-	-
	<b>Total</b>				<b>104,000</b>	

## Board Audit Committee Meetings

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1	Mr. Anwarul Amin Independent Director	Chairman	5	4	32,000	Leave of absence was granted
2	Mr. Rashed Ahmed Chowdhury Director	Member	5	2	16,000	"
3	Mrs. Khwaja Nargis Hossain Director	Member	5	4	32,000	"
4	Dr. Sultan Hafeez Rahman Independent Director	Member	5	4	32,000	"
	<b>Total</b>				<b>112,000</b>	

## Board Risk Management Committee Meetings

(January 01, 2018 to July 02, 2018)

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1.	Dr. Arif Dowla Director	Chairman	3	3	24,000	-----
2.	Mr. Md. Hedayetullah Vice-Chairman, Director	Member	3	1	8,000	Leave of absence was granted
3.	Mr. Md. Abdul Malek Director	Member	3	3	24,000	-----
4.	Mr. Q. A. F. M. Serajul Islam Director	Member	3	2	16,000	-----
	<b>Total</b>				<b>72,000</b>	

(July 03, 2018 to December 31, 2018)

Sl.	Name of Director	Position	Total Meetings Held	Meetings Attended	Remuneration (BDT 8,000/ Meeting)	Remarks
1.	Dr. Arif Dowla Director	Chairman	2	2	16,000	-----
2.	Mr. Md. Hedayetullah Vice-Chairman, Director	Member	2	1	8,000	Leave of absence was granted
3.	Mr. M. A. Rouf, JP Director ( Former Chairman)	Member	2	2	16,000	-----
4.	Mr. Md. Abdul Malek Director	Member	2	2	16,000	-----
5.	Mr. Md. Manirul Islam Director	Member	2	2	16,000	-----
	<b>Total</b>				<b>72,000</b>	

The Authorized Capital of Mutual Trust Bank Limited (MTB) is BDT 10,000,000,000.00 divided into 1,000,000,000 ordinary shares of BDT 10.00 each. The Paid-up Capital of the Bank is BDT 5,733,630,380 divided into 573,363,038 ordinary shares. The pattern of shareholding is given below:

- i) Parent/Subsidiary/Associated companies and other related parties: N/A
- ii) Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children are as follows:
  - a) Shares held by the Directors and their spouses as on 31 December 2018:

Name of Director	Status	Nos. of Shares	Name of Spouse	Nos. of Shares	Remarks
Mr. Md. Hedayetullah	Chairman	12,873,848	Mrs. Afia Hedayetullah	---	---
Mrs. Khwaja Nargis Hossain	Vice-Chairman	12,767,604	Al-haj Syed Abul Hossain	15,143,050	---
Mr. Syed Manzur Elahi (Founding Chairman)	Director	21,142,387	Mrs. Niloufer Manzur	478	---
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	32,389	Mrs. Rumana Rashid Dowla	---	19,112,060 Shares held by ACI Ltd.

Name of Director	Status	Nos. of Shares	Name of Spouse	Nos. of Shares	Remarks
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	3,354,964	Mrs. Yasmin Chowdhury	---	28,668,123 shares held by ABC Ltd.
Mr. M. A. Rouf, JP	Director	12,768,429	Mrs. Evelyn Rouf	---	---
Mr. Md. Abdul Malek	Director	12,866,833		---	---
Mr. Md. Wakiluddin	Director	12,777,724	Mrs. Rozina Afroze	21,255	---
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	7,208,168	Mrs. Monira Munni Chowdhury	---	14,334,015 shares held by Astras Ltd.
Mr. Md. Manirul Islam (Representing Pioneer Insurance Company Ltd.)	Director	---		---	39,978,973 Shares held by Pioneer In. Co. Ltd.
Mr. Anwarul Amin	Independent Director	---	Mrs. Razia Khan Amin	---	---
Dr. Sultan Hafeez Rahman	Independent Director	---	Mrs. Zakia Rahman	---	---

### Ownership Composition:

As on December 31, 2018, the Sponsors and Directors of MTB held 38.02% of the total paid up shares, whereas Institutions and General Public held 23.11% and 38.87%, respectively:

Sl.	Type of Owners	No. of Shares	Values of Shares in BDT	(%) of Holding
1	Sponsor, Directors	217,982,863	2,179,828,630	38.0183
2	Institutions	132,489,532	1,324,895,320	23.1074
3	General Public	222,890,643	2,228,906,430	38.8743
<b>Grand Total</b>		<b>573,363,038</b>	<b>5,733,630,380</b>	<b>100.00</b>

Holdings	No. of Shareholders	No. of Shares	Value of Shares in BDT	Total Holdings %
Less than 499 shares	2,496	401,621	4,016,210	0.071
500 to 5,000 shares	2,821	5,310,772	53,107,720	0.926
5,001 to 10,000 shares	458	3,175,572	31,755,720	0.554
10,001 to 20,000 shares	298	4,174,978	41,749,780	0.728
20,001 to 30,000 shares	115	2,845,504	28,455,040	0.496
30,001 to 40,000 shares	41	1,480,715	14,807,150	0.258
40,001 to 50,000 shares	44	1,969,703	19,697,030	0.344
50,001 to 100,000 shares	78	5,518,953	55,189,530	0.963
100,001 to 1,000,000 shares	116	33,593,567	335,935,670	5.859
Over 1,000,000 shares	66	514,891,653	5,148,916,530	89.802
<b>Total</b>	<b>6,533</b>	<b>573,363,038</b>	<b>5,733,630,380</b>	<b>100.00</b>

- b) Shares held by the Chief Executive Officer, Company Secretary, Head of ICCD and Chief Financial Officer and their spouses and minor children as on December 31, 2018 :

Name of Executive	Status	Number of Shares	Remarks
Mr. Anis A. Khan	Managing Director & CEO	5,992	-----
	Mrs. Monowar Anis Khan	2,225	Spouse of MD & CEO
Mr. Goutam Prosad Das	Deputy Managing Director & Group Head of ICC	----	No shares held by spouse and minor children
Mr. Sayed Abul Hashem	SEVP & Group Chief Financial Officer	----	"
Mr. Malik Muntasir Reza	SEVP & Company Secretary	----	"

- c) Shares held by top five salaried employees other than the Chief Executive Officer, Company Secretary, Head of ICCD and Chief Financial Officer as on December 31, 2018:

Name of Executive	Status	Number of Shares
Mr. Syed Rafiqul Haq	Deputy Managing Director & CBO	-----
Mr. Tarek Reaz Khan	Senior Executive Vice President	-----
Mr. Khondaker Rahimuzzaman	Senior Executive Vice President	-----
Mr. Md. Shamsul Islam	Senior Executive Vice President	-----
Mr. Md. Khalid Mahmood Khan	Senior Executive Vice President	-----

- d) Share holdings 10% or more voting interest in the Company: N/A



# CERTIFICATE ON CORPORATE GOVERNANCE

Member of  
**mgiworldwide**

**HEAD OFFICE :**

RUPALI BINA BHABAN  
7, RAJUK AVENUE (5TH & 6TH FLOOR)  
WOTUHEEL, DHAKA-1000  
Tel : 9555136, 9551883, 9551821  
Fax : 990-2-9551821  
E-mail : kwr@dnaka.net  
Web : www.kwarid.com

**KHAN WAHAB SHAFIQUE RAHMAN & CO.**  
CHARTERED ACCOUNTANTS



**BRANCH OFFICE :**

FARUK CHAMBER (5TH FLOOR)  
1403 SK. MILLER ROAD  
AGRABAD CIA, DOUBLE MOORING  
CHATTOGRAM, BANGLADESH  
Tel : 031-2520098  
E-mail : kwanctg@gmail.com

## Report to the Shareholders of Mutual Trust Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Mutual Trust Bank Limited** for the year ended on December 31, 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is highly satisfactory.

Dhaka, Dated  
April 29, 2019

  
**Sheikh Zahidul Islam FCA, MBA**  
Partner  
ICAB Enrollment No. 1394  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants





# COMPLIANCE STATUS OF BSEC GUIDELINES FOR CORPORATE GOVERNANCE

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/admin/80, dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

## (Report under Condition No. 9)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1.</b>	<b>BOARD OF DIRECTORS:</b>			
<b>1(1)</b>	<b>Board's size:</b> Should not be less than 5 (five) and more than 20 (twenty)	✓		
<b>1(2)</b>	<b>Independent Directors</b>			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board	✓		As per The Bank Companies Act, 1991
1(2)(b)(i)	Holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1(2)(b)(ii)	Not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship	✓		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		
1(2)(b)(iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1(2)(b)(v)	Is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		
1(2)(b)(vi)	Is not a shareholder, director excepting independent director or officer of any member or TREC (Trading Right Entitlement Certificate) holder of stock exchange or an intermediary of the capital market	✓		
1(2)(b)(vii)	Is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	✓		
1(2)(b)(viii)	Shall not be an independent director in more than 5(five) listed companies	✓		
1(2)(b)(ix)	Has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBF)	✓		
1(2)(b)(x)	Has not been convicted for a criminal offence involving moral turpitude	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days			No such event occurred
1(2)(e)	The office tenure shall be for a period of 3 years which may be extended for 1 tenure only. Reappointment for independent director after completion of six years after a gap of 3 years. It is to be noted that any partial term of tenure shall be deemed to be a full tenure.	✓		
<b>1(3)</b>	<b>Qualification of Independent Director (ID)</b>			
1(3)(a)	Shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	✓		
1(3)(b)	Independent Director shall have the following qualifications-			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	✓		
1(3)(b)(iii)	Former official of govt. or statutory or autonomous or regulatory body in the position not below 5th grade of the national pay scale; or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification			N/A

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(c)	The independent director shall have at least 10 (ten) years of corporate management / professional experiences	✓		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission			No such event occurred
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non- executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
<b>1(5)</b>	<b>The Directors' Report to Shareholders:</b> shall include the following additional statements: -			
1(5)(i)	Industry outlook and possible future developments in the industry	✓		
1(5)(ii)	Segment-wise or product-wise performance	✓		
1(5)(iii)	Risks and concerns	✓		
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin	✓		
1(5)(v)	Discussion on continuity of any Extra-Ordinary gain or loss			No such event occurred
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	✓		
1(5)(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			N/A

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements			N/A
1(5)(x)	A statement of remuneration paid to the directors including independent directors	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			N/A
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director)	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		
1(5)(xxiii)(c)	Executives	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)			N/A
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders	✓		
1(5)(xxiv)(a)	A brief resume of the director;	✓		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on	✓		
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof	✓		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions shall be disclosed	✓		
<b>1(6)</b>	<b>Meetings of the Board of Directors-</b> The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company			N/A
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency			N/A
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	✓		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	✓		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	✓		
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
<b>3(1)</b>	<b>Appointment</b>			
3 (1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	✓		
3 (1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	✓		
3 (1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time	✓		
3 (1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)			No such event occurred
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings-</b>  The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board unless the agenda are not related to their personal matters	✓		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief	✓		
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓		
<b>4</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee			N/A
<b>5</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing			No such event occurred
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	✓		
5(2)(d)	The Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee			No such event occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		
<b>5(3)</b>	<b>Chairman of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	✓		
5(3)(b)	In the absence of the chairperson, the remaining members may elect one of themselves as chairperson for that particular meeting and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)	✓		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	✓		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
5(5)(a)	Oversee the financial reporting process.	✓		
5(5)(b)	Monitor choice of accounting policies and principles	✓		
5(5)(c)	Monitor internal audit & compliance process, including internal audit, review of internal audit & compliance report	✓		
5(5)(d)	Oversee hiring and performance of external auditors	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	✓		
5(5)(h)	Review the adequacy of internal audit function	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management	✓		
5(5)(k)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓		
5(5)(m)	Oversee whether the proceeds raised through IPO or RPO, management shall disclose to the audit committee about the uses or application of the proceeds by major category i.e. (Capital expenditure, sales & marketing) on a quarterly basis. Also on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			No such event occurred
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	Audit Committee shall report on its activities to the Board of Directors	✓		
5(6)(a)(ii)	Audit Committee shall immediately report to the Board of Directors on the following findings, if any: -			
5(6)(a)(ii)(a)	Report on conflicts of interests;			No such event occurred
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	✓		
5(6)(a)(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	✓		
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓		
5(6)(b)	Reporting to the Authorities  If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such event occurred

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>5(7)</b>	<b>Reporting to the Shareholders and General Investors</b>  Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company	✓		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			AS per BRPD Circular No. 11 dated 27-10-2013, each bank company can form one executive committee, one audit committee and one risk management committee with the directors. The Board can't form any other permanent, temporary or sub-committee except the above mentioned three committees.  However, in order to comply with the BSEC's CGC, the bank has addressed the issue with Bangladesh Bank through Bangladesh Association of Publicly Listed Companies (BAPLC).
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board			Do
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive			Do
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)			Do

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director			Do
6(2)(b)	All members of the Committee shall be non-executive directors			Do
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board			Do
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee			Do
6(2)(e)	In case of vacancy in the committee, the board shall fill the vacancy within 180 days of occurring such vacancy			Do
6(2)(f)	The Chairperson may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee			Do
6(2)(g)	The company secretary shall act as the secretary of the Committee			Do
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			Do
6(2)(i)	No member shall receive any remuneration for any advisory or consultancy role other than director's fees or honorarium from the company			Do
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director			Do
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes			Do
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM)			Do
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year			Do
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC			Do
6(4)(c)	The quorum of the meeting shall be constituted in presence of either two members or two third of the members of the committee, whichever is higher, where presence of an independent director is a must			Do

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC			Do
<b>6(5)</b>	<b>Role of the NRC</b>			Do
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			Do
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board			Do
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following			Do
6(5)(b)(i)(a)	Remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully			Do
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks			Do
6(5)(b)(i)(c)	Remuneration to Directors and top executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives			Do
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			Do
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position			Do
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board			Do
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria			Do
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies			Do
6(5)(c)	Disclose the nomination and remuneration policy and evaluation criteria and activities of NRC in the annual report			Do
<b>7</b>	<b>EXTERNAL/STATUTORY AUDITORS:</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
7(1)(i)	Appraisal or valuation services or fairness opinions	✓		
7(1)(ii)	Financial information systems design and implementation	✓		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements	✓		
7(1)(iv)	Broker-dealer services	✓		
7(1)(v)	Actuarial services	✓		
7(1)(vi)	Internal audit services or special audit services	✓		
7(1)(vii)	Any other service that the Audit Committee determines	✓		
7(1)(viii)	Audit /certification service on compliance of corporate governance	✓		
7(1)(ix)	Any other service that creates conflict of interest	✓		
7(2)	No partner or employees or family members of the external audit firm shall process any share of the company they audit at least during the tenure of their audit engagement of the company	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	✓		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The company shall have an official website linked with the website of the stock exchange	✓		Web address is:www.mutualtrustbank.com
8(2)	The company shall keep the website functional from the date of listing	✓		
8(3)	The company shall make available the detailed disclosures on its website	✓		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting			The revised CGC was published by the BSEC on 03 June 2018, i.e., after the 19th AGM of the bank, held on May 31, 2018. However, to comply with the CGC, the bank will place the appointment of CGC auditors at the forthcoming AGM for the shareholders' approval, on a post facto basis.
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not	✓		



# REPORT ON INTERNAL CONTROL AND COMPLIANCE

Internal Control and compliance is the process, effected by a company's Board of Directors, Management and other personnel designed to provide reasonable assurance regarding the achievement of organizational objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations and internal policies. It plays a pivotal role in preventing and detecting frauds, forgeries and protecting the organization's resources.

Bangladesh Bank, vide its Banking Regulation and Policy Department (BRPD) Circular No. 03 dated March 08, 2016 circulated the revised 'Guidelines on Internal Control and Compliance in Banks' to all schedule banks, with advice to implement the directives of the guidelines. The Bank Company Act, 1991 as amended in 2013 requires some changes in the reporting line and Organogram of the Internal Control and Compliance Department. The revised 'Guidelines on Internal Control and Compliance in Banks' have been prepared to implement section 15 (Ga) of Bank Company Act, 1991 and as such the reporting line of Audit and Inspection Division has been changed and the Organogram redrawn up. Subsequently, Banking Regulation and Policy Department (BRPD) of Bangladesh Bank, vide its Circular No. 06 dated September 04, 2016 has brought in twelve (12) amendments in the revised guidelines on internal control and compliance, which were promulgated on March 08, 2016. The notable amendments, inter alia, have empowered the Head of Audit and Inspection Division, under Internal Control and Compliance (ICC) Department, to have full and free access to the Audit Committee, and the Head of ICC will report his/her activities and findings to the Senior Management. However, the Head of Audit, although being a part of ICC administratively, will report directly to the Audit Committee of the Bank (ACB) and be responsible to the ACB.

As per the above directives of Bangladesh Bank, Mutual Trust Bank has revised its Internal Control and Compliance (ICC) Policy duly approved by the Board of Directors in its 204th meeting held on April 24, 2017 (Memo No. 5908). In line with the revised directives of Bangladesh Bank, the bank has also restructured its Internal Control and Compliance (ICC) Department, which is headed by a Senior Executive in the position of Deputy Managing Director. The three divisions of ICC

Department, namely - Audit and Inspection Division, Compliance Division and Monitoring Division have also been revamped in light of the revised guidelines. The Bank has also a Compliance Manual duly approved by the Board of Directors.

The Internal Control and Compliance Department ensures internal control structure in the Bank with appropriate assignment, accountability of the personnel and delegation of authorities to functional management to exercise control and create a compliance culture within the organization under the active guidance and supervision of the Senior Management and the Board of Directors.

As a tool of Internal Control, the Audit and Inspection Division undertakes periodic and special audits and inspections on the branches and departments/divisions of the Head Office in order to find out the weaknesses and defects in the control processes, and it reports to the Audit Committee for corrective measures to protect the interest of the Bank.

The Compliance and Monitoring Divisions of the Internal Control and Compliance Department ensure timely and proper compliance with the relevant laws, regulatory instructions, and internal policies and procedures in the day-to-day operations of the Bank by way of using various control tools. The concerned divisions assess the operational risks and take appropriate measures to mitigate the same for smooth operation of the Bank.

Overall, the Internal Control and Compliance Department reports on the serious non-compliances detected by internal and external auditors and Bangladesh Bank's inspection teams with up-to-date compliance position, large financial risk exposures, weaknesses in control mechanism and other risk areas to the Audit Committee of the Board, for review and taking appropriate remedial measures.

There is a Senior Management Team (SMT) headed by the Managing Director & CEO. The SMT reviews the overall effectiveness of the control system of the bank and provides a certificate on yearly basis to the Board of Directors on the effectiveness of Internal Control policies, practices and procedures.

The overall Internal Control and Compliance position of the Bank was at satisfactory level during the year 2018.



# REPORT OF THE BOARD AUDIT COMMITTEE

MTB formed an Audit Committee on January 18, 2003 comprising 03 (three) members of the Board in compliance of BRPD Circular no. 12 dated December 23, 2002 of Bangladesh Bank as well as the Notification (SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006) of the Securities and Exchange Commission. The MTB Board Audit Committee was lastly reconstituted by the MTB Board of Directors at its 223rd meeting held on Tuesday, July 03, 2018 comprising 04 (four) members of the Board as per BRPD Circular No. 11 dated October 27, 2013 and in line with the SEC's Notification No. SEC/CMRRC/2006-158/129/Admin/43 dated July 03, 2012.

## Role of the Committee

The Audit Committee is a Committee of the Board of Directors responsible for oversight of the financial reporting process, selection of the independent auditor, and receipt of audit reports, both internal and external. The Committee assists the Board of Directors to fulfill its corporate governance and oversee the responsibilities in relation to an entity's financial reporting, internal control system, internal and external audit functions and compliance with applicable laws, rules and regulations. Its role is to provide advice and recommendations to the Board within the scope of its terms of reference/charter. In order to fulfil the same, MTB Board Audit Committee performs, among others, the following functions:

### a) Internal Control:

- i. Evaluates whether the management has set the appropriate compliance culture by communicating the importance of internal control and clearly defining the duties and responsibilities of the Bank officials, and whether the management has full control over their activities.
- ii. Reviews the arrangements made by the management for building a suitable Management Information System (MIS) including computerized system and its applications.
- iii. Considers whether the internal control strategies/structures recommended by internal and external auditors from time-to-time have

been implemented by the management.

- iv. Reviews the corrective measures taken by the management as regards the incidents relating to frauds-forgeries, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities and inform the Board on regular basis.
- v. With the governance and guidance from the Board of Directors, the Audit Committee puts in place policies and procedures to identify, measure, monitor and control risks.

### b) Financial Reporting:

- i. Reviews the annual financial statements and verifies whether full and fair disclosures of information have been made therein, and whether statements have been prepared in accordance with the existing rules and regulations in the country and accounting standards, including the standards set by Bangladesh Bank.
- ii. Discusses with the management and the external auditors to review the financial statements before its finalization.

### c) Internal Audit:

- i. Ensures the internal audit functions are dealt with independently and submitted to the Audit Committee of the Bank.
- ii. Reviews the internal audit functions and organizational structure in order to ensure that unjustified restrictions or limitations do not create a hindrance to audit functions.
- iii. Examines the efficiency and effectiveness of internal audit function.
- iv. Examines whether the findings and recommendations made by the internal auditors for removing the irregularities are duly acted upon by the management in running the affairs of the Bank.

**d) External Audit:**

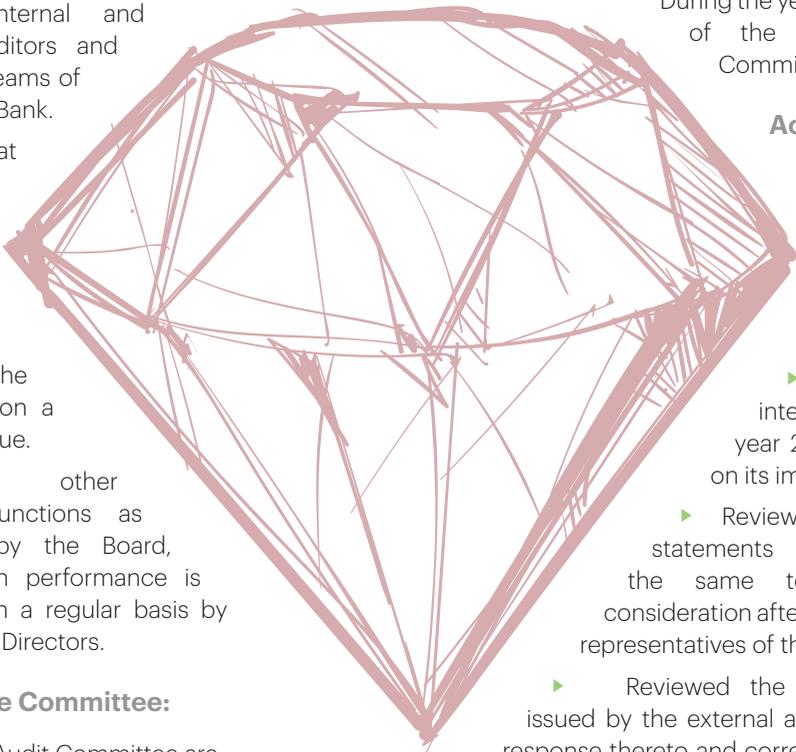
- i. Reviews the audit performance of the external auditors and their audit reports.
- ii. Examines whether the findings and recommendations made by the external auditors for removing the irregularities are duly acted upon by the management in running the affairs of the Bank.
- iii. Makes recommendations to the Board regarding the appointment of the external auditors for conducting the audit work of the Bank.

**e) Compliance with Existing Laws, Rules & Regulations:**

Reviews whether the rules and regulations framed by the regulatory authorities (Bangladesh Bank and other agencies) and internal policies approved by the Board of MTB are being complied with.

**f) Other Responsibilities:**

- i. Places compliance report before the Board on quarterly basis regarding regularization of the errors, omissions, frauds, forgeries and other irregularities detected by the internal and external auditors and inspection teams of Bangladesh Bank.
- ii. Ensures that the internal and external auditors submit evaluation reports to the Committee on a particular issue.
- iii. Performs other oversight functions as requested by the Board, and its own performance is evaluated on a regular basis by the Board of Directors.



Corporation Ltd.)

- 4. Dr. Sultan Hafeez Rahman, Independent Director

**Member**

The Company Secretary of the Bank functions as the Secretary of the Committee as per regulatory guidelines. The Managing Director & CEO, other members of Corporate Management, representatives of the External Auditors, Group Head of Internal Control and Compliance, Head of Credit Risk Management, Head of Group Finance, Head of Internal Audit, Head of Special Assets Management and other officials are invited to attend the meetings as and when the Committee requires their presence.

**Meetings:**

The Committee regularly meets the Heads of Internal Control and Compliance, Credit Risk Management, Group Finance, Head of Internal Audit, Special Assets Management, other Bank Officials and also the External Auditors to discuss the Bank's Financial Reporting, Audit Review, Internal Control & Compliance Position, recovery of non-performing loans (NPL) and other relevant matters.

During the year 2018, five meetings of the MTB Board Audit Committee were held.

**Activities:**

During the year under review, the Committee, inter alia, focused on the following activities:

- ▶ Reviewed the internal audit plan for the year 2018 and followed up on its implementation status.
- ▶ Reviewed the draft financial statements and recommended the same to the Board for consideration after the meeting with the representatives of the external auditors.
- ▶ Reviewed the Management Letter issued by the external auditors, management response thereto and corrective measures taken by the Bank to avoid recurrence of the lapses mentioned therein.
- ▶ Reviewed the quarterly financials of the Bank prepared to evaluate the performance for onward submission to the shareholders as a statutory requirements.
- ▶ Reviewed the major internal audit findings

**Composition of the Committee:**

The members of the Audit Committee are:

- 1. Mr. Anwarul Amin, Independent Director  
**Chairman**
- 2. Mrs. Khwaja Nargis Hossain, Vice Chairman  
**Member**
- 3. Mr. Rashed Ahmed Chowdhury, Director  
**Member** (Representing Associated Builders

(Branches and Divisions/Departments of Corporate Head Office) with a view to taking corrective action on time.

- ▶ Reviewed the major findings/observations of Bangladesh Bank's Inspection Reports and advised the management of the Bank to take steps for rectification of lapses/irregularities toward fulfilling the compliance requirements of the regulator.
- ▶ Reviewed the Self-Assessment reports of Anti-Fraud Internal Controls of the Bank.
- ▶ Reviewed the Integrated Annual Health Report of the Bank as a regulatory requirement and advised the management of the Bank to take steps for further improvement of the financial health of the Bank.
- ▶ Reviewed the arrangements made by the management for building a suitable Management Information System (MIS) including computerized system and its applications.
- ▶ Examined whether the findings and recommendations made by the internal auditors for removing the irregularities are duly acted upon by

the management in running the affairs of the Bank.

- ▶ Placed compliance reports/minutes before the Board detailing the decisions taken/recommendations made by the Committee in its various meetings for information/concurrence of the Board.

#### **Approval of Financial Statements:**

The Audit Committee reviewed and examined the Annual Financial Statements, 2018 prepared by the Management and audited by the External Auditors A. Qasem & Co. and recommended to place the same before the Board for consideration.

The Board approved the same in its 236th meeting held on April 29, 2019.

#### **Acknowledgement:**

The MTB Board Audit Committee expresses its sincere thanks and gratitude to the Board of Directors, Management and the Auditors for their support in smooth operation of the Bank.



**ANWARUL AMIN**

CHAIRMAN OF THE MTB BOARD AUDIT COMMITTEE



# MTB BOARD RISK MANAGEMENT COMMITTEE (BRMC)

Managing risk is an integral part of our banking operations. Our risk management approach focuses on ensuring continued financial soundness of the bank, and safeguarding the interests of our stakeholders, while remaining nimble to seize value-creating business opportunities in a fast-changing business environment. We are committed to maintain high standards of corporate governance, sound risk management practices to achieve long-term growth. We continuously strive towards best risk management practices to support our strategic objectives.

The Board Risk Management Committee of MTB was formed in 2014, in compliance with the Bangladesh Bank's BRPD Circular No. 11, dated October 27, 2013. The Committee assists the Board in fulfilling its responsibility in respect to the followings:

1. overseeing the risk management framework, including the significant policies and practices used in managing credit, market, and operational risks;
2. defining the bank's risk appetite, risk tolerance, risk limit, and set risk strategies;
3. ensuring that the management is taking necessary steps to implement those strategies, and managing accompanying risks;
4. overseeing the policies and practices relating to funding risk, liquidity risk and pricing risk, which constitute significant components of market risk, and risks pertaining to capital management.

The Committee reports to the Board regarding risk profile of the bank, as well as, its risk management framework, including the significant policies and practices employed to manage risks in businesses, and the overall adequacy of the risk management function.

## Composition

The Committee presently consists of the following Directors, nominated by the Board of Directors:

1.	Dr. Arif Dowla, Director	Chairman
2.	Mr. M. A. Rouf, JP, Director	Member
3.	Mr. Md. Abdul Malek, Director	Member
4.	Mr. Md. Hedayetullah, Director	Member
5.	Mr. Md. Manirul Islam, Director	Member
6.	Mr. Anis A. Khan, Managing Director & CEO	Member

## Activities in 2018

During the year, five (5) BRMC meetings were held. The Committee worked closely with the management team,

and the Board in fulfilling its statutory, fiduciary, and regulatory responsibilities of managing the risks of the bank. In this regard, the Committee's main functions in 2018 were as follows:

- ▶ Assessed all risks including credit, market, liquidity, operational and strategic risks on a regular basis via appropriate risk indicators and MIS reports.
- ▶ Reviewed sector-wise exposure, earning, and non-performing loans (NPL) to ensure that risk exposure in higher NPL sectors are compensated through appropriate loan pricing.
- ▶ Reviewed the adequacy and effectiveness of all management level committees, and to manage the associated risks within the quantitative and qualitative risk limits.
- ▶ Ensured that the risks at MTB are within prudent levels, as decided by the Committee, and based on the bank's risk appetite and the regulatory requirements. Need based corrective actions, as needed, are taken promptly.
- ▶ Reviewed the risk policy/manual/guidelines before placing them to the Board for approval.
- ▶ Reviewed the progress of Basel III Roadmap implementation, and associated capital adequacy planning in the long term.
- ▶ Minimized documentation error under residual risk of Basel III for reducing the additional capital requirement against Risk Weighted Assets of the bank.
- ▶ Moved high risk weighted exposure to lower risk weighted category in order to reduce the capital requirement of the bank.
- ▶ Ensured an optimum level of dividend, suggesting risk addressed steps to improve the profitability, in the short term and advising appropriate action steps for reduction of the NPLs.
- ▶ Ensured the asset quality and increased profitability of the bank by exercising extreme caution while booking/marketing new customers.

During the year under review, the Committee supported and moved forward the bank's business strategy, and reinforced its values in the context of a clearly articulated risk appetite, and effective risk management system.

**Dr. Arif Dowla**

Chairman

MTB Board Risk Management Committee

Dhaka, April 29, 2019



# DISCLOSURES ON RISK BASED CAPITAL (BASEL III)

## 1. Introduction

Bangladesh Bank (BB) issued Guidelines on Risk Based Capital Adequacy (a revised regulatory capital framework for banks in line with Basel III) in December 2014, in accordance with Basel III, a global regulatory framework for more resilient banks and banking systems, issued by Basel Committee for Banking Supervision (BCBS) in 2010.

The objectives of Market Discipline in the revised framework is to establish more transparent, and more disciplined financial market, so that stakeholders can assess the position of a bank regarding holding of assets, and to identify the risks relating to the asset and capital adequacy to meet probable loss of assets. We are providing the following detailed qualitative and quantitative disclosures, in accordance with Guidelines on Risk Based Capital Adequacy by Bangladesh Bank.

## 2. Disclosure Policy

Bank calculates Risk Weighted Assets (RWA) under the following approaches as per Basel III guidelines (BRPD circular no.18, dated December 21, 2014):

- (a) Standardized approach for credit risk
- (b) Standardized approach for market risk
- (c) Basic indicator approach for operational risk.

## 3. Components of Disclosure Framework:

- i) Scope of application
- ii) Capital structure
- iii) Capital adequacy
- iv) Credit risk
- v) Equities: disclosures for banking book positions
- vi) Interest Rate Risk in the Banking Book (IRRBB)
- vii) Market risk
- viii) Operational risk
- ix) Leverage ratio
- x) Liquidity ratio
- xi) Remuneration

## i. Scope of Application:

The Risk Based Capital Adequacy framework applies to all banks on 'Solo' and 'Consolidated' basis. The framework on 'Solo' basis refers to all positions of the bank, its local and overseas branches/offices, and 'Consolidated' basis includes subsidiary companies, if any. Mutual Trust Bank Limited (MTB) applies both the frameworks on "Solo" and "Consolidated" basis, as the bank has three subsidiaries, namely i) MTB Securities Limited ii) MTB Capital Limited iii) MTB Exchange (UK) Limited.

## ii. Capital Structure

### Qualitative Disclosures

The terms and conditions of the main features of all capital instruments have been segregated in terms of eligibility criteria (BRPD circular no. 18 dated December 21, 2014 and other instructions given by Bangladesh Bank).

Tier-I (Going-Concern Capital) Capital consists of Common Equity Tier-I (CET-I), and Additional Tier-I Capital. MTB has no additional Tier-I Capital. CET-I Capital of MTB comprises Paid-up Capital, Statutory Reserve, General Reserve, Retained Earnings, and Minority Interest in Subsidiaries. Tier-II (Gone-Concern Capital) comprises General Provisions (on unclassified and Special Mention Account (SMA) loans and off-balance sheet exposure), Revaluation Reserves for Securities, Fixed Assets, and Equities, following the deductions as per Basel III guidelines, MTB's Partially Convertible Subordinate Bond, as approved by Bangladesh Bank (BB), and Bangladesh Securities and Exchange Commission (BSEC).

## Quantitative Disclosures

### Total Eligible Capital

BDT in Million

Particulars	Solo	Consolidated
<b>Common Equity Tier-I Capital:</b>		
Paid-up Capital	5,733.63	5,733.63
Statutory Reserve	4,096.00	4,096.00
General Reserve	786.78	786.78
Retained Earnings	1,934.03	2,175.94
Minority Interest in Subsidiaries	-	0.13
<b>Regulatory Adjustments/Deductions</b>		
Goodwill and Other Intangible Assets	80.04	80.04
Investments in own CET-I Instruments/Shares	-	-
Deferred Tax Assets	1,134.08	1,134.08
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	-
<b>Total Common Equity Tier-I Capital</b>	<b>11,336.32</b>	<b>11,578.36</b>
<b>Additional Tier-I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier-I Capital</b>	<b>11,336.32</b>	<b>11,578.36</b>
<b>Tier-II Capital:</b>		
General Provision	2,611.66	2,611.66
Revaluation Reserves	260.14	260.14
Subordinated Debt	6,800.00	6,800.00
<b>Regulatory Adjustment/Deduction</b>	<b>208.11</b>	<b>208.11</b>
<b>Total Tier-II Capital</b>	<b>9,463.69</b>	<b>9,463.69</b>
<b>Total Eligible Capital</b>	<b>20,800.01</b>	<b>21,042.05</b>

### iii. Capital Adequacy

#### Qualitative Disclosures

##### a. Capital Calculation Approach

The assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank (BB): standardized approach for credit and market risk, and basic indicator approach for operational risk.

##### b. Capital of the Bank

BDT in million

Capital Adequacy	Solo	Consolidated
Minimum Capital Requirement for Credit Risk	14,683.92	14,650.94
Minimum Capital Requirement for Market Risk	401.38	513.10
Minimum Capital Requirement for Operational Risk	1,144.36	1,200.40
Total Capital Requirement	16,229.67	16,364.44
<b>Total Eligible Capital</b>	<b>20,800.01</b>	<b>21,042.05</b>
Capital to Risk Weighted Asset Ratio (CRAR) (%)	12.82	12.86
Common Equity Tier-I Capital Ratio (%)	6.98	7.08
Total Tier-I Capital Ratio (%)	6.98	7.08
Tier-II Capital Ratio (%)	5.83	5.78
Capital Conservation Buffer	3,043.06	3,068.33
<b>Available Capital for Pillar-II requirement</b>	<b>1,527.27</b>	<b>1,609.28</b>

MTB follows the following principles in maintaining its capital base:

- ▶ A strong Capital to Risk Weighted Asset Ratio (CRAR);
- ▶ Capital at a reasonable level to absorb all material risks;

MTB ensures compliance with the regulatory requirements, and satisfaction of external rating agencies and other stakeholders including depositors.

### c. Capital Management

Initiative to ensure adequate capital encompasses:

- ▶ Issuing subordinated debt to raise Tier-II capital;
- ▶ Encouraging borrowers to complete external credit rating to assess counterparty credit risk status, and minimizing regulatory capital requirements;
- ▶ Improving and enhancing collateral coverage through efforts to obtain eligible collateral;
- ▶ Assessing risk profile, and credit rating of new clients.

MTB's CRAR is periodically reviewed by the Risk Management Division (RMD), and reported to the senior management and the Board.

### iv. Credit Risk

#### Qualitative Disclosure

MTB manages credit risk through a robust process that enables the bank to proactively manage its loan portfolio in order to minimize losses, and earn an acceptable level of return for its shareholders.

#### Credit Risk Management at MTB

MTB's Credit Policy Manual (CPM), approved by the Board of Directors, defines organizational structure, roles, responsibilities and processes, whereby, credit risks can be identified, quantified, and managed. Credit instruction manuals address regulatory issues, and establish control points. MTB credit approval process specifies all conceivable aspects including eligibility of the borrower, requirement of papers/information/documents, borrower's stake, and all other issues related to borrowing. The credit policy encompasses, all operational issues of credit, right from selection of borrower to the ultimate recovery, including transfer process of delinquent account and treatment of slow, overdue accounts, Special Mention Accounts (SMA), and classified loan accounts. MTB manages credit risk through continuous measuring, and monitoring of risks at obligor (borrower) levels and portfolio level, and follows the Credit Risk Grading (CRG) model of Bangladesh Bank, and has deployed a credit appraisal/approval process. The CRG model captures both the quantitative

and qualitative issues, related to management risk, business risk/industry risk, financial risk, security risk and relationship risk, while assessing the overall grading of borrowers. We also get credit rating of our clients by External Credit Assessment Institutions (ECAIs). In 2018, MTB's total number of rated clients is 1,575 which was 1,779 in the previous year. For ensuring smooth and quality credit operations, good governance, quick approvals, better control, and making safe and secured lending have been emphasized.

### Loan Classification

All the loans and advances are grouped into four categories for the purpose of classification, which are: (i) Continuous Loan (ii) Demand Loan (iii) Fixed Term Loan and (iv) Short-term Agricultural and Micro-Credit.

#### Continuous & Demand Loans are classified as:

- ▶ Sub-standard - if past due for 3 months or more, but less than 6 months;
- ▶ Doubtful - if past due for 6 months or more, but less than 9 months;
- ▶ Bad/Loss - if past due for 9 months or more.

#### Fixed Term Loans amounting up to 10 lacs are classified as:

- ▶ Sub-standard - if the defaulted installment is equal to, or more than the amount of installment (s) due within 6 (six) months;
- ▶ Doubtful - if the defaulted installment is equal to, or more than the amount of installment (s) due within 9 (nine) months;
- ▶ Bad/Loss - if the defaulted installment is equal to, or more than the amount of installment(s) due within 12 (twelve) months.

#### Fixed Term Loans for more than 10 lacs are classified as:

- ▶ Sub-standard - if the defaulted installment is equal to, or more than the amount of installment (s) due within 3 (three) months;
- ▶ Doubtful - if the defaulted installment is equal to, or more than the amount of installment(s) due within 6 (six) months;
- ▶ Bad/Loss - if the defaulted installment is equal to, or more than the amount of installment(s) due within 9 (nine) months.

#### Short-term Agricultural and Micro Credit are classified as:

- ▶ Sub-standard - if the irregular status continues after a period of 12 (twelve) months;
- ▶ Doubtful - if the irregular status continues after a period of 36 (thirty-six) months;

- ▶ Bad/Loss - if the irregular status continues after a period of 60 (sixty) months.

A continuous credit, demand loan or term loan which remains overdue for a period of 60 days or more is classified as a "Special Mention Account (SMA)".

BDT in Million

Credit Risk	Amount
<b>a) Total gross credit risk exposures broken down by major types of credit exposure. (Solo)</b>	
Term Loan	44,660.19
SME Financing	17,896.47
Consumer Financing	147.49
Retail Financing	7,735.47
General Loans	5,314.94
Demand Loan	3,298.63
Payment Against Documents (PAD)	1,182.37
Trust Receipts	10,897.19
Lease Finance	313.53
Export Development Fund	6,463.90
House Building Loan	5,309.18
Staff/Employee Loan	734.22
Loan to MTB Securities Limited	0.00
Loans and Advances - Off-shore Banking Unit	11,262.80
Loan disbursed by MTB subsidiaries	0.00
Cash Credit	27,105.04
Packing credit	440.65
Secured Overdraft	17,768.86
<b>Bills purchased and discounted</b>	-
Payable in Bangladesh	2,131.34
Payable outside Bangladesh	388.23
Offshore Banking Unit	231.22
<b>b) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure. (Solo)</b>	
<b>Urban</b>	
Dhaka Division	120,532.57
Chattogram Division	26,857.54
Rajshahi Division	4,523.03
Sylhet Division	1,129.48
Khulna Division	1,612.72
Rangpur Division	2,768.88
Barisal Division	216.88
Mymensingh Division	637.55
<b>Rural</b>	
Dhaka Division	2,787.70
Chattogram Division	1,657.64
Rajshahi Division	-
Sylhet Division	82.23
Khulna Division	-
Rangpur Division	318.45
Barisal Division	-
Mymensingh Division	157.04

BDT in Million

Credit Risk	Amount
<b>c) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure. (Solo)</b>	
Agriculture	1,339.43
RMG	25,005.76
Textile	15,409.39
Ship Building	2,251.73
Ship Breaking	3,514.69
Other Manufacturing Industry	37,717.74
SME Loans	16,520.28
Construction	10,038.93
Power and Gas	2,426.91
Transport, Storage and Communication	923.34
Trade Service	14,258.60
Commercial Real-estate Financing	5,019.35
Residential Real-estate Financing	856.74
Consumer Credit	10,250.16
Financial Institutions	3,568.56
Advances to Managing Director and Senior Executives	734.22
Others	13,445.89
<b>d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure. (Solo)</b>	
On demand	17,618.10
Not more than three months	39,250.27
More than three months, but less than one year	58,667.12
More than one year, but less than five years	38,439.17
More than five years	9,307.06

**e) Amount of Impaired Loans**

BDT in Million

Particulars	Amount
Continuous Loans	2,113.40
Demand Loans	628.15
Term Loans	5,981.50
Short-Term Agro-Credit and Micro-Credit	228.35
<b>Total</b>	<b>8,951.40</b>

**Specific and General Provisions**

Specific and general provisions are made on the amount of classified and unclassified loans and advances/investments respectively, exposures of off-balance sheet, and Offshore Banking Units of the Bank.

BDT in Million

Particulars	Amount
Provision on unclassified loans and advances/ investments including Off-shore banking unit	1,422.37
Provision on classified loans and advances/ investments	3,183.38
Provision on off-balance sheet exposure	594.64
<b>Total</b>	<b>5,200.40</b>

**Guidelines for Loan Loss Provisions**

The Bank follows Bangladesh Bank guidelines regarding loan classification, provisioning, and any other issues related to Non-Performing Loan (NPL), internal credit guidelines, direct loan provisioning, review procedure, loan write-off, facility grading, reporting requirement, and interest recognition.

Particulars	Rate
<b>General Provision</b>	
Against all unclassified loans (Standard and SMA) of Small and Medium Enterprise (SME)	0.25%
Against all unclassified loans, off-balance sheet exposures and Housing Finance (HF) under Consumer Financing (CF) (Other than loans under Consumer Financing (CF), SME Financing, Loans to Brokerage House, Merchant Banks, Stock dealers)	1%
On unclassified amount for Loans for Professionals (LP) to set up business & Credit Card Loans under consumer financing scheme, loans to Brokerage House, Merchant Banks, Stock dealers.	2%
On unclassified amount for consumer financing other than HF & LP	5%
<b>Specific Provision</b>	
Specific provision on Sub-standard and Doubtful loans and advances for Short Term agri. credit & Micro credit	5%
Specific provision on Sub-standard loans and advances except Short Term agri. credit & Micro credit	20%
Specific provision on Doubtful loans and advances except Short Term agri. credit & Micro credit	50%
Specific provision on Bad and Loss loans and advances	100%

Throughout the year, loans and advances were reviewed to assess whether objective evidence of impairment had arisen.

#### f. Movement of NPA, and specific provision for NPA

The following table gives MTB's movement of NPAs, and specific provision for NPA

BDT in Million

Gross Non-Performing Assets (NPAs)	Amount
Non-Performing Assets (NPAs) to Outstanding Loans & Advances (%)	5.39
<b>Movement of Non-Performing Assets (NPAs)</b>	
Opening balance	6,268.36
Additions	2,683.04
Reductions	
<b>Closing Balance</b>	<b>8,951.40</b>
<b>Movement of specific provisions for NPAs</b>	
Opening balance	2,398.34
Add: Provisions made during the period	2,223.53
Add: Recoveries of amounts previously written off	0.96
Less: Adjustment for Loan written off during the year	(1,439.45)
<b>Closing Balance</b>	<b>3,183.38</b>

#### v. Equities: Disclosures for banking Book Positions

MTB Securities Limited, a corporate member of Dhaka Stock Exchange Limited (Member No. 197), executes the stock brokerage functions of MTB. For equity financing, only investment in unquoted securities are considered as Banking Book assets; investment in equity for relationship or strategic reason is considered under trading book. Investment in equity securities is broadly categorized into two parts:

- Quoted securities (common or preference shares and mutual funds) - Traded in the secondary market (trading book assets)
- Unquoted securities- Categorized as banking book

equity exposures, which are further, sub-divided into two groups:

- Unquoted securities which are invested without any expectation that these will be quoted in near future i.e. Held-to-Maturity (HTM);
- Unquoted securities acquired under private placement or IPO that are going to be traded in the secondary market after completing required formalities.

The primary aim is capital gain or dividend income. Dividends received from these equity securities are accounted for as and when received. Both quoted and un-quoted equity securities are valued at cost, and necessary provisions are maintained if the

prices fall below the cost price. As per Bangladesh Bank (BB) guidelines, Held-for-Trading (HFT) equity securities are mark-to-market (revalued) once a week, and HTM equity securities are amortized annually.

HTM securities are revalued, if reclassified to HFT (with approval of the Board of Directors). The quoted shares of the bank are valued at cost or market price, whichever is lower.

BDT in Million

Equities	Amount
a) Value disclosed in the balance sheet of investments, as well as, the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value	
Cost price	540.30
Market price	632.79
Difference	92.49
b) Cumulative realized gains (losses) arising from sales and liquidations in the reporting period	
c) Total unrealized gains (losses)	92.49
d) Total latent revaluation gains (losses)	-
e) Any amounts of the above included in Tier II capital	-
f) Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements	
Specific Risk	91.83
General Market Risk	91.83

#### vi. Interest Rate Risk in the Banking Book

Interest rate risk arises when changes in market interest rates adversely affect bank's financial condition, affecting both current earnings (earnings perspective), and net worth of the bank (economic value perspective).

The short-term impact of changes in interest rates

is on the bank's Net Interest Income (NII). The longer-term changes in interest rates affect asset cash flows, liabilities, and off-balance sheet items. This poses a risk to the net worth of the bank, arising out of all re-pricing mismatches, and other interest rate sensitive positions. MTB assesses the economic value at risk due to interest rate shock on a quarterly basis.

BDT in Million

Interest Rate Risk in the Banking Book	Amount		
Total Risk Sensitive Assets	133,861.10		
Total Risk Sensitive Liabilities	126,233.10		
Cumulative Gap			
< 3 months	(12,313.10)		
3-6 months	(12,635.90)		
6-12 months	7,628.00		
CRAR before Shock (%)			
Assumed Change in Interest Rate (%)	1	2	3
<b>Net Interest Income and Re-pricing impact (%)</b>			
CRAR after Shock (%)	<b>12.07</b>	<b>11.44</b>	<b>10.80</b>

#### vii. Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in different market variables, namely:

- ▶ Interest rate movements;
- ▶ Foreign currency exchange rate movements;

- ▶ Equity/stock price movements.

MTB's Market Risk Policy, approved by the Board, covers assessment, monitoring, and management of the market risks. The Board sets limits, and reviews compliance on a regular basis, in order to provide cost effective funding to finance asset growth, and trade related transactions.



**a. Methods Used to Measure Market Risk**

Standardized approach for market risk calculates the minimum capital requirement, for each risk sub-category, in terms of two separately calculated capital charges for “specific risk” and “general market risk”.

**b. Market Risk Management System**

The Treasury Department manages market risk covering liquidity, interest rate, and foreign exchange risks, with oversight from Asset Liability Management Committee (ALCO), comprising of senior executives of the bank. The Managing Director and CEO of the bank chairs the ALCO, and meetings are held at least once in a month.

**c. Policies and Process for Managing Market Risk**

There are approved limits for credit deposit ratio, liquid asset to total asset ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items, and borrowing from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to mitigate market risks. The Treasury Department of the Bank reviews the prevailing market conditions, exchange rates, foreign exchange position, and transaction to mitigate foreign exchange risks on a daily basis. Foreign exchange risk is computed on the sum of net short positions, or net long positions, whichever is higher of the foreign currency positions held by the bank.

BDT in Million

Quantitative Disclosure of Market Risk	Amount
Capital Requirement for:	
Interest Rate related instruments	74.41
Equities	183.66
Foreign Exchange Position	255.03
Commodity Risk	-
<b>Total</b>	<b>513.10</b>

**viii. Operational Risk**

Operational risk arises from inadequate or failed internal processes, people and systems, or from external causes, whether deliberate, accidental or natural - inherent in all of the Bank’s activities. The policy for operational risks, including internal control and compliance risk, is approved by the Board, taking into account relevant guidelines of Bangladesh Bank. The Audit Committee of the Board directly oversees the activities of the Internal

Control and Compliance Department (ICCD) with the object of mitigating all operational risks.

**a. Performance Gap of Executives and Staff**

MTB tries to staff with excellent quality of personnel by offering competitive remuneration packages, and by ensuring workplace safety for its employees with consistent adoption of best employment practices, and constantly following the policy of non-discrimination regarding compensation, health and safety. Its strong brand image plays an important role in employee motivation. Combination of all these has created a very strong choice among the workforce of banking industry for MTB as being professionally an ideal place of choice.

**b. Systems**

MTB has invested heavily in IT infrastructure for better automation, online transaction platform and network links to avoid business disruption and system failure. The Bank’s IT system does not allow any kind of external access, ensuring safeguarding from external fraud (theft/ hacking of information assets, forgery etc.).

**c. Policies and Processes for Managing Operational Risk**

MTB has Risk Management Division in place. Its objectives are mainly to identify, assess, monitor, control and manage risks including operational risks and also to rectify risk events, and implement any additional procedures required for compliance. As per the internal control and compliance policy, 2017 of the bank, Group Internal Control & Compliance Department (ICCD) is conducting risk based internal audit. To do these, the activities of branches are being rated in terms of their risk status. It is the policy of the bank to conduct audit on all the branches at least once a year. ICCD directly reports to the Audit Committee of the Board. Human Resource Division of MTB has also introduced a vigorous Performance Management System (PMS) to evaluate human resources in terms of performance, and instill a performance-based culture within the organization.

BDT in Million

Quantitative Disclosure of Operational Risk	Amount
Capital requirement for Operational Risk	1,200.40

**ix. Leverage Ratio**

As an additional safeguard against model risk, and measurement error by supplementing the risk-based measure, a non-risk based regulatory leverage ratio has been introduced with a simple, transparent and independent measurement of risk. The Basel III leverage ratio is defined as the capital measure (Tier-I capital of the risk based capital framework) divided by the exposure measure, this ratio is expressed as a percentage.

BDT in Million

Components	Amount
Leverage Ratio (%)	4.41
On-Balance Sheet Exposure	219,261.52
Off-Balance Sheet Exposure	44,762.51
Regulatory adjustment made to Tier 1 capital	1,214.12
Total Exposure after regulatory adjustment	262,809.90

#### x. Liquidity Ratio

To measure the liquidity status of banks, Bangladesh Bank, in line with Basel Committee on Banking Supervision, has introduced two new standards for better liquidity management- Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), under Basel III accord. The LCR aims to ensure that a bank maintains adequate level of High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for 30 calendar days, under stressed scenario. The NSFR aims to limit over-reliance on short term wholesale funding during times of abundant market liquidity, and encourage better assessment of liquidity risk across all on and off-balance sheet items. Regulatory standards for LCR ratio is '≥100%' and for NSFR ratio is '>100%'.

MTB manages liquidity risk in accordance with its ALM Policy. This policy is framed as per the regulatory guidelines, and is approved by the Board of Directors. The ALM Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign with changes in the economic landscape. MTB's ALCO formulates and reviews strategies, and provides guidance to manage liquidity risk within the framework laid out in the ALM Policy. The committee proactively manages liquidity risk as a part of its ALM activities. MTB uses various tools to measure liquidity risk, which include Statement of Structural Liquidity (SSL), Liquidity Cash Flow Statements, Liquidity ratios and Stress Testing through scenario analysis etc. MTB management has also framed a Liquidity Contingency Plan (LCP), which serves as a framework for early identification and calibrated action in the event of tight liquidity conditions. The LCP includes various indicators, which are monitored regularly, and lays down the mechanism for escalation, remedial action, and crisis management until return to normalcy.

BDT in Million

Components	Amount
Liquidity Coverage Ratio	110.62%
Net Stable Funding Ratio	101.23%
Stocks of high quality liquid assets	36,608.83
Total net cash outflows over the next 30 calendar days	33,094.32
Available amount of stable funding	165,761.27
Required amount of stable funding	163,743.66

#### xi. Remuneration

##### a. The bodies that oversee remuneration

MTB aims to attract, retain, and motivate the best people who are committed to maintaining a career with the bank, and who will perform their roles in the long-term interests of the bank.

A vigorous and effective governance framework ensures that the bank operates within clear parameters of its compensation strategy. All compensation matters are overseen by MTB Group HR in consultation with the Deputy Managing Directors and Managing Director & CEO. In this process, evaluating market conditions and adjusting cost of living remuneration is set. The remuneration is finally approved by the Board of Directors.

##### b. Design and Structure of Remuneration

The bank has adopted a Board approved promotion policy. All eligible candidates for promotion are evaluated strictly in terms of the provisions of the promotion policy and subsequently recommended by the promotion committee comprising of the following executives:

Designation	As
Senior most Deputy Managing Director	Chairman
All Deputy Managing Directors	Members
MTB Group Head of HR	Member Secretary
MTB Group Head of Internal Control & Compliance	Member

##### c. Performance and Pay-nature and type of measures:

The bank uses objective based performance management system. The employees of the bank set objectives on the basis of the job description / assignment at the beginning of the year. Mid-year review is conducted to ascertain the progress report. Finally, performance of the employees are evaluated at the end of the year. The performance bonus for employees is linked to the overall performance of the bank.

##### d. Variable remuneration

Variable remuneration is related to performance and consists primarily of the annual performance bonus. As a part of variable remuneration, the annual bonus rewards delivery of operational and financial objectives, the individual performance of the employees in achieving those objectives.

The cluster heads and divisional/departmental heads recommend Incentive Bonus for employees working under their supervision. All recommendations examined

and evaluated by a committee known as Bonus Committee. The structure of the committee is as under:

Designation	As
Senior most Deputy Managing Director	Chairman
All Deputy Managing Directors	Members
MTB Group Head of HR	Member Secretary
MTB Group Head of Internal Control & Compliance	Member
MTB Group Chief Financial Officer	Member

The remuneration is a combination of fixed pay and variable pay. The variable pay is higher at senior levels than that of junior levels.

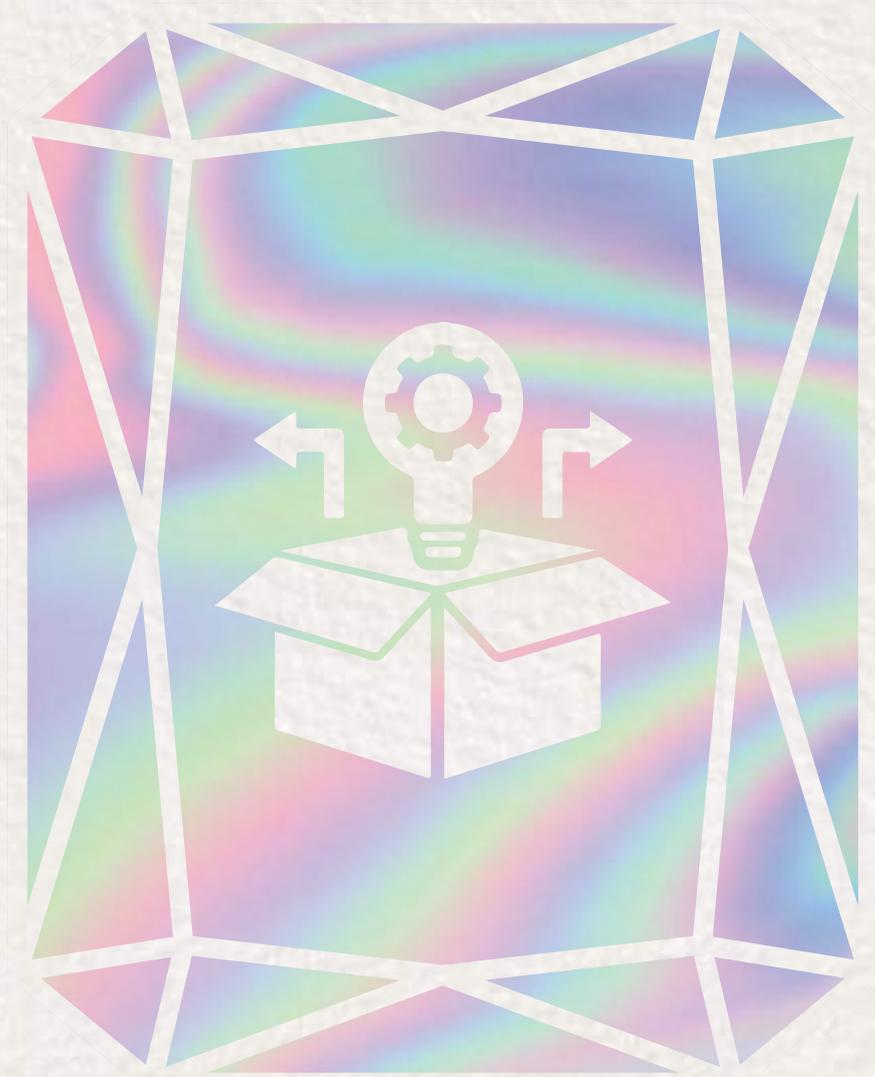
**e. Number of employees received variable remuneration award**

Employees received variable remuneration award for the year 2018 for their extra ordinary effort to ensure business profitability:

Category	Number of employees
Executives	14
Officers	13

**f. Total amount of severance payment:**

Total amount of BDT 78,777,708 (BDT seventy-eight million, seven hundred seventy seven thousand, seven hundred eight only) disbursed to 57 outgoing employees as severance payment for the year 2018 at the time of releasing them from the service of the bank.



UNLOCKING  
NEW  
HORIZONS



# PERFORMANCE ANALYSIS WITH THE MANAGEMENT

## Accounting for changes in reporting standards

As is applicable, we adhere to the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh for our reporting framework, except the circumstances where the local regulations differ and supersede the standards. These are listed in details in note 2.22 and 2.23 of the notes to the consolidated and separate financial statements as presented in page no. 246 of this Annual Report.

Two new financial reporting standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have come into effect from January 01, 2018. We have incorporated them as and where they are applicable for us; keeping in mind the scope to which they are permissible by our prime regulatory authority - Bangladesh Bank.

## Total Assets



Over the years, MTB's successive management teams have demonstrated keen foresight into industry trends and have taken timely decisions regarding key strategic maneuvers. This has enabled us to gain foothold across a well-diversified range of businesses in the financial sector. Moving forward to current times, our multiple business verticals allow us to strategically balance our focus over different fronts to take advantage of potential opportunities, enabling us to maximize our Return on Equity (ROE).

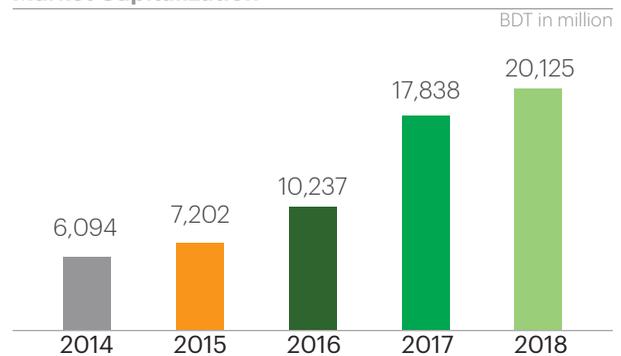
## The fundamentals of our business strategy

MTB has delivered a strong performance in 2018, thanks to our robust customer-focused approach, sound capital allocation strategy and a sustainable growth platform that enabled us to mitigate earnings volatility and report consistent growth. This is reflective in the sustainable growth trends of our Profit before Provision & Tax, Total Assets and Market Capitalization which have registered growth rates of 25%, 10% and 13% respectively over the last year.

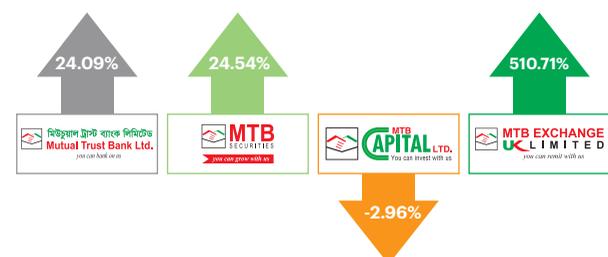
## Shareholder's Equity



## Market Capitalization



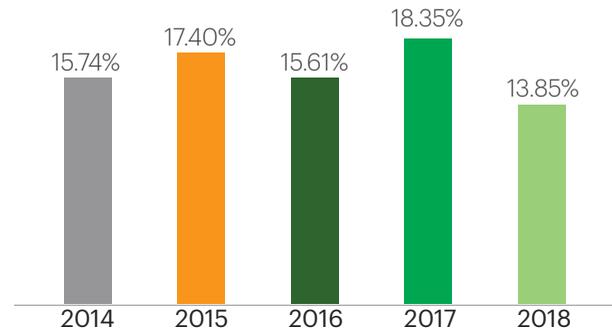
## Growth in Operating Profit MTB & Subsidiaries



### Return on Average Assets (ROAA)



### Return on Average Equity (ROE)



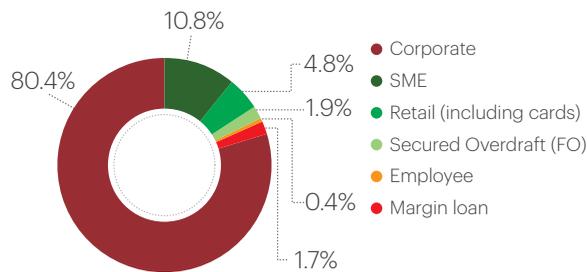
### Lending Business Review

Our total loan book, the core driver of our lending business, has increased by 14% and now stands at BDT 166,145 million. A total of 71,151 new clients were booked and we were able to grow our Net Interest Income by 22% to BDT 5,251 million in 2018. This came despite a tightening of our margins, resulting from a 16 bps fall in our Loan Deposit Spread over the year.

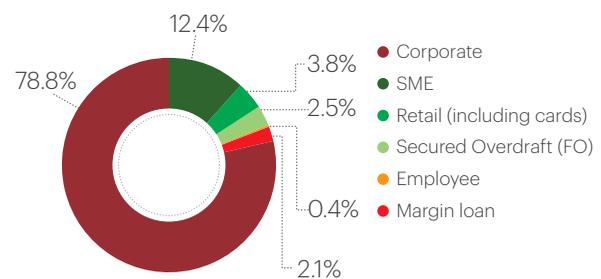
### Total Lending



### Portfolio Mix 2018



### Portfolio Mix 2017



### In-Depth Review of Our Financial Capital



#### What it entails

Our financial capital includes our monetary resources, which have been contributed by our investors and are being enhanced through our business activities. Our key sources of financial capital comprise of equity, debt and term deposits besides other sources of funds.



#### What it entails

Returns generated by our business enhances our financial capital, which in turn is used to repay our investors with dividend payments and the rest retained to aid business operations and growth through enhancing other capitals.

Material Aspects	Highlights
<b>Revenue Mix</b>	Achieved 24.74% growth in Profit Before Provision & Tax
<b>Cost Optimization</b>	Retained cost to income ratio at 50.31%
<b>Quality Asset Growth</b>	Restricted NPLs at 5.39%
<b>Funding Strategy</b>	Obtained loans and advances growth of 14.11%
<b>Capital Management</b>	Raised Tier-II capital taking CAR to 12.86%



### Challenges

- ▶ Competitive pressures affecting both asset and liability sides
- ▶ Interest rates bottoming out and lending rates being stickier than cost of funds, leading to poorer margins
- ▶ Management of operating expenses



### Responses

- ▶ Added new products targeting different customer needs, further improved customer service and ensured efficient fund-sourcing
- ▶ Re-arranging deposit and advances portfolio mix for reducing cost of fund and increasing yield on advances respectively
- ▶ Improved operating efficiency through process optimizations



# CAPITAL ADEQUACY RATIO

Financial Institutions (FIs) are required to maintain a minimum capital adequacy ratio of 10%. As per the Bangladesh Bank Prudential Guidelines on Capital

Adequacy and Market Discipline for Financial Institutions, At the end of 2018, capital adequacy ratio of the group stood at 12.86%

BDT in Million

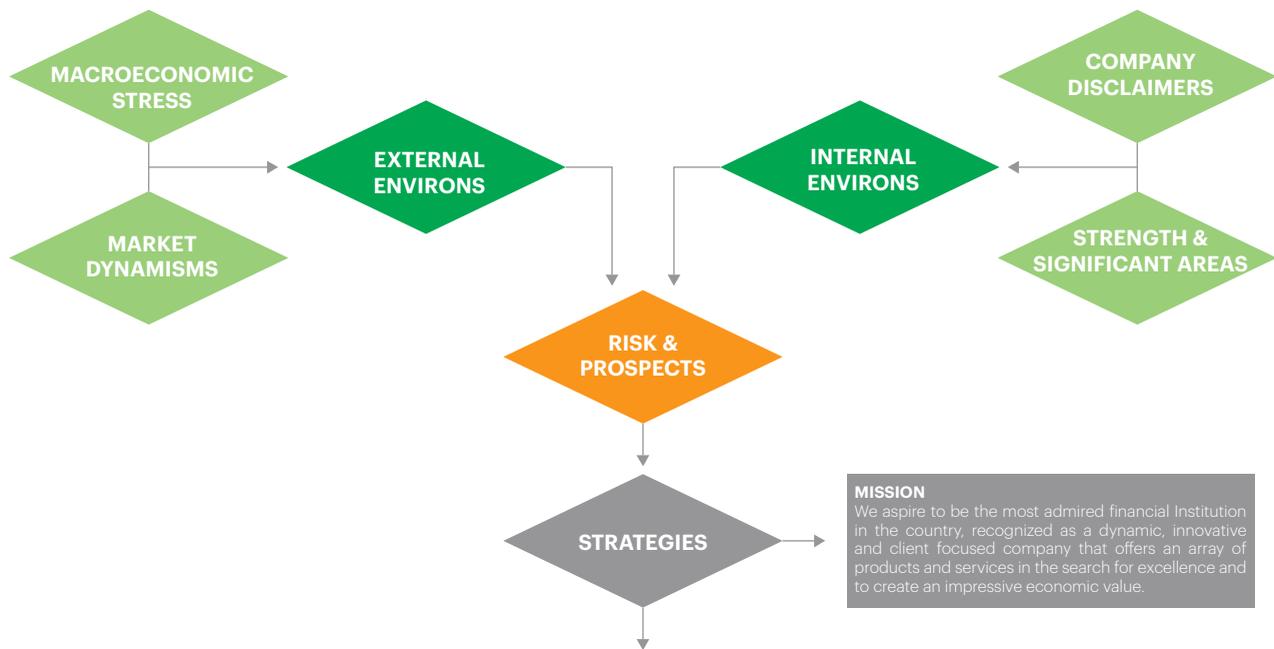
Particulars	2018		2017	
	Consolidated	Solo	Consolidated	Solo
<b>Common Equity Tier-1 (Going-Concern Capital):</b>				
Paid-up Capital	5,733.63	5,733.63	5,096.56	5,096.56
Statutory Reserves	4,096.00	4,096.00	3,622.22	3,622.22
General Reserves	786.78	786.78	616.78	616.78
Minority Interest	0.13	-	0.12	-
Retained Earnings	2,175.94	1,934.03	1,722.35	1,632.48
<b>Total</b>	<b>12,792.48</b>	<b>12,550.44</b>	<b>11,058.03</b>	<b>10,968.04</b>
<b>Regulatory Adjustments:</b>				
Goodwill and all other Intangible Assets	80.04	80.04	101.34	101.34
Deferred Tax Assets (95% of DTA as per BB Guideline)	1,134.08	1,134.08	889.11	889.11
Reciprocal Crossholdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	-	0.10	0.10
<b>Total</b>	<b>1,214.12</b>	<b>1,214.12</b>	<b>990.56</b>	<b>990.56</b>
<b>Total Common Equity Tier -1 (Going-Concern Capital)</b>	<b>11,578.36</b>	<b>11,336.32</b>	<b>10,067.48</b>	<b>9,977.49</b>
Additional Tier-1 Capital	-	-	-	-
<b>Total Tier-1 Capital</b>	<b>11,578.36</b>	<b>11,336.32</b>	<b>10,067.48</b>	<b>9,977.49</b>
<b>Tier-2 Capital (Gone-Concern Capital) :</b>				
General Provision including Off Balance Sheet items	2,611.66	2,611.66	2,605.73	2,605.73
Revaluation Reserve on Investment in Securities	260.14	260.14	260.14	260.14
Subordinated Debt	6,800.00	6,800.00	6,239.20	6,159.21
<b>Total</b>	<b>9,671.80</b>	<b>9,671.80</b>	<b>9,105.06</b>	<b>9,025.07</b>
<b>Regulatory Adjustments:</b>				
Revaluation Reserve for Fixed Assets, Securities & Equity Securities	208.11	208.11	156.08	156.08
<b>Total Tier-2 Capital (Gone-Concern Capital)</b>	<b>9,463.69</b>	<b>9,463.69</b>	<b>8,948.98</b>	<b>8,868.99</b>
<b>A. Total Regulatory Capital (Tier-1+Tier-2)</b>	<b>21,042.05</b>	<b>20,800.01</b>	<b>19,016.46</b>	<b>18,846.47</b>

<b>B. Risk Weighted Assets</b>				
<b>Credit Risk on</b>				
Balance Sheet Exposure	124,703.91	125,033.71	104,821.69	104,533.27
Off Balance Sheet Exposure	21,805.52	21,805.52	18,490.97	18,490.97
	<b>146,509.42</b>	<b>146,839.22</b>	<b>123,312.67</b>	<b>123,024.24</b>
<b>Market Risk</b>	5,131.04	4,013.84	4,495.14	3,774.48
<b>Operational Risk</b>	12,003.98	11,443.59	10,416.69	9,798.39
<b>Total Risk Weighted Assets</b>	<b>163,644.43</b>	<b>162,296.65</b>	<b>138,224.49</b>	<b>136,597.10</b>
<b>C. Required Minimum Capital on Risk Weighted Assets</b>	<b>16,364.44</b>	<b>16,229.67</b>	<b>13,822.45</b>	<b>13,659.71</b>
<b>D. Capital Surplus/(Shortfall) (A-C)</b>	<b>4,677.60</b>	<b>4,570.34</b>	<b>5,194.01</b>	<b>5,186.76</b>
<b>Capital to Risk-weighted Assets Ratios (CRAR) (%)</b>	<b>12.86%</b>	<b>12.82%</b>	<b>13.76%</b>	<b>13.80%</b>
Tier- 1 Capital	7.08%	6.98%	7.28%	7.30%
Tier- 2 Capital	5.78%	5.83%	6.47%	6.49%

The calculation of CRAR under Basel III has been made as per " Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD circular # 18, dated 21 December 2014.



# OPERATING FRAMEWORK AND RISK MANAGEMENT



## Review and Changes in Business Model

Remaining ahead involves constant review of our external as well as internal environs. Working in the financial services industry, MTB is exposed to several stress and risks both externally and internally. However, with around two decades of rich experience, the company has witnessed several industry cycles and hence has developed and fine-tuned a risk identification and mitigation framework that protects the company from adverse risks, enhances operating viability and ensure the sustenance of its business.

We have provided a detailed analysis of the competitive intensity we face while operating in Bangladesh's dynamic financial services industry and how the environment and competitive pressures evolved over the last one year. We have also articulated the strategies and programs that we have in place to successfully face those pressures and uncertainties in order to minimize, to the extent possible, the risks that we are exposed to.



# MACROECONOMIC ASPECTS SHAPING THE INDUSTRY

Macroeconomic Dimension	Impact on the Industry	MTB's Front	Evident in
<b>POLITICAL</b>			
<p>Bangladesh political outlook is largely founded on the continuous impressive strides forward in economic development. Progress in lifting millions of people out of poverty, especially women, has had remarkably positive effects on Bangladesh's overall political picture when one compares the country to the 1970s and 80s when post-conflict stresses, famine, political assassinations and military rule dominated the landscape. However, some uncertainty arose as the country approached the 11th general elections on 30 December, 2018.</p>	<p>Bangladesh, which has been a Least Developed Country since 1975, recently fulfilled the UN's criteria to graduate from 'least developed country' to a 'developing country'. This has occurred after a period of approximately two decades of 6-7% annual GDP growth and some striking advances made in the human development index. Bangladesh has also recently advanced from a low-income country to a low-middle income country on the World Bank's scale. Also, Bangladesh has been a leader in approaching the SDGs proactively, assigning goals to government ministries to incorporate into their respective operational plans.</p>	<p>The bank wants to be a proud partner of implementation of the nation's dream by sponsoring the CMSMEs at their early stage and remaining a trusted partner throughout their graduation to national and subsequently to international level.</p> <p>Our focus is also on financing the thrust sectors identified by the government for large scale lending. In addition, our retail sector deposit and lending business is growing continuously to support the enhanced capacity of consumption at individual level.</p> <p>Our focus will remain on quality acquisition, diversification of exposure and regularizing default accounts.</p>	<p>Chairman's Statement (pg. 68)</p> <p>Managing Director &amp; CEO's Statement (pg. 72)</p> <p>Analysis of Deposits, Analysis of Loans and Advances (pg. 257)</p>
<b>ECONOMIC</b>			
<p>Bangladeshi economy grew at a faster pace than most major nations in 2018 and it is poised to become the 41st largest economy of the world in 2019. The country registered a 7.86% GDP growth in 2017-18, maintaining the 7% trajectory for the third consecutive time, driven by double-digit growth in manufacturing and construction sector.</p>	<p>The banking sector indicators exhibited mixed performance during 2018. The challenges that the sector encountered during the year was dealing with the pressure of non-performing loans and collecting deposits to maintain the prescribed advance-deposits (AD) ratio.</p>	<p>MTB has been facing stiffer competition, takeover attempts and margin reduction as a result of too many institutions floating on excess liquidity and effectively starting a price war in the market.</p> <p>It therefore, makes even more sense for the company to concentrate on growing strongly in the SME &amp; Retail segment, which offers good returns, through improving its reach to those in financing need.</p>	<p>Chairman's Statement (pg. 68)</p> <p>Managing Director &amp; CEO's Statement (pg. 72)</p> <p>Management Discussion and Analysis (pg. 154)</p> <p>SME (pg. 167)</p> <p>Retail Banking (pg. 171)</p>

Macroeconomic Dimension	Impact on the Industry	MTB's Front	Evident in
<b>SOCIAL</b>			
<p>The country achieved lower middle income status in 2015, with a per capita income of \$1,751 in FY 2017-18 and resultantly, the standard of living has improved. With the advancement in communication technology and increase in internet penetration, it is now easier to reach customers. This results in better options for consumers and increased competition for the banks.</p>	<p>Consistent economic growth also increased income of the people in the country, resulting in surplus cash in their hands. As a result, an increased demand for banking services is expected to cater to the people's need for savings. Moreover, lending products will be consumed more as purchase pattern also shifts towards more luxurious goods. In this potential booming economy, proactive banks that can seize the opportunities will get the most benefits.</p> <p>While the current rate of using banking channels is low, this will expand as the economy grows. Initiatives have also been taken by the government to accelerate financial inclusion through various programs. The advancement in technology is also making it possible to offer new products through a variety of delivery channels and greater convenience in banking facilities.</p>	<p>The growth of the middle income segment will not only be concentrated in Dhaka or other large cities, but also throughout different other regions. MTB will address this demand through opening agent banking centers, smart banking booths along with strategically located bank branches all over the country.</p> <p>MTB introduced new products for student banking, payroll banking etc. It is continuously improving its cards products ranges to</p> <p>MTB's strategy to expand its SME business to further granular level also dovetails very well with this development.</p>	<p>Performance Analysis with the Mgt. (pg. 154)</p> <p>SME (pg. 167)</p> <p>Retail Banking (pg. 171)</p>
<b>TECHNOLOGICAL</b>			
<p>As digital age is bringing huge benefits to all organizations by facilitating robust customer services, consequently information security has become crucial to all entity to enable safer operations of applications implemented in the organization's ICT systems and thereby protecting the information assets in use. Financial institutions are experiencing new opportunities and facing dynamic threats every day. While unrelenting growth and sophistication in organized crime remains a concern, the world is moving towards cashless transactions and employing AI, robotics etc., shaping a new way of banking globally. However, such a transformation is taking place slowly in Bangladesh.</p>	<p>So far, the technological improvements in the industry focused mainly on increasing control, bringing operational efficiency and managing scale. However, we have recently seen efforts from select institutions in digitizing customer interactions and customer experience management. This is expected to become the trend as more and more organizations try to adopt technological innovations to increase customer satisfaction. However, the threat of Fintech companies to enter the market in Bangladesh is not imminent due to the current stance of the regulatory establishments.</p>	<p>We are cognizant of the rapid pace of technological change in today's environment. In order to continue to provide exciting and relevant solutions for our customers and remain competitive against new entrants, we are investing significantly in new technology, while simplifying and automating our existing platforms.</p> <p>The focus for 2019 will be to implement new CBS for the bank and its customer facing employees by equipping them with all information and system access they need.</p> <p>In order to reduce the risk of cyber threat and protect our customers and clients, we continue to invest heavily in cyber risk, improving detection and response capability and implementing new resilience standards and testing approaches</p>	<p>Risk Management. (pg. 193)</p> <p>Information Technology (pg. 203)</p>

Macroeconomic Dimension	Impact on the Industry	MTB's Front	Evident in
<b>ENVIRONMENTAL</b>			
<p>Bangladesh Bank has a specific department, namely 'Sustainable Finance' to take care of the key relevant areas of sustainable finance like green banking and CSR (Corporate Social Responsibility). Banks can also choose to align with voluntary bodies on sustainable banking, namely the UNEP FI, Equator Principles, GRI, etc. or develop a sustainable banking policy guideline by themselves. Technology plays a crucial role in taking banks towards their sustainability goals.</p>	<p>As the engine driving money supply and the economic fate of nations, financial institutions have a big obligation to ensure that their actions are not against the greater good. Hence, they must weigh not only the financial implications of every decision, but also its impact on sustainability issues, such as biodiversity, climate change, human rights, etc. In fact, this is also a matter of self-interest, because while social and environmental risks may not add to financial risk in the short term, there is a high likelihood that they will over a longer period of time, to compromise the well-being of individual financial institutions and the financial system as a whole.</p>	<p>MTB is committed to sustainable development through the creation of long-term value - for our stakeholders, for the environment and for the community.</p> <p>Our sustainable finance unit has been performing well in enhancing focus on green financing since its launch in 2016. MTB has strong commitment to develop the field of sustainable energy finance of Bangladesh. The bank has dedicated product MTB Green Energy Loan. Other than this, the bank emphasizes on financing in industries that promotes green business.</p> <p>MTB improved Environmental Risk Management (ERM) Guidelines and established Environmental &amp; Social Risk Management (ERSM) Policy and Procedure of MTB - 2017</p>	<p>Sustainability Analysis (pg. 222)</p> <p>Green Banking Report (pg. 228)</p>
<b>LEGAL</b>			
<p>Regulators have undertaken remarkable regulatory and supervisory initiatives over the years in line with the internationally accepted standards and compliance requirements. Banking sector of the country now has risk management guidelines and compliance requirements for all the key areas of banking; and prudential and capital standards are duly in place.</p>	<p>All banks are required to develop their customized paths to sustain on a continuous process. Leadership has a great role to play in establishing transparency through structures and processes to foster an ethical organizational climate, which is quite important to ensure customer confidence.</p>	<p>MTB's has always maintained legal and regulatory compliance as its priority. The bank has earned good reputation as a compliant organization through its continuous efforts to meet regulatory obligations.</p> <p>Close communication is also maintained with regulators and trade bodies to carry out a supportive and participatory role in policy discussion.</p>	<p>Managing Director &amp; CEO's Statement (pg. 72)</p> <p>Management Discussion and Analysis (pg. 154)</p> <p>Corporate Governance Report (pg. 105)</p>

### Supplementary details of the 2018 economy and business environment relevant to MTB:

- ▶ Private sector credit registered growth of 12.68% at Dec 2018 while deposits grew by 9.05%. Industry faced illiquidity at the start of the year, later the situation relaxed after mid-year. Also interest rates for both deposits and lending decreased as liquidity position of the industry improved.
- ▶ During 2018, lowest call rate was 0.25% and highest rate was 5.5%. However, in August alone, inter-bank weighted average call money rates fluctuated from 1.44% to 5.04%
- ▶ Country's foreign exchange market faced a widening gap between import and export, which triggered a huge trade deficit during 2018, resulting the US\$/BDT exchange rate to soar higher.
- ▶ The country marked the foreign exchange reserve of US\$ 32.01 billion in December 2018, bagging inflows mostly from RMG export, agro products and frozen food export, jute exports, leather exports and inward remittances.
- ▶ Point to point inflation decreased to 5.35% in Dec'17 from 5.83% a year ago



# WHOLESALE BANKING DIVISION

We thrive as our customers flourish

We like to term the journey of 2018 as 'Exciting' since that captures the essence of the year gone by. The honorable Board of Directors of the bank has formally approved the 'Centralization' of Business and Operations which would be the key driver in positioning 'MTB' as a brand in its right space and which was always dreamt about by the sponsors. To support the centralization, to ensure the clarity of business and to safeguard the sanity of data and information, a timely initiation of the project for replacing the 'Core Banking Software' (CBS) with a sophisticated one was taken and the new CBS is expected to go live in mid-2019.

Financial Sector of Bangladesh continues to see a stable economy with better growth. However, because of the private sector credit growth, the demand for money soared, resulting in a hike in the interest rates since the beginning of Q1, 2018. Government influence in making the market steady also made the money market to grow with comfort, whereas in Q4, 2018, investment became a little slower keeping the National Election into consideration and due to the skewed import obligation and thus the FX market was quite volatile.

WBD's primary focus was on building strong ties with our corporate and commercial customers through its channels and serving them with excellence while keeping the pricing aligned with the market. In 2018, we gained confidence and mindshare of the customers by rendering quality services and meeting customers' expectations by offering required products and services.

WBD's drive in developing leadership skills in every level of the team helped to exhibit WBD as a proficient team and make qualitative changes to ensure the exposure in the coming days. Infusion of new team lead with experience and elevation of the team members raised the team spirit and boosted the overall performance. Our drive targets business outcomes for customers; and the result is entrusted in enduring and progressive relationship. Our motto of 'collaboration, collaboration and collaboration' will enable us to bridge the segments in streamlining policy, process and business flow and augmented overall business growth.

Wholesale Banking Division (WBD) of MTB is considered as one of the core strengths of the bank as MTB continues to be a predominantly corporate banking

focused institution. Throughout the year, WBD continued to cater to a diverse range of industries such as RMG, textile, manufacturing, FMCG, power, poultry, etc. to meet their banking service requirements in both domestic and international arena. Our commercial banking services, funding facilities for working capital and large projects, trade financing for imports and exports, cash management, etc. are there only to serve our customers from various industries. The division also extends support to branches in evaluating both new and repeat customers.

In 2018, WBD asset portfolio grew by almost 23%, which largely contributed to the overall asset growth of the bank. The growth has been on account of financing provided to high-rated corporates with strong group financials and new relationship additions to the corporate customer fleet. We kept our focus on the industry top players in different sectors and on-boarded quite a few names. WBD tried to optimize wallet share of the customers to maximize the outcome while keeping risk level at minimal.

Trade growth of WBD in 2018 was 79% where export grew by 52% and import by 20%. The non-funded business in the trade space is one of our key priorities to blend the revenue mix and also towards self-liquidating product mix in the coming days.

Despite stiff competition and margin compression, evident across the industry, especially in the larger segment, Team WBD grew its revenue substantially. The portfolio health will continue to be considered as highest priority, and zero loan impairment cost is the target in the coming years.

Additional focus on the cash management solution in the payment and collection space and trades solution will ascertain ring fencing the wallet share with the relationships and will help to minimize the credit risk within the managed portfolio.

The operating model of Wholesale Banking Division constitutes with the following segments:

## Corporate Business Unit (CBU)

Serving top-tier customers with tailored products in line with the objective of making secured funding and moving the bank towards being a truly world class, the unit works to ensure growth with substantial profitability. Infusion of new set of good names from the market which are currently not banking with MTB is the primary objective of the unit and also to recycle inferior assets for ensuring health of book.

Key features of the unit are -

- ▶ Ensuring one-stop relationship banking
- ▶ Acquisition of new business
- ▶ Providing service ensuring excellence
- ▶ Monitoring of portfolio and raising early alert
- ▶ Ensuring cross-selling and trade business
- ▶ Enhancing non-funded income generation

CBU contributes around 24% of the total business portfolio of MTB. Major clients include large players from varied industries.

## Branch Support Unit

Branch Support Unit is primarily responsible for handling the corporate and commercial customers when credit proposals are initiated through the channels. Aim of this unit primarily is to support the discrete and diverse Wholesale Banking Business throughout the country and especially to the business hubs. Business Support Unit ensures the shortest turnaround time between Corporate Head Office (CHO) and the branches.

Supports that are extended by this unit are as follows:

- ▶ Scrutinizing and finding out the merits and demerits of the proposals
- ▶ Analyzing proposals and extending enhanced support to the branches
- ▶ Negotiating the credit terms and processing the proposals.
- ▶ Structuring, obtaining approval, monitoring and compliance of the credit

## Business Highlights of Wholesale Banking Division

### Consistent Growth in WBD



## Structured Finance Unit (SFU)

Delivering structured finance solutions by means of raising money through debt or equity instruments, diversifying the risks of large scale investments and enabling the bank to earn funded and non-funded income by offering short-term and long-term facilities. SFU acts as the lead arranger, co-arranger, participant lender, agent or trustee for providing flexibility in terms of maturity structure, security design and asset types, which allows issuers to earn augmented returns at a customized degree of diversification compatible with investors' risk appetite.

Major activities of SFU are -

- ▶ Arranging syndication financing in BDT and USD
- ▶ Raising funds through issuance of preference share, subordinated debt instruments, bond and commercial papers
- ▶ Channelling funds for Off-shore Banking Unit
- ▶ Providing R&D and advisory Services
- ▶ Managing Special Projects
- ▶ Sourcing of foreign debt and maintaining connectivity with multilateral agencies

## Cash Management Unit

A unique form of collection and payment service provided by the bank utilizing the widely spread branch network, modern technology, online transaction facilities, MIS reporting system and web and internet banking facilities to assist large corporate customers in effective receivables and payables management.

Services rendered by the unit are -

- ▶ Collection of customers funds from around the country and channeling them in a single account of the customer through MTB Nationwide Sales Collection (MNSC) system
- ▶ Collection service for IPO and rights share
- ▶ Real-time reflection of transactions into clients' respective systems using the MTB web-based banking service.

### FINANCIAL HIGHLIGHTS

#### Loans & Advances

2017: BDT 114,762 million  
2018: BDT 133,575 million

#### Interest Income

2017: BDT 8,856 million  
2018: BDT 11,641 million

#### Fees & Commission Income

2017: BDT 1,578 million  
2018: BDT 1,683 million

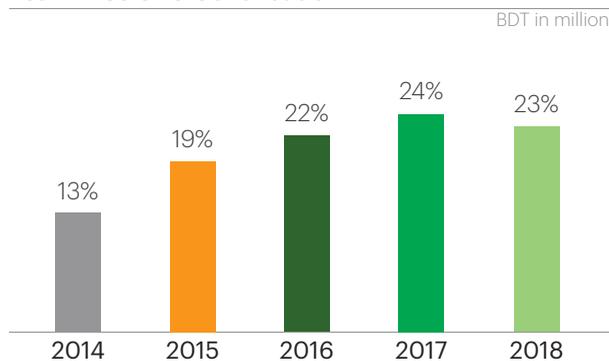
## Corporate Business Unit (CBU)

**Presence in RMG Sector:** MTB has financed the backbone industry of the economy, the RMG sector. Many of the top players in the industry are customers of MTB, on boarded by the CBU. Not only CBU has acquired banking relations with the RMG industry leaders, it concentrated on creating business relations with businesses which are environmentally conscious and has factories that are LEED Certified. Among the

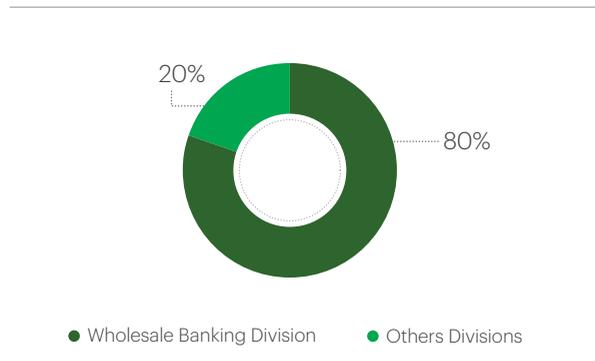
top 10 LEED Certified green factories, 7 are present in Bangladesh. 6 of such factories have been financed through Corporate Business Unit of Wholesale Banking Division.

Corporate Business Unit is equipped with skilled resources having commendable knowledge on the industries of different sectors and their co-relations to the overall macroeconomic situation which helped the unit to sell more products and services to its customers. In 2018, CBU contribution was 24% of MTB portfolio.

### Year- Wise CBU Contribution



### Contribution to MTB Loans & Advances



## Branch Support Unit

The Branch Support Unit provides structuring, obtains approval, monitors and extends compliance support to clients booked in MTB branches. The unit maintains a business portfolio of BDT 133,575million, which is 80% of total MTB business portfolio.

Program (FSSP), Green Transformation Fund and IPFF-II fund. The bank also received JICA funds for participating in Urban Building Safety Program (UBSP) project for refinancing and pre-financing purposes and Two-Step Loan Fund under Foreign Direct Investment Promotion Project (FDIPP) project.

## Structured Finance Unit

It is because of the initiative taken by the SFU, the Asian Development Bank has extended Trade Finance Program (TFP) facility to MTB for US\$ 39 million.

The unit, under international syndication initiative, arranged term loan facility of US\$ 36 million from IFC and FMO to finance the first-ever Swissotel in Bangladesh, a project of Bengal Hotels and Resorts Limited and arranged USD 20 million for financing Walton Hi-Tech Industries Ltd.

MTB is one of the few Bangladeshi banks to secure a USD funded credit line of US\$ 20 million from DEG, the development finance institution of Germany.

The Structured Finance Unit was the lead arranger for raising BDT 950 million Preference Shares of Star Ceramics Limited. MTB was one of the few banks to successfully issue such a kind of synthetic product in the market and raise funds for its clients.

MTB is actively involved in offering long-term financing for USD 35 million to its various clients under Bangladesh Bank's Financial Sector Support Project funded by the World Bank.

A "German Desk- Financial Support and Solutions" has been set up at MTB Corporate Head Office to offer trade finance and long-term investment solutions.

MTB has entered into an agreement for term loan facility amounting US\$20M from Norfund, which is invested for financing corporates and SMEs inside and outside the Export Processing Zones.

MTB is one of the few banks in the country to avail a number of funds from World Bank channeling through Bangladesh Bank, such as Financial Sector Support

### Total Outstanding, SFU



## Outlook 2019

We foresee immense potential for business growth in the coming years because of the consistent economic growth trajectory of the country and with its several mega development projects underway that are expected to have significant positive impact on the economy of the country. The alignment of our focus in line with the Sustainable Development Goals (SDGs) and focus to growth sectors where government has given emphasis would be the key to success. While we are positive in our approach, we fully understand that there will be challenges in the macroeconomic environment in the coming days. We at MTB WBD are optimistic in exceeding our exceptional performance records and to contribute more to the growth of the bank by, among others, the following:

- ▶ Streamlining current policy, process and operation

to ensure excellence in customer services

- ▶ Introducing an early alert mechanism to arrest overdue portfolios and strengthening the monitoring of credit risk and planning accordingly for exit of portfolio as may deem fit to
- ▶ Onboarding export based customers to ensure FX liquidity and also to enhance non-funded income
- ▶ Optimizing balance sheet, ensuring proper return
- ▶ Tapping into cross-selling opportunities through collaboration of all the enabling units of the bank
- ▶ Merging of Branch Support Unit with Credit Risk Management Division to ensure efficiencies and avoid duplication of work
- ▶ Exploring for more opportunities and scope for growth in syndicated financing and fund sourcing while maintaining the current ones effectively



# SME BANKING DIVISION

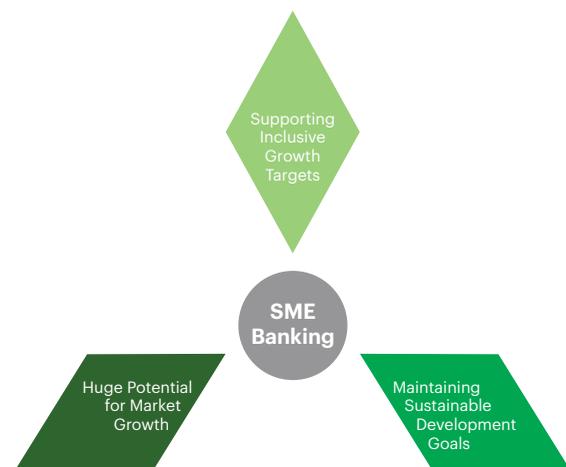
Driving graduating journey of the country from  
LDC through financing the mass

Cottage, Micro, Small and Medium-Sized Enterprises (CMSMEs) play a key role in socially inclusive economic growth. These businesses contribute significantly to the nation's employment and income generation. In many countries, governments are facing the challenges of low growth, weak trade and investment, and rising or persistently high inequality. There is also growing dissatisfaction among their citizens with the current state of affairs, which is also manifesting itself in the form of backlash against globalization and technological change. Against this backdrop, there is a need to create the conditions that enable the benefits of open markets and technological progress to be enhanced and shared more broadly across the economy and society. SMEs are key players in the economy and the wider ecosystem of firms. Enabling them to adapt and thrive in a more open environment and participate more actively in the modern economy and digital transformation is essential for boosting economic growth and delivering a more inclusive globalization. Across countries at all levels of development, SMEs have an important role to play in achieving the Sustainable Development Goals (SDGs) by promoting inclusive and sustainable economic growth, providing employment and decent work for all, promoting sustainable industrialization and fostering innovation, and reducing income inequalities.

Small and medium-sized enterprises (SMEs) are the backbone of our national economy and particularly suitable for densely populated countries like ours where the sector can provide huge employment opportunity with much lower investment. They are expected to create jobs, reduce poverty, and drive a resilient national economy. The International Monetary Fund (IMF) Country Report (2012) indicated that SMEs in Bangladesh accounted for more than 99% of private sector industrial establishments and created job

opportunities for 70%–80% of the nonagricultural labor force. Their productivity has been a key component of Bangladesh's phenomenal growth and graduation from LDC status.

Though banking has graduated to new levels, the added convenience and value to customers across the country are yet to reach the desired levels towards financing small and medium enterprises. Research shows, till date, 50%-53% of SMEs have no access to formal sources of finance. About 35% enjoy unrestricted finance and the rest have restricted access to formal credit. The reasons for such a deficit in SME lending are multiple. Many banks are still inclined to operate mostly in urban areas, reluctant to restructure their operational activities to delegate to rural branch levels. Often there are lack of interest among skilled bankers to relocate to rural areas and uncertainties of doing business with small industries due to lack of skills and knowledge of the borrowers.



## BUSINESS HIGHLIGHTS OF MTB SME BANKING DIVISION

MTB believes that the present CMSMEs are the building blocks of the country's path to middle-income nation.

The bank wants to be a proud partner of implementation of the nation's dream by sponsoring the CMSMEs at their early stage and remaining a trusted partner throughout

## MTB SME Banking Strategic Goal Drivers



their graduation to national and subsequently to international level. MTB SME Banking Division strategises its business and operations in triangulation of international, national and regulatory strategic visions to provide a comprehensive array of loan products and solutions to small and medium enterprises (SMEs) across the country.

The division is engaged in serving small and medium enterprises all over the country to excel in their businesses through providing access to its wide range of banking products tailored to meet requirements of small and medium businesses. Small businesses are the most important drivers of economic activity in rural and semi-urban communities. Funding this aspiring entrepreneurial community to develop their business and add value to the country's economy has been the principal vision of the SME division.

Through dedicated SME business desk at MTB branches located all across the country to swiftly cater to the business needs of small manufacturing, trading and service-oriented businesses, the SME Banking Division has been able to sustain the momentum in terms of sustaining the growing portfolio, disbursements, workforce productivity and geographical coverage.

## MTB Agri Finance

Reaching the agricultural industry to fulfill varying financing needs of agro-enterprises through inclusive financing is one of the main challenges for the financial institutions in Bangladesh. MTB provides agriculture financing through 14 MTB SME/Agri branches across the country with its specialized products - MTB Krishi and MTB Krishijat. MTB Krishi is designed for direct lending in the agriculture sector. Crops cultivation, fisheries,

For outstanding contribution to the development of SMEs in Bangladesh, MTB had secured two highly prestigious awards: Women Entrepreneur Friendly Bank of the Year 2014 and SME Bank of the Year 2014 at the SME Financing Fair 2014, organized for the first time by Bangladesh Bank and SME Foundation jointly.

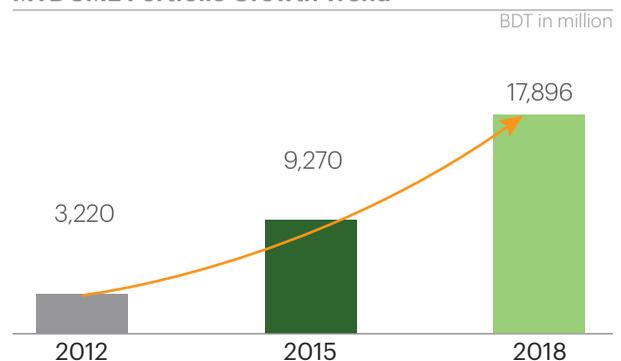
The year 2018 started with increasing tension for the bank with liquidity crisis and growing rate of NPL in the banking industry. Analyzing the deteriorating trend, primary efforts were provided in -

- ▶ Revamping the business model to make it better suited for the industry, creating of efficient customer selection process and forming faster loan processing model
- ▶ Maintaining a sustainable business growth than growing the business through investing in risky portfolios

MTB SME business has been consistent in maintaining and nurturing its high growth portfolio. However, the division is not concerned about only the business growth, but growth of quality asset is another major concern of this division so that the brand value of MTB SME is strengthened in SME financing of Bangladesh. Therefore, though the SME portfolio decreased slightly in 2018, the bank managed to keep its exceptional name in the industry through agriculture funding, green financing, financing to women, etc.

MTB SME Banking Division has been serving dedicated entrepreneurs over the years. As a result, each year national level awards and recognition lists include SME entrepreneurs who are financed by MTB.

## MTB SME Portfolio Growth Trend



livestock and poultry are the priority sectors of lending under this scheme. MTB Krishijat is a customized loan product for all kinds of agro-based and agro-processing industries, which fall under micro, cottage, small and medium enterprises and other special organizations engaged in the field. MTB has been striving hard towards financing the agricultural sector and, as a result, exceeding the agricultural loan disbursement target set by Bangladesh Bank over the last few years.

MTB has been contributing to the agricultural sector through its branches and agent banking centers across the country. The batch lending proposition and disbursement through different clustered farmers' groups (Somobay Samity) for agricultural loan disbursement in the remote areas has been a phenomenal success. MTB is continuously putting efforts to make agriculture more attractive to the youth of the country and to empower women so they can contribute more.

Microfinance Institutions (MFIs) are also a key partner for MTB to reach the farmers, poultry and livestock raisers and fish cultivators in the periphery, where MTB branches are not present.

### MTB Inclusive Financing

A study by World Bank shows that 1.7 billion people around the world are not included into banking channels. Despite being densely populated with a large population, Bangladesh has large share of unbanked people. There have been notable expansion in financial services over last few years. Yet around fifty percent of adults are using formal banking channels. Bangladesh Bank is working relentlessly to increase the availability of

modern financial services that meet the specific needs of users without discrimination which is the key financial inclusion objective. MTB bridges the gap between the bank and the unbanked people by extending financing to the marginal farmers around the country through 100 MTB agent banking centers. MTB is making modern banking services accessible to rural people offering cost-effective banking services in remote areas of Bangladesh.

### MTB Women Entrepreneur Financing

Worldwide experience shows that supporting a stronger role for women contributes to economic growth. In any development undertaking of a nation, women's empowerment is an inevitable part of economic development discourse. Women entrepreneurship has been recognized as an important source of economic growth, creating new jobs for themselves and others and providing society with different solutions for management, organization and business problems.

MTB Bhagyobati and MTB Gunabati are two innovative financial products for women entrepreneurs and have a strong presence in SME credit market for their unique features and easy access to financing.

The Women Entrepreneur Financing is a successful approach by the bank to empower women, which is evident in the achievements of the female business personnel, who have been able to flourish their businesses after getting financial support from the bank. One such inspiring story is from our Cox's Bazar branch. Ms. Samafru is a member of Rakhain community, who runs Samafru Bermij Store, a shop in the booming market area of Cox's Bazar. The shop sells traditional products made by her community members, especially women. Starting her career in 1996, Samafru initiated her own venture in 2001. With an initial business capital of BDT 80,000 she gradually continued and expanded her business, which currently has a capital of BDT 3 million. Also laudable is the fact that she is now the owner

of two business enterprises at the famous Burmese Market in Cox's Bazar.

In 2011, Samafru took out an SME loan amounting BDT 0.3 million from MTB Cox's Bazar Branch, which she paid out timely. Later on she took additional financing from MTB with higher loan limits. Her business foresight has brought her success in her venture with financial support from MTB. Samafru acknowledges contribution of the bank in making her business flourish. She also admits that the bank not only extended its assistance in providing financial support, but also provided continuous consultancy to help her business grow even further.

Her accomplishments have inspired other women in her locality to initiate commercial startups.



### **MTB Green Finance**

As a responsible corporate entity, MTB has a strong commitment in developing the field of sustainable energy finance of Bangladesh. MTB has been playing an important role in the banking diversity through access to finance for SMEs in the green economy. MTB has a dedicated product, MTB Green Energy Loan, which is an environment friendly green credit product that enables the prospective customers to set up renewable energy projects such as solar, biogas, wind, hydro and any other potential renewable energy plants covering environment friendly technologies. MTB finances setting up of modern technology in brick kilns, ETPs in factories and help reduce the carbon footprint of the country.

### **MTB SME Banking Products**

MTB SME Banking Division offers a number of diversified products keeping in mind the wide-ranging needs of micro, small and medium sized enterprises and special

business segments like agro-based industry, renewable energy, light engineering and MFIs. For providing one stop service to CMSMEs, non-funded products like bank guarantee and LC have also been brought under MTB's SME Banking umbrella.

### **OUTLOOK 2019**

- ▶ Restructuring SME Banking Division and introducing RM based model to initiate asset booking procedures through dedicated RMs as well as the branches.
- ▶ Introducing product development unit to bring innovations in product offerings and operational procedures.
- ▶ Ensuring training of branch employees to motivate them in putting enhanced effort to drive the sales force.
- ▶ Ensuring the quality of assets booked through SME division through meticulous screening of customers and regular follow-up procedures.



# RETAIL BANKING

Expanding the horizon of banking services for the community

The retail banking sector is one of the main sources for generating flow of funds from disposable income held in the hands of the mass. In addition to the consistent growth over the last decade, the country recently fulfilled the UN's current criteria to graduate from a 'least developed country' to a 'developing country'. Consistent economic growth also means increased income of the people in the country, resulting in surplus cash in their hands, and hence, an enhanced requirement for saving the surplus funds. As a result, an increased demand for banking services is expected to cater to the people's need for savings. Moreover, lending products will be consumed more as purchase pattern also shifts towards more luxurious goods. In this potential booming economy, proactive banks that can seize the opportunities will get the most benefits.

However, recent studies of Bangladesh Institute of Bank Management (BIBM) shows that only 31% of the population in Bangladesh have bank accounts and 1.6% receive salary through banks. While the current rate of using banking channels is low, this will expand as the economy grows. Initiatives have also been taken by the government to accelerate financial inclusion through various programs. Banks are now opting to compete for the retail sector to tap its immense opportunities and generating low cost funds for the bank. The advancement in technology is also making it possible to offer new products through a variety of delivery

## Advantages of Retail Banking

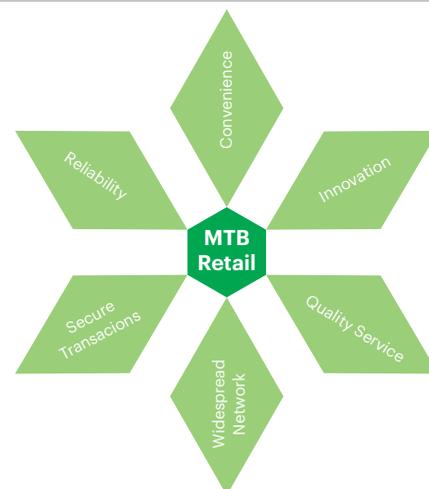


channels and greater convenience in banking facilities for the retail customers.

Retail customers avail products suitable for individual needs - deposit products like savings, fixed, current, monthly deposit, etc. Retail loan products entail loans and advances that cater to individual needs such as home loan for financing purchase, construction or renovation of houses, auto loan for buying cars and personal loans for any personal purpose. In addition to deposit and loan products, retail customers also look for banking channels to have safe and secured banking transactions through internet banking, SMS banking, ATM transactions, debit/credit cards, etc.

## MTB Retail Banking

MTB Retail Banking offers a range of thoughtful financial services to the community so that the customers choose our banking channels for making transactions. MTB's retail products are designed to fulfill the desires of its customers and to meet the latent demand of our valued clients. MTB's tailored products for the retail customers include deposit products, loan products, student banking, locker services, etc. The number of banks currently operating in Bangladesh can be considered high given the size of the economy. This has intensified the competition, where product innovation and excellence in providing services are building blocks for retail banking success. These are the very reasons





behind the continuous growth in retail banking business of MTB. However, there is no scope for being complacent with its growth, as the bank sees more potential to tap into this segment and aspires to capture even more market share by refining its products and processes even further to exceed customer expectations.

### MTB Student Banking

The Student Banking Unit attempts to tap the market for banking services requirements for students. Products offered by student banking are as follows:

MTB Student Banking
MTB Junior
MTB Graduate
MTB Children Education Deposit Scheme
MTB Education Plan
MTB EDU Finance
MTB Student File Services

The products are designed to involve students from an early age into banking. Their banking requirements might be small, but important, nonetheless. Engaging early on with these future customers, the bank aims to create a loyal customer base. Children under the age of 18 can have bank accounts with MTB which can be operated under the supervision of their parents. The MTB graduate program attracts students over 18 years to involve them with its banking channels. Parents can save for their children's future starting with any amount at attractive interest rates and MTB EDU Finance provides loan for meeting academic financial needs so that students can finish their studies without any disruption.

MTB offers student file services, which is a one-stop, customized banking solution for students going abroad for higher education. A student pursuing higher studies needs to send fund abroad for their admission fees, tuition fees, living expenses, etc. MTB Student File allows to transfer the expenses easily and conveniently.

### 2018 Highlights

- ▶ Revamped the Student Banking Unit and introduced new value propositions. Under the umbrella of Student Banking, MTB Junior and MTB Graduate account holders will be entitled for complimentary insurance coverage and will get discounts in different outlets across the country.
- ▶ Introduced Student Banking Desk at 3 different branches (Gulshan, Principal and Panthapath) to ensure one-stop services for the students going abroad for higher education.
- ▶ The unit opened 505 student files till 2018

### MTB Payroll Banking

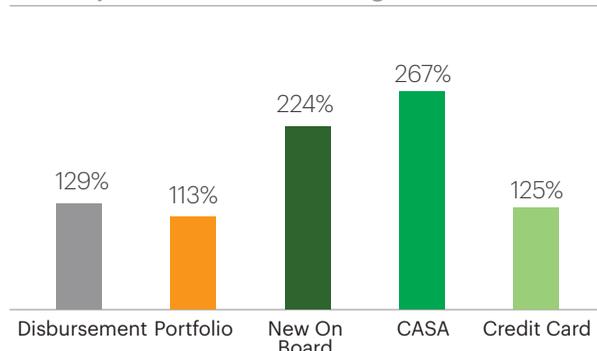
MTB Payroll Banking services are targeted towards facilitating employee payroll accounts for companies. These accounts are given special benefits and services so that account holders can carry out their banking transactions conveniently. Payroll account holders often avail MTB's other banking facilities after being attached with the bank through salary account. The payroll banking team is enthusiastic about enhancing and expanding the portfolio and works independently to bring in new businesses. The unit has achieved continuous success over its operating years through persistence in its efforts to excel.

MTB Payroll Banking provides customized one-stop services. It creates scope for cross selling of other retail banking products to the customers. It is possible to offer other MTB products like credit card, retail loans, etc. to payroll customers and bring them under MTB's umbrella of excellent retail products. The Payroll Banking Unit, on its own, brings about 10% of the bank's lending business by targeting salaried customers. The unit also enhances the visibility of the MTB brand in the market by carrying out road shows to make people aware of the products and services offered by the bank. The unit is zealous about further expanding its scope and making even better contribution to the bank.

### 2018 Highlights

- ▶ The unit successfully on boarded quite a number of companies in 2018 which include MNCs as well as local corporates. There was a 224% growth in the number of companies on boarded and 113% increase in payroll portfolio.
- ▶ Payroll accounts contribute a significant share to the total retail loan portfolio. This year the loan portfolio had 129% growth over 2017
- ▶ The unit brought in a large volume of CASA accounts and new credit card clients with a staggering growth of 267% and 125% respectively.

### MTB Payroll Unit Growth Paradigm in 2018



## MTB Retail Banking Highlights of 2018

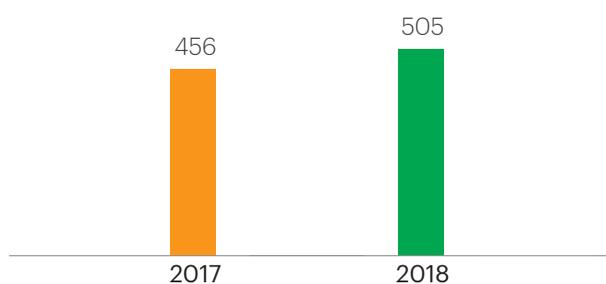
MTB is expanding its reach of services through various channels such as branches, ATMs, agent banking, privilege banking, payroll banking, student banking, etc. The bank, with the help of technology, makes its products and services conveniently available to its customers. Internet banking and SMS banking are targeted to cater to MTB's valued customers so that

MTB Retail Loan Products
MTB Personal Loan
MTB Auto Loan
MTB Home Loan
MTB Home Equity Loan
MTB Professional's Loan
MTB Neer
MTB Progressive Equity Build Up Home Loan

The growth has been steady and MTB plans to maintain its record of growth in the future. Number and volume of deposit accounts also escalated by 10.84% and 1.42%.

### MTB Savings Deposit Number of Accounts

in thousands



## Outlook 2019

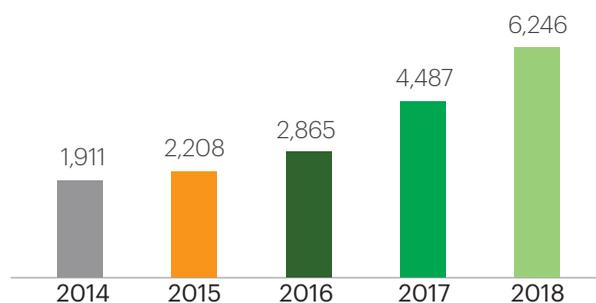
MTB Retail Division aims to expand even more in the future and excel by improving its operational activities and key drivers for market penetration. Envisioning its long-term goal, MTB Retail Division has set a few short term plans for the year 2019, which are as follows:

- ▶ Enhancing focus on retail sector through an integrated approach from the division, student banking and payroll banking to seize the growing opportunity in this segment.
- ▶ Deploying dedicated branch based RMs for the purpose of intensive retail lending product promotions and expanding the reach of products

they can avail its services from anyplace, anytime. The bank has also 268 ATMs across the country. MTB tries to reach rural customers through its innovative agent banking model. At the end of 2018, the number of MTB Agent Banking Centers (MABCs) reached 100. The initiatives have resulted in increased business, both in deposits and lending. The same year, the bank saw a growth of BDT 1,758.57 million (39.18%) in retail lending.

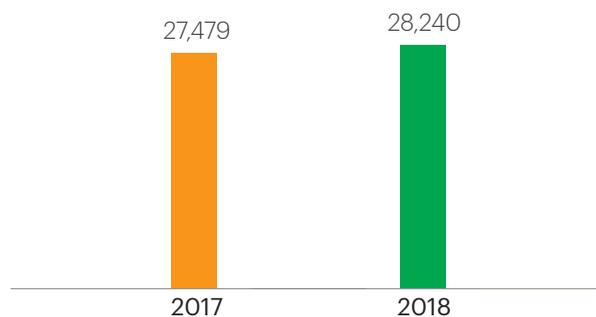
### MTB Retail Lending

BDT in million



### MTB Savings Deposit Volume

in BDT million



to the customers.

- ▶ Restructuring operational activities to increase efficiency by minimizing procedural bottlenecks.
- ▶ Revamping product offerings for increasing sales and launching new products to capture new segments of business, such as home loan in rural areas, auto dealer partnership for auto loan, etc.
- ▶ Accelerating business processes through establishment of hubs by area, segmentation of businesses and implementation of kiosk based ROs to expedite market penetration at lower costs.
- ▶ Utilizing electronic banking and online banking to capitalize the enhanced capacity of the various service segments.



# PRIVILEGE BANKING

Pleasure of privilege

Each valued customer has a unique signature - a personal trademark that represents personality and individuality. Understanding each customer as an individual with unique dreams and aspirations is at the heart of MTB Privilege Banking (MPB). The concept of privilege banking was introduced in MTB to provide special and dedicated services to top notch customers to make them feel that they are priority for the bank. What we provide is not just an account but a relationship that works and evolves with our privilege customers. The purpose of this segment of banking is to provide amazing, hassle free and superior banking experience to the privilege customers and thereby meet their financial and service requirements.

Any Bangladeshi citizen maintaining a minimum liability portfolio of BDT 4 Million with MTB is eligible for privilege services. MTB Privilege Banking operates having faith in 6 (six) core values - Customer Focus, Quality, Teamwork, Integrity, Respect for the Individual and Respectable Citizen. Moreover, the privilege banking officials act as personal financial advisors, who help high net worth customers to achieve their financial goals. Through tailored products and services, MTB Privilege Banking ensures competitive financial return on the investment of the privilege customers.

## Dedicated Relationship Managers

Our world-class services are delivered to the privilege customers through assigned Relationship Managers (RMs), who work as financial ambassadors for the clients. The RMs are groomed up meticulously to provide 360 degree banking solutions to the privilege customers with utmost care and in a prompt manner. The tenacious relationship managers ensure high standard of services that encourage the highly prioritized customers to build a long-term beneficial relationship with MTB.

## Privilege Banking Centres for Exceptional Experiences

The ambience of the well-decorated, elegantly furnished and stylish business suite of each privilege centre is a testament to the careful attention in creating these modern offices with state-of-the-art technologies for

our valued customers. For better customer experience, MTB Privilege Banking follows a strategic selection plan while choosing location for privilege banking centres in order to ensure presence in close proximity to the highly valued customers. As MTB aspires to become the best amongst the privilege banking service providers of the industry, the bank restructured its privilege banking in 2014 and added 8 new state-of-the-art privilege centres to provide the best-in-class customer experience to the high net-worth customers. 7 of the new privilege centres are located in Dhaka and 1 in Chattogram.

## Attractive Deals with Our Partners

MTB Privilege Banking offers its customers attractive deals throughout the year on shopping, dining, lifestyle, travel and entertainment. To ensure premium customer service for privilege customers, MTB has come to agreements with a number of strategic partners - Amari Dhaka, Sayeman Beach Resort, The Peninsula Chittagong, Royal Tulip Luxury Hotel, Amin Jewellers, Purobi Jewellers, Nabila Boutique, Baatighar, Spitfire, Saltz, Absolute Thai, UMAI, Tastebud, Bulls n Barrels, Praava Health, Asgar Ali Hospital, Apollo Hospitals, United Hospitals, Vibes, Biman Bangladesh, Air Asia, US Bangla Airlines and many more. Apart from these, MTB, through partnering with more than 115 premium brands, has been offering attractive discounts and facilities of several fashion houses, hospitals and service providers like restaurants, hotel, resorts and airlines.

## Airport Facilities

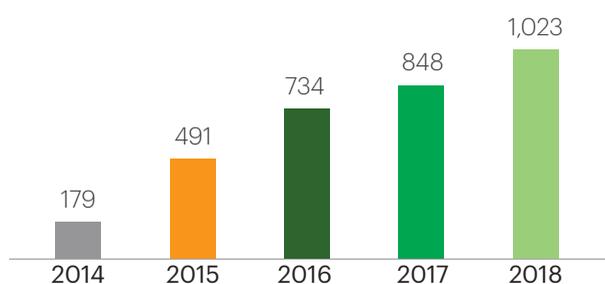
MTB wants to make the privilege customers feel that they are taken care of with special attention wherever and whenever they travel. To serve the customers, even outside the bank premises, Privilege Banking offers Complimentary Access to Airport Lounge at both Hazrat Shahjalal International Airport (HSIA) and Shah Amanat International Airport (SAIA) along with scrumptious food, beverage and many more special amenities. Other than that, complimentary Airport Pickup and Drop-off Limousine Service from Europcar, complimentary Airport Protocol Assistance Service/Meet and Greet Service are also offered to the customers.



## Banking and Beyond

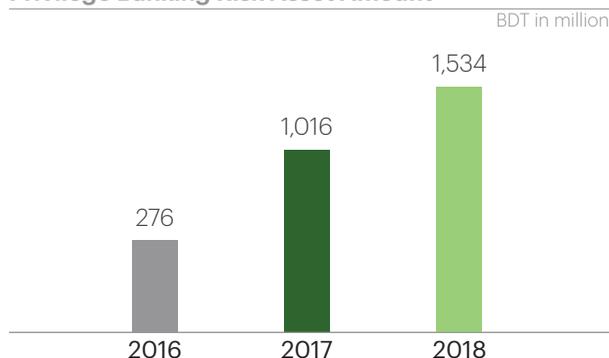
Customized Health-Care Support at top hospitals of Bangladesh and abroad, celebrating special days with personalized wishes, gifts and specialized cakes, greetings in festivals and invitation to exclusive Privilege Banking events and seminars are some of our efforts to acknowledge the significance of our privilege customers. To entertain the valued customers, other non-financial facilities include, but not limited to, free debit cards with higher withdrawal limits, pre-approved Mastercard World and VISA Signature Card, discount on

### No of Privilege Customers



In 2018, MTB Privilege Banking Department experienced a growth of 20.64% in the number of customers compared to that of the last year. Number of customers is now 5.71 times greater than what the number was in 2014. It shows the positive impact of revamping the Privilege Banking System. In addition to that, the total amount of deposit increased from BDT 5,300 Million in 2017 to BDT 6,260 Million, registering about 18.11% growth.

### Privilege Banking Risk Asset Amount



## Highlights 2018

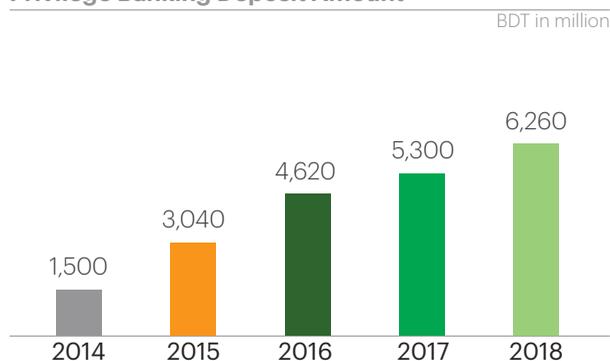
- ▶ Extended retail lending product offerings to high net-worth customers appraising their financial need, and registered a staggering growth of 50.9% in lending products over the year 2017.

locker service, SMS and internet banking services with dedicated 24/7 call centre.

## Achievements of MTB Privilege Banking Department

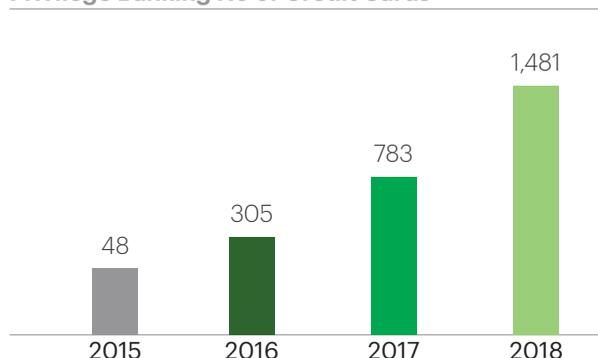
MTB Privilege Banking with its unique target marketing strategy has been catering to affluent clientele for MTB. Since 2014, MTB Privilege Banking through MTB Privilege Centres has been providing industry best premium services and winning customers' satisfaction. Following numeric data and graphs highlight the comparative performance of MTB Privilege Banking Department:

### Privilege Banking Deposit Amount



Privilege Banking services are not limited to only account opening and deposit collection, the department also started to acquire assets since 2016. The division demonstrated efficiency in asset booking and card selling within a very short period of time. In 2018, outstanding amount of assets booked by privilege banking was BDT 1,533.99 million, showing a growth of 50.9% in the lending business. Total number of credit cards sold by the department was 698 in 2018, resulting in 89.14% growth in card sale.

### Privilege Banking No of Credit Cards



- ▶ Contributed significantly to boost credit card business growth, and enhance profit of MTB Card Division.
- ▶ Organized two movie screening, vehicle related show and health awareness sessions with Apollo

Hospital Dhaka as part of our customer engagement programs to keep them connected with the bank.

- ▶ Organized “MTB Evening”, a socialization program, with privilege customers and high net-worth customers of the bank.
- ▶ Successfully conducted the “Privilege Banking Conference 2018”; where current position and future direction of the business were highlighted, and strategic planning and ideas were shared with MTB management.

### **Outlook 2019**

- ▶ Launching new MTB Privilege Banking Centres in Dhaka, Chattogram and Sylhet and increasing the availability of priority services for privilege customers.

- ▶ Introducing innovative and customized products and services to let the customers have even better experience from our Privilege Banking Department.
- ▶ Taking initiatives to maintain the portfolio growth through acquiring new customers.
- ▶ Increasing the lending and liability business to enhance the scope of accessibility of privilege banking services to the premium customers.
- ▶ Organizing “Privilege Banking Conference 2019”.
- ▶ Taking initiatives for better customer engagement and attachment with the bank by organizing special events, such as Privilege Nights with privilege customers, Boishakhi Fair and also conducting different customer events throughout the year including health awareness, vehicle show, jewelry show, ice cream festival, etc.)



# CARDS

Towards a cashless society

MTB Card Division started its journey in 2007 to offer convenient payment solutions for the customers. With the motto of “Working towards a Cashless Society”, MTB now has become one of the major players in the card business of Bangladesh through continuous improvements and innovations. Over the years, MTB Card Division has adopted new technologies to make transactions through MTB cards faster, smoother and more secure.

2018 has been one of the most eventful years of MTB Card Division. The launch of UnionPay payment solutions was the most significant event of the year. The bank also added a number of new features to cards, such as contactless credit cards with Mastercard, loyalty program for credit cardholders ‘MRewardz’, loan against credit card ‘Fast Loan’ and purchase program in installment ‘MIPP’, all of which contributed significantly to boost the business growth in 2018.

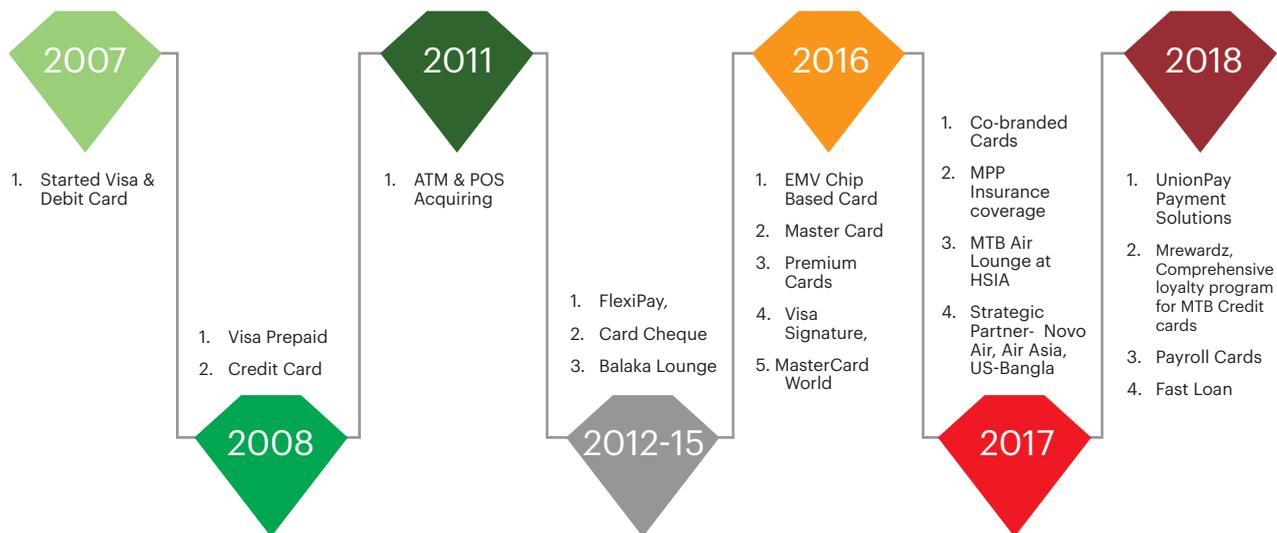
Besides introducing innovative products and services, MTB Card Division is always meticulous about the security of card transactions, which is reflected in the

launch of 2FA (two-factor authentication) for Visa cards in 2018.

Customers get seamless services through 24x7 MTB Contact Center, where customers can reach out for solutions, such as card activation, transaction details, replacement request, feedback and complaint, balance and statement enquiry, etc.

## MTB Cards - A Success Story of Remarkable Growth

The year 2018 marks the rise of MTB Cards to become one of the eminent players in business by means of launching innovative products, ensuring superior service standard and also in terms of business growth. In 2018, MTB credit card outstanding remarkably grew by 50% whereas the figure was 29% in 2017. Total number of credit cards issued increased by 37% and the number of debit cards increased by 12%. This significantly enhanced the revenue for the bank in the form of service charges and interest income.



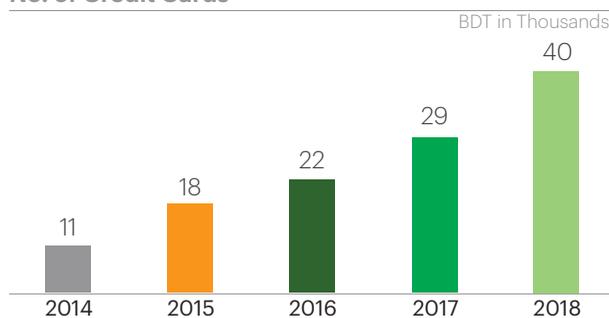
During the last couple of years MTB Card Division has shown a remarkable performance which is helping MTB to become a BANK OF CHOICE in the card industry

through innovations, value addition and customer service. The graphical presentation shows the growth trend of the cards business over a few years:

## No. of Debit Cards



## No. of Credit Cards



## Credit Cards Outstanding



## Highlights 2018

### Launch of UnionPay Payment Solutions

In 2018, Mutual Trust Bank Ltd. (MTB) started issuing UnionPay cards as the first private commercial bank in the country. The bank partnered with UnionPay International (UPI) as a principal member to introduce UnionPay payment solutions to ensure quick entry to digital payment space i.e. wallet based payment. The bank has already launched debit card, virtual debit card and digital wallet (QR Code payment) with UnionPay and plans to launch contactless card (both debit and credit), P2P and Money Express. The bank is also accepting UnionPay cards in its wide network of POS machines and ATMs.

### Other Milestone of MTB Cards in 2018

1. Launch of **Dual-Interface EMP Chip Credit Cards with Mastercard** as the first bank in the country. The cards allow both contact and contactless transactions. We launched two products - Titanium and World.

2. Introduction of **MRewardz**, a comprehensive loyalty program for MTB credit cardholders. A cardholder will earn 1 reward point on purchase of every BDT 50 or USD 1, applicable for all POS and online transactions. Signature and World Credit Cardholders will earn double reward points. Cardholders will have a wide range of options to redeem the accumulated points → getting gift vouchers of favorite lifestyle shops or restaurants, staying free at dream resorts, paying credit card bill and what not!
3. Launch of **MTB-Baridhara Cosmopolitan Club Ltd. Co-branded Visa Signature Credit Card** for the permanent members of Baridhara Cosmopolitan Club.
4. Launch of **Payroll Cards**. The objective of the card was to bring lower segment employees, who used to receive their salary in cash, to banking channel. Their salary is being given to the payroll cards, reducing the hassle of both the employer and the employees themselves.
5. Launch of **Fast Loan**, a loan facility against credit card limit. Selected MTB credit cardholders will be able to take up to 90% of their available credit limit as loan and pay in equal monthly installments over 6 to 24 months. Cardholders can get the loan in 24 hours just by calling our contact center. No further documentation will be required.
6. Launch of **MTB Installment Purchase Program (MIPP)**, which allows MTB credit cardholders to convert any POS or e-commerce transaction into 6 to 24 EMIs. This is on top of MTB's 0% interest installment purchase facility FlexiPay. Unlike FlexiPay, MIPP does not restrict the customers to do the transactions at specific merchants. Transaction at any merchant outlet is eligible for this MIPP.
7. Introduction of **Two Factor Authentication (2FA)** to further strengthen the security of online transactions. Dynamic One-Time Password (OTP) is generated and sent through SMS or email to perform e-commerce transactions. This will help to prevent fraudulent online transaction.
8. Addition of **Strategic Partners** such as Robi, Biman Holidays, NOVOAIR, US Bangla Airlines, Regent Airways, Daraz, Kiksha and Long Beach Suites Dhaka.

## Outlook 2019

MTB Cards aims at continuing the momentum it had in 2018 by introducing more innovative payment solutions and enhancing customer experience. We plan to launch QR Code based payment with Visa and Mastercard, Visa Contactless Credit Cards and UnionPay Credit Cards in 2019. In summary, we will keep moving forward as our vision dictates, 'Working towards a Cashless Society'.



# MTB AIR LOUNGE

Pinnacle of comfortable waiting at airports

There is nothing more boring than spending hours in crowded airports, however the experience gets extremely exquisite if you get to wait in a lavish airport lounge with state of the art facilities. In an attempt to deliver a superior level of services to its customers in line with the vision to become a truly world-class bank, MTB inaugurated Air Lounges at two international airports of the country.

MTB opened its first air lounge at the Hazrat Shahjalal International Airport in September 2017. Later the bank established its second air lounge at Shah Amanat International Airport in November, 2018. The establishment of MTB Air Lounges at two departure terminals has enabled the bank to extend the banking reach while ensuring greater comfort and convenience for MTB customers when travelling through the airport. The bank's privilege customers and MTB premium credit card holders can access and relax in the lounges as per policy.

The 2,000 sqft MTB Air Lounge at Hazrat Shahjalal International Airport (HSIA) offers modern architecture,

posh interiors, top class catering and massage & relaxation chair for the comfort of travelers. MTB Air Lounge, HSIA provides round the clock services, where guests can stay and have a relaxing time occupied with recreational facilities such as surfing the internet through Wifi, watching television, reading daily newspapers, and so forth. The air lounges have library, which is a unique feature offered in our country. Guests can also charge their mobile phones, use shoe shiners or take a shower to get freshen up before their flights. The air lounges offer delicious buffet assorted with finely chosen food items and beverages so that guests can sit back, relax and enjoy the delicacies.

MTB Air Lounge at Shah Amanat International Airport (SAIA) is the largest domestic lounge in the country comprising 2,000 square feet of floor space. Since inception, the lounge has been catering to the travelers with great enthusiasm to make their time and experience comfortable, enjoyable and amazing. The Lounge is open daily from 06:30 to 22:30 and during the opening hours, travelers may relax and enjoy recreational



facilities while enjoying a delicious buffet, which is one of the unique in lounge industry.

Air Lounge Officers are always there to greet and provide exclusive services to the guests. MTB credit card holders can have special facilities to enjoy banking services at the Air Lounges.

### 2018 Business Highlights of MTB Air Lounge

- ▶ Launched the second state-of-art Air Lounge at Shah Amanat International Airport (SAIA), Chattogram which enhanced the scope of serving customers.
- ▶ Organized the first ever “Gala Night” event in the history of lounge industry.
- ▶ Organized “Pahela Baishak” program in participation with other lounge staffs.
- ▶ Successfully tied up with “Priority Pass” at MTB Air Lounge, HSIA that enabled priority pass holders of different countries to relax in MTB Air Lounge.
- ▶ MTB Air Lounge HSIA managed to become the only lounge at HSIA to get incorporated with the “Lounge Key Program” available for priority pass holders.
- ▶ An arrangement was made to provide lounge services for Business Class Passengers of different reputed airlines.

### Outlook for 2019

- ▶ To make agreement with “Priority Pass” at MTB Air Lounge, SAIA which will enable priority pass holders of different countries to relax in MTB Air Lounge.
- ▶ To give access to the internationally issued “Diners Club Members” under Priority Pass Program.
- ▶ To successfully tie up with “DragonPass” at MTB Air Lounge, HSIA & SAIA which will enable different countries members to relax in MTB Air Lounge.
- ▶ To tie up with the Business Class segment of more Airlines so that customers can have the opportunity to take rest before their departure.
- ▶ To launch third state-of-art Air Lounge at Osmani International Airport (OIA), Sylhet to enhance the scope of serving customers who are travelling through airport.
- ▶ To exert uninterrupted efforts for continuous improvement and to upgrade air lounge services to remain the top in class.
- ▶ Air Lounge at Osmani International Airport, Sylhet opened on April 25, 2019.
- ▶ Air Lounge at Saidpur Domestic Airport will be opened within 2019.



# INTERNATIONAL TRADE

The language of global commerce

## Global Outlook

Global trade horizon is expanding day by day along with increased free movement of goods and services as a result of escalated interconnectedness amongst the countries around the world and improvements in technologies. The mass reach of the Internet, artificial intelligence, 3D printing and distributed ledger technology (DLT) have the potential to profoundly replace the traditional method, enabling transparency among the parties and bringing speed in the entire end-to-end process. These developments could unlock many opportunities for individuals, entrepreneurs and businesses around the world. Despite notable technological development in international trade environment, paper based documents are still very much in practice. The impediments on the way of doing paperless trade under distributed ledger technology can be lack of legal framework regarding acceptability of electronic bill of lading and integration of stakeholders into a uniform system.

While technologies are slowly shaping world trade methods and contents, pattern of global business is continuously affected by other political and economic factors. World Trade Organization explains that following strong momentum in 2017, growth in global goods trade markedly slowed during the first half of 2018 and has only partially recovered since then. Global capital goods production, which is highly trade-intensive, has slowed notably in Europe and developing Asia, two tightly interconnected global manufacturing hubs. Nearly one third of European exports and more than half of German exports to developing Asia are of machinery and vehicles, while capital goods and electronics account for one third of exports from developing Asia to Europe.

According to World Bank data, new tariffs introduced by major economies since the beginning of 2018 affected about 12 percent of U.S. goods imports, 6.5 percent of China's goods imports, and about 2.5 percent of global trade. Global trade is still projected to grow somewhat faster than global GDP in 2019, but at a much weaker pace than previously envisaged, reflecting a deterioration in growth prospects in several large emerging markets, developing economies and in the euro area.

## Bangladesh Scenario

Currently the country's trade balance stands at deficit. According to Bangladesh Economic Review Data published by Ministry of Finance, Bangladesh earned USD 36.67 billion with 5.81% growth in exports and spent USD 58.87 billion with 25.2% growth in import in the fiscal year 2017-18. Consequently, the trade deficit in fiscal year 2016-17 was USD 18.26 billion which was 92.82% higher than the trade deficit of USD 9.47 billion of the fiscal year 2015-16. The deficit widened as import spending increased faster than export earnings.

In FY 2017-18, trade deficit increased due to a rise in import costs compared to export earnings and the rise in imports was fueled by private sector investment. In 2018, government mandates were to ensure political stability and complete large projects within the deadlines. To meet the targets, numerous economic activities were directed through banking channels. Subsequent to the political stability, entrepreneurs were encouraged to invest in new ventures and, as a result, imported huge capital machineries, which pushed the import cost up and widened the trade deficit. It is anticipated that imports will be augmented even more in 2019.

Though exports did not grow in 2018 at a rate like imports, export earnings increased mainly due to increases in various sectors like agricultural products, ceramic products, handicrafts, cotton and cotton products, knitwear, home textile, jute goods, chemical products, woven garments, etc. The top destinations for Bangladesh's export business are USA, Germany, UK and France. Nevertheless, the increasing trade

## International Trade Bangladesh



deficit is currently being met with remittance flow. However, the growing import trend has to be matched through increase in exports to attain trade balance. It is expected that with current growing rate in economy, Bangladesh will have surplus in trade balance within a few years.

The Bangladesh government has set its export target at \$44 billion for the fiscal year 2018-19 with a growth target of 6.47%. The country is emphasizing on growth in the apparel export markets next year as substantial investments have been made in this industry by private sectors. Bangladesh's import items consist of mainly petroleum, oil, chemicals, fertilizer, raw cotton, yarn, textile materials, capital machinery, iron, steel and food grains.

In terms of payment method, documentary credit has been dominant and popularity of this method is still growing, which is followed by Documentary Collection and Advance Payment respectively. In addition to that, financing under Open Account including but not limited to factoring, forfeiting were in the air throughout the year 2018. Proper regulatory framework is underway in Bangladesh.

### MTB International Trade Services

MTB is committed to being the partner of choice for internal and external customers by providing proactive trade solutions. Some far-reaching initiatives have been planned to include more business customers through MTB International Trade Services Division in future. Variety of services are currently offered to the customers from the division to cater to trade solutions.

MTB's import volume was USD 1,410.69 million in the year 2018, an increase of 9.48% from USD 1,288.53 million of the year 2017. The bank's import business facilitation consists of items like capital machinery, industrial raw materials, food grains, consumer goods, etc.

MTB's export volume was USD 736.58 million in 2018. The bank's export business facilitation consists of items like ready-made garments, frozen foods, jute products, leather and leather products, etc.

### MTB International Trade Business



### Business Perspective

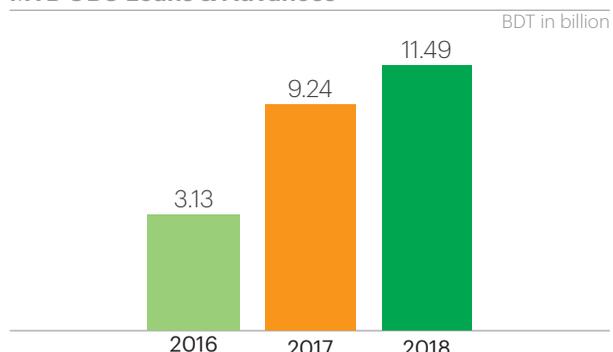
The global economy faced increased tariffs and embargo at the beginning of 2018, which was later relaxed due to adverse impacts on global economy. IMF, in its latest forecast on world economy, cuts its global economic growth forecasts for 2018 and 2019, saying that the US-China trade war was taking a toll and emerging markets were struggling with tighter liquidity and capital outflows. Bangladesh had witnessed few quota doors closing in some markets while the country seized new opportunities in other markets. Government initiatives are being taken and incentives are being provided to promote industries other than RMG to reduce dependency on single source of foreign income. Both import and export are increasing as the economy is driving towards industrialization. Bangladesh Bank statistical data showed that during July '18 to October '18 the country's exports earnings from the apparel sector rose by over 20%. The government has set its export target at \$44 billion for the fiscal year 2018-19 with a growth target of 6.47%. MTB plans to provide innovative trade finance solutions to customers, tailored to local needs and regulations, to support the upward trend in the export-import business of our country in future. Therefore, MTB's international trade business is expected to grow in the year 2019.

### Offshore Banking Unit (OBU)

Unlike offshore banking concept globally, offshore banking business in Bangladesh is highly regulated by the central bank of Bangladesh. Offshore banking books are predominately operated on borrowing from financial institutions abroad and lending through import bills discounting under buyers' credit arrangement, which has ultimately enhanced banks capability to earmark more import business for the bank. Moreover, offshore banking business in Bangladesh also posed strong demand to foreign Financial Institutions to reduce the confirmation and discounting pricing level over a period of time. This pressure ultimately save huge foreign currency for the country.

MTB obtained the Offshore Banking Unit (OBU)

### MTB OBU Loans & Advances



permission in December 2009 and commenced operation immediately. The unit, which is governed by the rules and guidelines of Bangladesh Bank, has been sustainably growing over a period of time. The total loans and advances of offshore banking business reached USD 137 million, equivalent to BDT 11.49 billion, as on December 31, 2018 compared to USD 111.7 million, equivalent to BDT 9.24 billion, as on December 31, 2017 showing an impressive growth of 19.64 percent.

### MTB OBU Outlook 2019

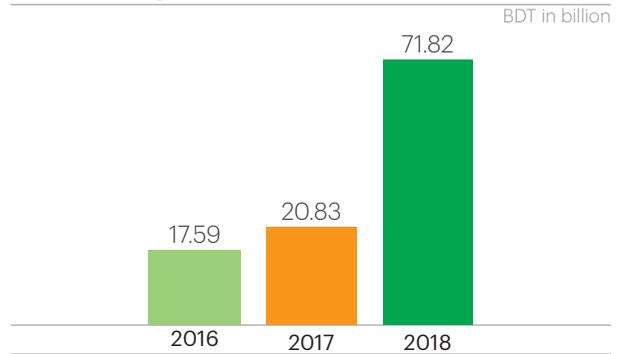
- ▶ Maintaining local market dependency at a very minimum level for OBU operations.
- ▶ Diversify the borrowing sources to avoid concentration risk and achieve cost competitiveness.
- ▶ Sourcing new borrowing avenues to create competitive edge of MTB OBU.

### MNC Banking Unit

MTB MNC (Multi-National Companies) Banking Unit started its operation in 2016 as a separate and dedicated unit as part of MTB's enhanced focus to widen its international business. The main objectives and functions of the Unit are to assist MNC clients by opening accounts, understanding their business requirements and providing advisory services, making non-funded commission income through issuance of Bank Guarantees such as Bid Bond, Advance payment Guarantee, Performance Guarantee, Customs Bond etc. on behalf of MNCs backed by counter guarantees of foreign banks.

Keeping the same objectives and functions in mind, we have opened two desks; namely "FDI Help Desk" and "China Desk" to support Foreign Direct Investment (FDI) and Chinese businesses in Bangladesh.

### MNC Banking Total Business



The Unit has been generating profit for the bank through facilitation of different types of Bank Guarantees (BG) against counter guarantees of foreign correspondent banks and their MNC customers. In 2018, MTB MNC Banking Unit facilitated a total amount of BG USD 71.82 million, equivalent to BDT 6.00 billion and registered a staggering growth of 244.79% over the year 2017. Through these trade facilitations, MTB MNC Banking Unit booked a sizable commission earning of USD 0.32 million, which is equivalent to BDT 26.61 million, for the bank with a growth of 41.39% as compared to the previous year.

The Unit has also played a pivotal role to open corporate accounts of 7 (Seven) MNCs and payroll accounts of 2 (Two) MNCs during this period.

### MTB MNC Banking Outlook 2019

- ▶ Designing activities to provide one-stop advisory services to any company intending to make foreign direct investment in Bangladesh.
- ▶ Liaising with different chambers, embassies and other associations and different government and autonomous bodies to increase foreign trade market share.



# MTB NRB BANKING

Facilitating banking beyond borders

Remittances received through various sources make positive impacts on the economy including increased savings, investment, consumption growth, and poverty reduction. Moreover, remittances are crucial in development financing, which focuses on the multiplier effects of enhanced consumption, development of the financial institutions that handle remittance payments, use of remittances as foreign exchange, and the role of remittances as an alternative to debt that helps alleviate individuals' credit constraints.

Mobilizing remittance as a source of foreign currency is pivotal for any bank in an economy like ours. Wage earners' remittance plays a vital role in lessening the bank's dependency on inter-bank market for payment of import bills. Expatriate Bangladeshi workers sent home \$15.54 billion in 2018, registering a nearly 15 percent growth.

With a view to contributing to the national growth achievements through facilitating smooth remittance flow, we are serving Bangladeshi workers by opening accounts of them. Not only that, the bank has a special home loan product, MTB NRB Home Loan, for the non-residents.

MTB has a wide network of 114 branches and 100 agent banking centres located at strategic places of commercial and business importance all over the country. Foreign remittances can also be directly credited into the beneficiary accounts maintained with MTB.

MTB employs API (Application Programming Interface), an automated process, to receive inward remittance 24/7 from the bank's correspondent exchange houses. The bank has remittance drawing arrangements with twenty eight (28) exchange companies and two (2) banks for procuring foreign remittances. Global money transfer companies like Money Gram, Western Union, Instant Cash and Xpress Money are a few of the MTB's remittance partners through which a remitter can remit money from anywhere around the world. Moreover, MTB Exchange (UK), a subsidiary of the bank, also facilitates sending money of the Bangladeshi expatriates back home. From currency exchange to money transfers, it offers reliable, professional and innovative services to our customers. In addition, the bank has established booths at Hazrat Shahjalal International Airport to offer the customers convenience of purchasing and selling foreign currency while travelling through the airport.

There is a broad consensus that access to a transaction account can help people better manage their lives and plan for emergencies. To bring the NRBs and their families into financial inclusion, we have developed deposit products in accordance with their needs. We help NRBs to open deposit accounts through our own representatives and correspondents abroad. Through our relentless efforts and exemplary services to the NRBs, we have managed to open 21,130 new accounts up to December 2018 and the deposit balance in these accounts stood at BDT 1.99 billion at the end of 2018.



## Deposit Products

- ▶ NRB Savings A/C
- ▶ NRB DPS
- ▶ NRB FDR



## Loan Products

- ▶ MTB NRB Home Loan



## NRB Remittance Services

- ▶ Wage Earners Remittance Procurement & Disbursement

MTB NRB Products & Services

In 2018, MTB received remittance of USD 570.95 million through 28 exchange houses and correspondent banks around the world.

Country	Number of Remittance Partners
UAE	12
USA	1
UK	3
KUWAIT	3
QATAR	4
MALAYSIA	2
SINGAPORE	1
RUSSIA	1
ITALY	1
OTHERS	2
<b>TOTAL</b>	<b>30</b>

#### MTB Remittance



#### Outlook 2019

In order to be competitive and on the top, MTB NRB Division has the following action plans in mind:

- ▶ Expanding operations and achieving excellence, so that we can be the top remittance receiver.
- ▶ Collaborating with leading banks and remittance companies of the remitting countries.
- ▶ Expanding network into geographic areas where non-resident Bangladeshis reside.
- ▶ Simplifying operational activities in order to offer the beneficiaries more expedient services.

#### Business Highlights

The division is working relentlessly to make the operations more effective and gain competitive advantage in the market. In 2018, the bank signed remittance agreements with 2 exchange companies.

Total amount of remittance receipt through the channels during 2018 stood at USD 570.95 million which marked a staggering growth of 82.54% against the year 2017. MTB was among the top ten remittance receiving banks in Bangladesh in 2018.

In an attempt to expand its scope of services, the bank tied up with bKash, a mobile financial services company, for swift processing and delivery of remittances throughout the country on a real-time basis.

#### Remittance Receipt Contribution of MTB Compared to the Country



- ▶ Adopting latest technologies under digital payment systems to encourage non-resident Bangladeshis (NRBs) to send their hard-earned money through banking channel instead of 'hundi.'
- ▶ Visiting remitting countries periodically to establish and strengthen relationships, and thus ensuring better business for the bank.

MTB NRB Division strives to achieve the most competitive exchange rates for its consumers, and thus providing consumers the best price as well as providing them with the best customer service possible through MTB network across the country.



# MTB GROUP TREASURY

Taking the bank to a higher financial altitude

With the ever increasing pace of changes in technology, regulation and compliance within the banking industry, treasury has become a strategically important business partner for all the business divisions/wings across the bank. Treasury operation conducts various activities starting from optimizing liquidity as well as maintaining capital of a bank while administering the financial assets. In addition, treasury is also responsible for making sound financial investments with the available liquidity while reducing financial risks. To discharge its responsibilities, treasury performs a lot of functions including liquidity management, maintenance of CRR and SLR, investment in government securities, placement of fund in the inter-bank market, settlement of foreign exchange transactions, participation in primary auction, etc.

Over the past few years, MTB Treasury has been performing exceedingly well in spite of the adversaries and economic turmoil that has been observed globally as well as within the country. The department has forecasted the market movement accurately and remained vigilant to gain from favorable events and to lessen risk from unfavorable ones.

**MTB Group Treasury**

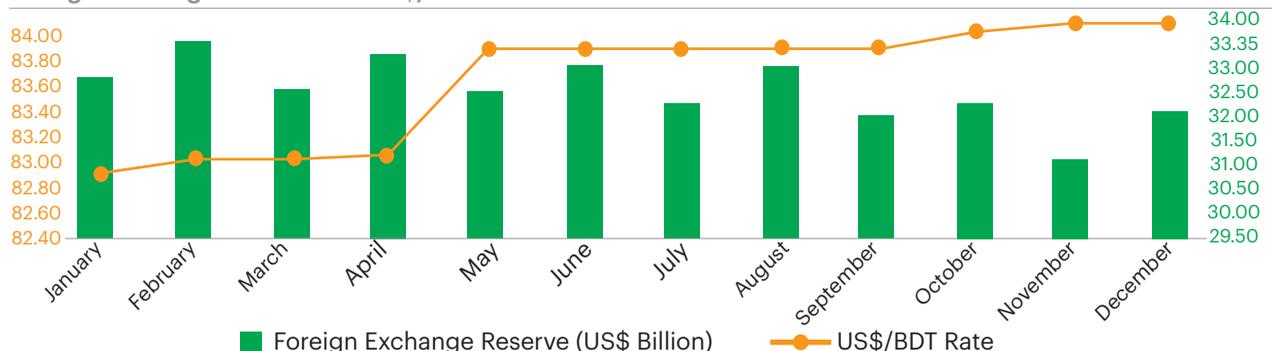
- 
Liquidity, Interest & Market Risk Management
- 
Asset Liability Management
- 
Foreign Exchange Operation
- 
Money Market Operation
- 
Primary Dealership
- 
Fixed Income Securities

## Foreign Exchange Operation

Coupled with many national and international events, the foreign exchange market of the country faced a widening gap between import and export, which triggered a huge trade deficit during 2018, resulting the US\$/BDT exchange rate to soar higher. Undertaking of mega projects by the government, initiation of new

power plant projects, and growing demands for foreign goods resulted in a staggering growth in import costs for the country. In addition, the country has started to import liquefied natural gas (LNG) to enable the plants to run uninterruptedly at full steam. The price of petroleum products in the global market has also maintained an increased trend, which piled on more pressure on the foreign exchange rate.

### Foreign Exchange Reserve and US\$/BDT Rate



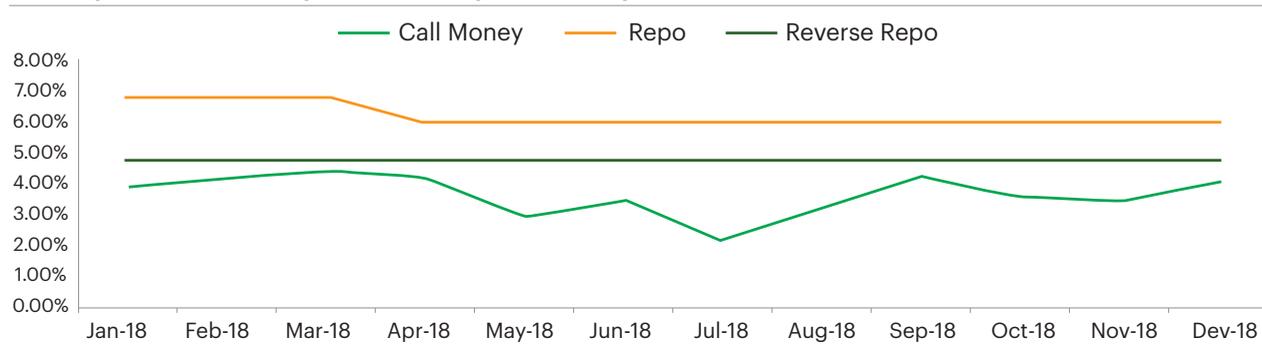
The US\$/BDT exchange rate was 82.55 in December 2017 and soared even higher to 83.9 in December 2018. The country marked the foreign exchange reserve of US\$ 32.01 billion in December 2018, bagging inflows mostly from RMG export, agro products and frozen food export, jute exports, leather exports and inward remittances.

### Money Market Operation

The money market faced acute illiquidity in the first quarter of year. One of the main reasons being depositors' intent to invest in National Savings Certificates for higher returns, diverting funds from the banks, leaving liquidity situation under stress. Later on, the government reduced the CRR rate from 6.5% to 5.5% and injected fund into the market to stabilize the situation. During the year, the

lowest call rate was 0.25% and highest rate was 5.5%. However, in August alone, inter-bank weighted average call money rates fluctuated from 1.44% to 5.04%. The repo rate was 6.75% till April, then Bangladesh Bank reduced the rate by 75 basis points to 6.00% with effect from April 15, 2018. The reverse repo rate remained unchanged at 4.75% in 2018. Despite this fluctuating market, the treasury team had been able to tap good return from the money market investment and fund mobilization while minimizing both interest rate and liquidity risks.

### Industry REPO, reverse repo & call money rate in comparison

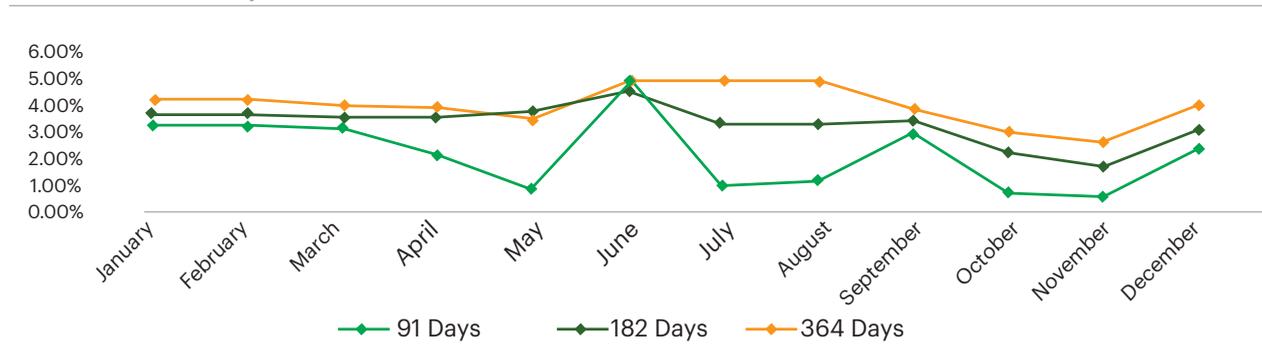


### Government Securities

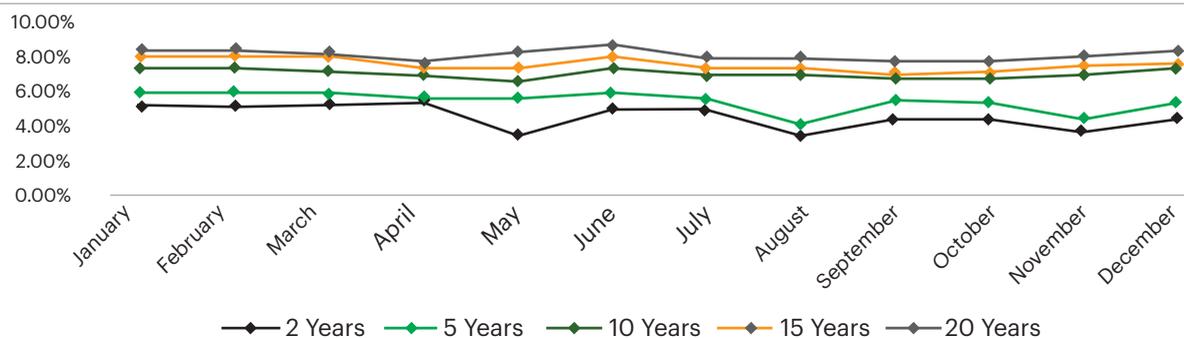
In a well-diversified financial system, fixed income securities has a very important role to play. The available government debt instruments are treasury bills and treasury bonds. Banks and financial institutions are the main buyers of treasury bonds. As a regulatory requirement, banks in Bangladesh have to meet SLR of 13 percent of average demand and time liabilities. And in compliance with the Bangladesh Bank regulation,

MTB maintained SLR of 13 percent throughout the year 2018. SLR was maintained in the mode of government securities, i.e. treasury bills and treasury bonds. The yield from all types of treasury bills started to reduce from stable point after March 2018. Afterwards the yield from every kind of treasury bill experienced huge fluctuation. In case of treasury bond, the yield remained quite stable throughout the year except for slight fluctuations in 2 years' and 5 years' treasury bonds.

### Government Treasury Bill Yield Trend



## Government Treasury Bond Yield Trend-2018



### Primary Dealership

Members of Primary Dealers Bangladesh Limited (PDBL) are the medium for implementing national budget of the country by participating mandatorily in the weekly auction of the government securities. Each of the PD banks have their own underwriting obligation. MTB is one of the active members of PDBL. The bank holds a significant amount of investment in government securities generating a healthy yield either in the mode of interest income or capital gain. MTB has been playing a dynamic role in developing an active and vibrant secondary market of government securities. It also provides advisory services to its existing and potential individual and corporate customers for making investment decisions on fixed income securities.

### Asset Liability Management (ALM)

Asset Liability Management (ALM) is the mechanism to address the risk faced by a bank due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates and to recommend effective way forward in terms of interest rate, business strategy and policy prioritization. MTB Group Treasury has done exceptionally well in this area by keeping management well-informed of crucial developments in the market and pricing techniques of liabilities and assets. ALM Desk analyses, evaluates and interprets the market scenario on a regular basis to ensure the right balance

between product profile, cost and risk exposure. They provide valuable inputs in MTB Asset Liability Committee (ALCO), which is comprised of senior management of MTB. The Committee meets monthly at least once to discuss the current local and global market outlook, major issues that may shake the existing interest rate, liquidity and to decide on policy regarding interest rates and thrust sectors. In 2018, ALCO took some imperative and judicious decisions regarding interest rates, liquidity positions and other various risks associated with balance sheet that helped MTB accelerate the pace of growth.

### Outlook 2019

After experiencing a year of high fluctuations and various instability due to economic and political issues, Treasury team is determined to adhere to the following:

- ▶ Since the foreign exchange market faced significant volatility in 2018, we need to observe the market very closely and act accordingly in the year 2019.
- ▶ Introduction of CBS Treasury Module, which will improve the tasks of analysis and reporting with automation process and enhance the efficiency of the treasury operations.
- ▶ Opening of new clearing account in Chinese RMB to capture the increased volume of trade with China. This will result in increased volume of international transactions.



# AGENT BANKING

Providing banking & financial services to the unbanked population of the country

Agent Banking is growing rapidly in Bangladesh as a mechanism for reaching underserved people and the concept has gained immense popularity due to its simplicity and cost-effectiveness. This is an approach to provide banking services by appointing an agent in areas where regular bank branches are usually not available. Starting in 2016, Bangladesh banking industry has witnessed a steady growth in agent banking. According to Bangladesh Bank data, up to March 2018, 16 banks were offering this form of banking.

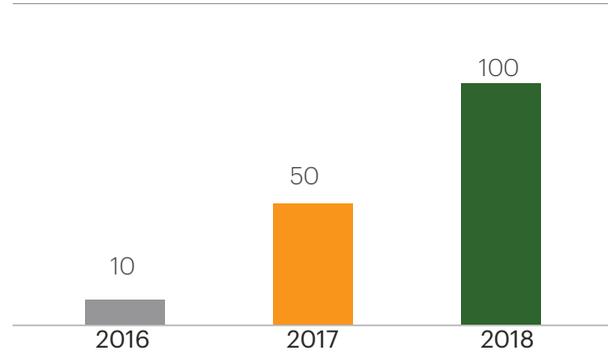
## BUSINESS HIGHLIGHTS OF MTB AGENT BANKING

MTB started its agent banking segment from June 2016 by setting up its first MTB Agent Banking Centre (MABC) in Cumilla and its operations have grown rapidly. Milestones achieved by agent banking in 2018 are as follows:

- ▶ 50 new MABC opened during 2018, making the total number of MABC to reach 100.
- ▶ The MABC network covered 35 districts. 80 MABCs are situated in rural areas while the rest 20 are in urban areas.
- ▶ Total number of accounts reached 32,766 with total deposit figure amounting to BDT 1,033 million and BDT 809 million of cash disbursement was made against foreign remittance.

MABC is a blend of extensiveness and convenience in providing banking services to small scale financial service receivers. Agent banking service includes collection and processing of account opening forms, collection of small value cash deposits and withdrawal service of the same and receipt of clearing cheques.

## Number of MABC



Agent banking centres not only collect deposits, they also make disbursements of foreign remittances and small value loans. Besides regular banking services, many other banking facilities are offered through agent banking, such as balance enquiry, collection of utility bills and school fees, payment of insurance premium, mobile recharge, beneficiary owner (BO) account opening, etc. As MTB attempts to offer a variety of financial services to its agent banking customers, the agent banking centres offer SME, agri and retail loan products as well.

The Agent Banking Software (ABS), which enables the online transactions to be real time, is used to make the services of agent banking secure. The transactions are secured by a two-factor authentication (2FA) mechanism in which thumbprints of both the customer and the agent are used through a biometric device to validate transactions. The customer is notified through a system generated printed receipt of the executed transaction and an SMS alert as well.



## MTB Agent Banking Story of Changing Lives for Better

MTB Agent Banking has positively influenced people in turning their own lives around through its services. One such story is about one of our agents, Ms. Nazma Akter, who has been able to change her life with her strength, resilience and patience, and with the support from MTB Agent Banking.

Being a woman entrepreneur is often challenging but Ms. Akter was always determined to establish her own identity. She found the opportunity to attain financial freedom after she registered as an MTB agent banker in 2016. After running her first agent banking center in Khorarchor, Dhamrai successfully, Ms. Akter opened her second MTB Agent Banking Center (MABC) in December, 2017 in Joypura, Dhamrai, which has also gained much popularity in that locality.

Ms. Akter, who completed her studies from a local government college, was a homemaker living with her husband and three children before starting her first MABC in Dhamrai in 2016. Her husband works at a private insurance company. Besides being a housewife, Ms. Akter also wanted to be another bread earner in her family.

The journey of opening an agent banking center was not very smooth for her. First of all, she had to step out of the household boundary. Breaking social barriers, she was able to convince her family to support her idea. Getting to know about her plan to be associated with MTB, her family encouraged her in her venture.

To start her agent banking center, she needed an initial investment of BDT 1.50 million, which, given her then family economic status, was rather a big amount to collect. It was a substantial risk and her family might have broken down economically if she had failed. Yet, keeping faith in her own abilities and having confidence on the reputation of MTB, she arranged the startup money from her family.

The locality, where Ms. Akter opened her first MABC, was not very welcoming in accepting her as a business person. Many did not hesitate to spread unfavorable words against her, including questioning her ability to handle money as a woman. However, it did not take much time for her to change the views of the people of the locality with the support from the bank. Seeing her determination, people eventually started relying on her and opened accounts at her MABC.



Currently, Ms. Akter has 1,170 account holders in Khorarchar MABC, having deposit balance of BDT 23.20 million. After her success at the first MABC, Ms. Akter went on to open her second agent banking center at Joypura Bazar, Dhaka in December 2017. This center also gained good customer response. Within a year of operation, 314 new account holders opened accounts and total deposit was BDT 5.50 million.

Ms. Akter took a leap of courage by opening agent banking center at her area. In addition to her family members, it is now her clients who often inspire her to continue serving people. One of her clients, who lives a marginal life, opened a bank account with her MABC realizing the importance of savings, even in small amounts, through formal channels. Another client of Ms. Akter is a farmer, who receives remittances from his non-resident Bangladeshi (NRB) son. Earlier the client used to receive money from his son through informal channels. After opening an account with Ms. Akter's agent banking centre, he found convenience in and understood the necessity of receiving remittances through formal channel. Now he receives remittances legally through his bank account.

It is with much uncertainty that Ms. Akter went for her first MTB Agent Banking Centre license as the concept was still very new back then. She is one of the pioneering agent bankers of MTB, which, at the end of 2018, had 100 such agent banking centres. And this is just one of numerous stories of how this banking concept is bringing about changes in the lives of hundreds of thousands of Bangladeshis.

### Outlook 2019

- ▶ To enhance the reach of agent banking in compliance with BB regulations.
- ▶ To keep the services cost effective, convenient and secure.
- ▶ To train the agents to deliver services maintaining the standard of MTB.



# SPECIAL ASSET MANAGEMENT

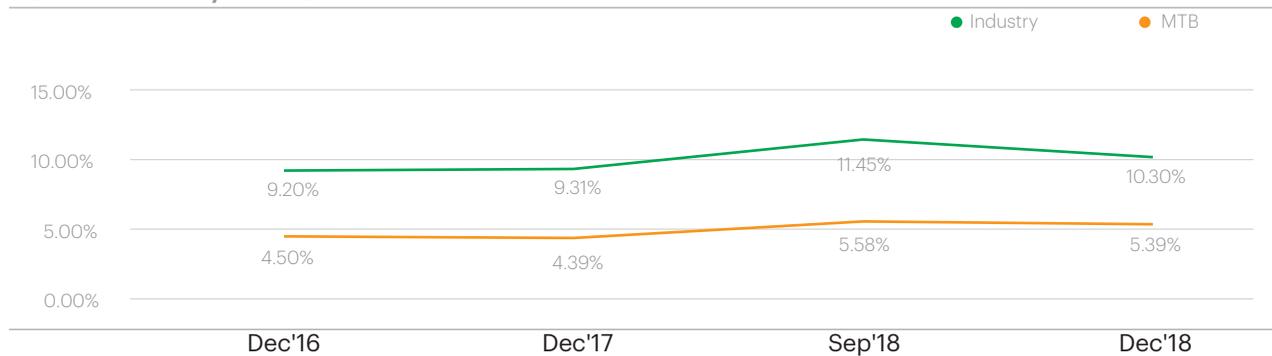
Striving to recover/regularize special assets of the bank

Non-performing loans (NPLs) are great concern for the banking industry as they directly impact the profitability of a bank negatively. The whole banking industry faced increasing trend of NPL during 2018. One of the major targets for regulators in 2018 was to bring the rate of NPL to the minimum. Many banks stumbled at maintaining the target despite their efforts and resource engagements to reduce the NPL rate to the minimum. One of the biggest concerns for MTB has always been to make quality investments by means of

careful selection of borrowers, consistent monitoring and follow up with the clients to identify and take preventive actions before unfavorable situations take place. Special Asset Management Division (SAMD) works persistently to keep the loans regular and performing, and thus keeping the NPL rate way below that of the industry.

The following graph shows a comparison between the trend of classified loans in the banking industry and at MTB:

## CL Trend: Industry VS MTB



MTB consistently maintained much lower NPL ratio compared to that of overall banking industry. In 2018, NPL ratio of MTB was 4.91 percent at the end of June 2018 and 5.58 percent at the end of September 2018, and because of the continuous effort of SAMD to maintain the ratio at the minimum level possible, the NPL ratio of the bank went down to 5.39 percent at the end of December 2018.

## Activities of SAM Division

In March 2018, the banking industry of Bangladesh was suffering from high level of NPL, rate of which escalated to 10.80 percent. Failure to repay the fund borrowed is the reason for such escalation in NPLs, which ultimately impair the monetary transmission mechanism of the country and affect the country's financial sector.

To reduce the risk of revenue obstruction and to keep a healthy portfolio of credit investments so that the profitability does not shrink with extra burden of

provision, SAMD is always persistent in recovering loans or regularizing borrowers who have defaulted due to any reason. The CRM guideline of the bank has a number of activities to be carried out by the division.

## Recovery Actions

Activities of the division as per CRM guidelines are various. Overall recovery action plan of the bank is determined by the division on quarterly basis having its aim in front. In addition, periodic action plans are prepared on quarterly basis for the team to follow to ensure that they make all-out efforts to maximize recovery.

## Regularization of Loans

Besides recovery actions, the division also works for maintaining regular status of assets. They collect branch wise classified loan lists, prepared and provided by the Credit Administration Department (CAD), to formulate

### OBJECTIVES OF SAM

- ▶ Accelerate bad and written-off loan recovery process.
- ▶ Save the bank from unwanted provisioning due to bad loans.
- ▶ Contribute to the flow of revenue, higher profit margin, maximize shareholders' value.
- ▶ Enhance further lending opportunities.

appropriate recovery/regularization plan. Classified loan review (CLR) reports are prepared considering all possible ways to recover/regularize the classified loan A/Cs and NPL A/Cs are rescheduled maintaining norms/rules/circulars.

### Initiating Legal Actions

Legal actions with the help of MTB Group Legal Affairs Division are initiated as per norms/rules/circulars. Court cases are followed up regularly ensuring that necessary steps are taken for early resolution.

### Maintaining Proper Workflow Channel

Approval from appropriate authority is crucial for proper management of NPLs. SAMD ensures that write-off of NPLs are done by obtaining approval from appropriate authority in line with Bangladesh Bank guidelines. The division also ensures that approval from appropriate authority is obtained for taking legal action against defaulted borrowers and foreclosure and sale of collaterals. For waiver/block of interest, rescheduling/compromise and settlement, it is the responsibility of SAMD to confirm that approval from appropriate authority is obtained, and where applicable, Bangladesh Bank approvals are obtained.

### Classified Loan Review (CLR) Report

Classified loan review reports are generated and reviewed periodically to ensure appropriateness of the actions taken for recovery/regularization of the classified loans.

### Outlook 2019

In order to ensure recovery/regularization of NPL A/Cs, SAMD will take following steps:

- ▶ Monitoring the loan portfolio closely to get early alerts.
- ▶ Sending reminders to the non-performing loan clients.
- ▶ Taking initiatives for recovery of the bad/loss and written-off loans.
- ▶ Using persuasion and calling on customers so that overdue customers do not turn into SMA.
- ▶ Taking intensive drives to recover SMA loans with the aim of stopping further degradation of the non-performing asset.
- ▶ Collecting branch wise classified loan lists, prepared and provided by the Credit Administration Department (CAD), to formulate appropriate recovery/regularization plan.
- ▶ Re-scheduling defaulted loans to convert them into regular ones when the customer regains the capability to repay the loans.
- ▶ Initiating legal actions with the help of MTB Group Legal Affairs Division as per norms/rules/ circulars.
- ▶ Writing-off NPLs when applicable and continuing recovery drives for loans that have been written-off from the books of accounts.



# RISK MANAGEMENT

Risks enable earning

Financial service industry encompasses a wide sources risk events with varying range of risk impacts. The core focus of a financial institution is to identify, and manage this wide range of risks. Its objective is to add maximum sustainable value to all the activities of the bank. It marshals the understanding of the potential upside and downside of all those factors, which can affect the bank. It increases the probability of success, and reduces both the probability of failure, and the uncertainty of achieving the bank's overall objectives.

Keeping this fundamental about risks in mind, risk management in MTB is being conducted with a forward-looking vision about the business, and economic environment, within which the bank operates. Thus, ensuring the economic risk-adjusted returns the of stakeholders' value. The risk-award decisions and growing in a sustainable manner have become MTB's top priorities. Vigilant risk management is among MTB's foremost responsibilities.

MTB's risk management structure includes a separate risk management division, and clearly assigned duties, and responsibilities of relevant divisions/ departments. Besides, MTB encourages its employees, at all levels, to adhere to the regulatory, as well as internal, policies, guidelines, and procedures in an ethical way for prudential risk management. The full array of risk management functions, processes, governance, programs, and practices constitutes the risk management framework. This framework is subject to constant evaluation to ensure that it meets the changing challenges, and requirements of both the local and global markets, in which the bank operates. This includes managing risks relating to credit, market, operations, information and technology, asset-liability mismatch, foreign currency, money laundering, terrorist financing, reputation, and settlement by adopting to regulatory standards, and industry best practices.

## Risk Profile

The table below shows MTB's overall risk position, as measured by the economic capital usage calculated for credit, market, operational risk. To determine overall risk position, bank generally considers diversification benefits across risk types.

The overall risk positions, at the end of 2018, as measured by economic capital allocation by risk types are as follows:

BDT in million

Credit Risk	146,509
Market Risk	5,131
Operational Risk	12,004
<b>Total Risk Weighted Assets</b>	<b>163,644</b>
Minimum Capital Requirement	16,364
<b>Capital Maintained</b>	<b>21,042</b>

## Risk Management Principles

The core value of the risk management principles is to reinforce resilience by encouraging a complete approach to the management of risk and return throughout the organization, as well as the effective management of risk, capital, and reputational profile. MTB actively take risks in connection with its business, and as such, the following principles underpin in the risk management framework:

- ▶ Risks are accepted within a defined risk appetite;
- ▶ Accepted risks are approved within the risk management framework;
- ▶ Risks are accepted against adequate returns;
- ▶ Risks are continuously monitored and managed.

## Risk Management Framework

In MTB, the overall responsibility for risk management is rested with the Board and Board Risk Management Committee (BRMC). Senior management transforms the strategies into operational policies, procedures, and processes for effective risk management. Business units and supporting units have risk ownership, and effective processes to identify, assess measure, monitor, mitigate, and report on risks:

### Strategic Level

- ▶ At strategic level, MTB Board defines the risk appetite, and approves overall risk policies, procedures, and guidelines for the bank;
- ▶ The Executive Committee (EC) approves loans and investments, and administers various functions assigned to them by the Board;

- ▶ The BRMC sets up risk governance structure, and risk philosophy to ensure adequate capital, and appropriate capital adequacy assessment process to accommodate the present, and future business operations. The Committee also reviews risk policies, and recommends to the Board;
- ▶ The Audit Committee (AC) is responsible for reviewing the adequacy of the Bank's risk management processes, policies, and the effectiveness of implementation of the risk management system.

### Managerial Level

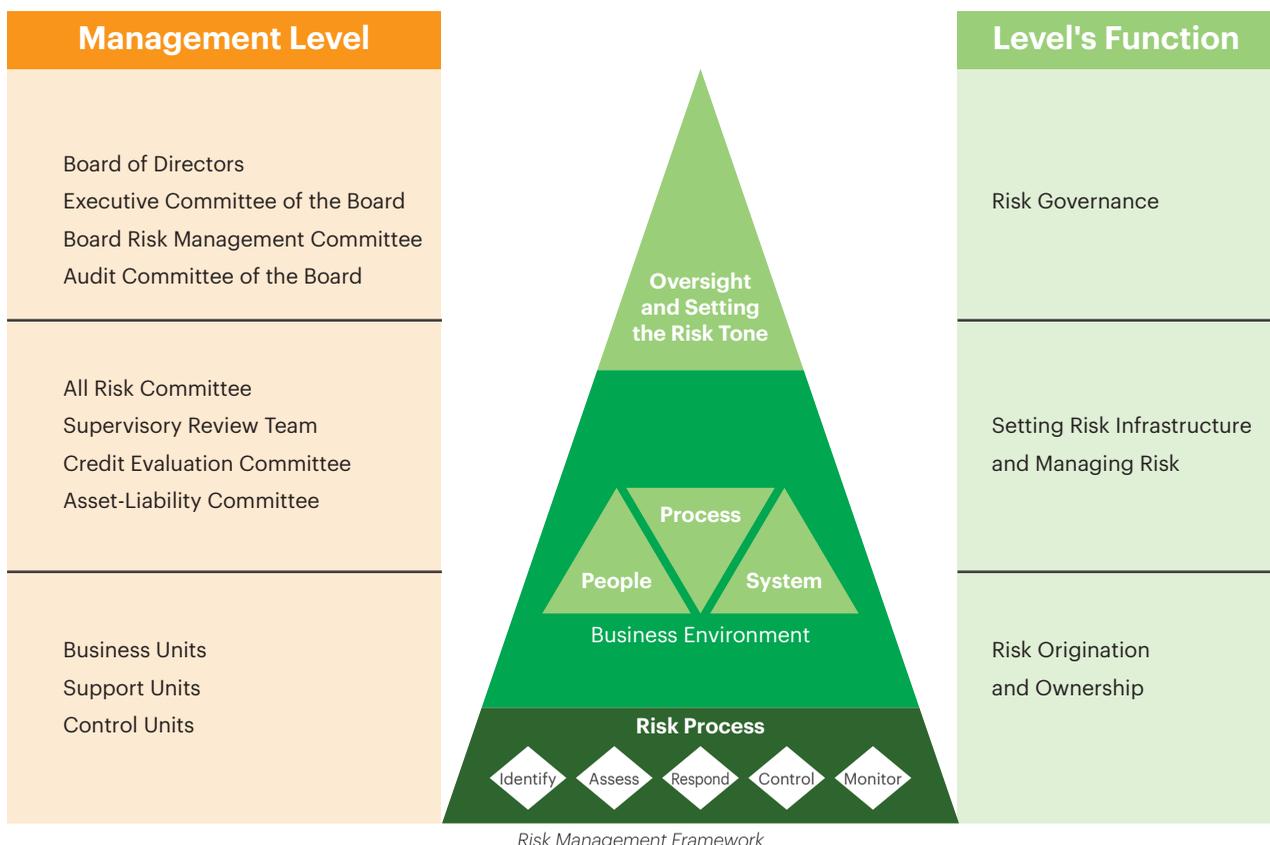
- ▶ At managerial level, the policies and the strategies approved by the Board are implemented by the management;
- ▶ All Risk Committee (ARC) continuously monitors policies, and the threshold limits of risks that may be taken in line with the bank's risk appetite;
- ▶ The Credit Evaluation Committee (CEC) works for managing credit risk, and concentration risk for maintaining a well performing and distributed loan portfolio;
- ▶ The Assets-Liability Committee (ALCO) works for managing market price risk, liquidity risk and interest rate risk in a better way.

### Operational Level

Operational level encompasses the first line of risk management, where risks originate in front office, or from credit desk of the bank. At this level, MTB, with its various divisions and officers, works rigorously to reduce risk origination.

- ▶ MTB has its Credit Risk Management Division, Credit Administration Department, Anti-Money Laundering and Combating Financing of Terrorist Division, back office of Treasury operation, IT Security Department, Risk Management Division, and Internal Control and Compliance Department to mitigate risks in a better way;
- ▶ MTB also has Branch Anti-Money Laundering Compliance Officer (BAMLCO) for every Branch under a dedicated Chief Anti-Money Laundering Compliance Officer (CAMLCO) to manage money-laundering risk.

The Bank's risk management framework is predicated on three-lines-of defense. In this model, the first line is the functional business line of management, where risk originates and they own the risks, while the second line includes risk management, and other control functions that provide independent oversight, and objectively challenge to the first line of defense. The third line of defense is the internal audit department, which provides assurance that control objectives are achieved by the first and the second lines of defense.

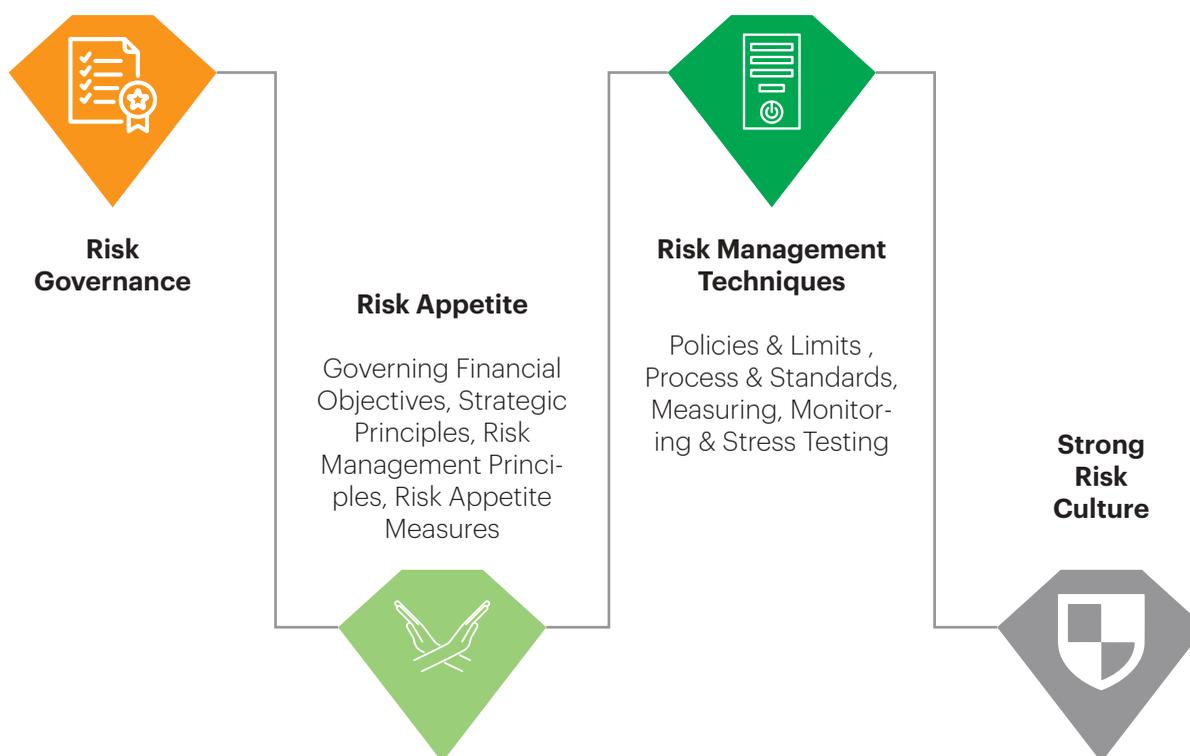


MTB's risk management system includes policies, procedures, limits, and controls in its foundation. This foundation provides adequate, timely, and continuous identification, assessment, measurement, monitoring, mitigation, and reporting of risks posed by its activities at the business line and institution-wide levels.

MTB's risk management framework is applied on

enterprise-wide basis, which consists of the following key elements:

- ▶ Risk Governance;
- ▶ Risk Appetite;
- ▶ Risk Management Techniques;
- ▶ Risk and culture.



*Elements of Risk Management Framework*

## Risk Governance

MTB's governing structure specifies the policies, principles, and procedures for making decisions about corporate direction. MTB has a disciplined risk governance structure that facilitates oversight of and accountability for risks at all levels of the bank, and across all risk types. Its risk governance structure follows the principles of transparency, fairness of key personnel, clear accountability, skill development, competencies, and compensation architecture.

The Board of MTB exercise oversight and provides guidance to the management team that works closely with other teams in managing risks. Understanding the highly specialized nature of managing risks, decision-making is centralized, largely, through a structure of different risk management committees.

The business lines of MTB are responsible for the development, and execution of business plans that are aligned with the bank's risk management framework, and are accountable for the risks they undertake. Understanding and managing those risks, is a fundamental element of each business plan. In MTB, business units work in collaboration with risk management units to ensure that the risks arising from their businesses are thoroughly and clearly identified, evaluated, and appropriately managed.

Decision making on risk issues is highly centralized in MTB. The members of different risk committees are responsible for reviewing, approving, and monitoring of transactions related risk exposures. The flow of information to various risk committees keep them well informed of the risks the bank, and ensure that the transactions and risks are aligned with the bank's risk appetite framework.



Risk Governance Structure

### Risk Appetite

The bank has its risk appetite statement, covering all regulatory requirements related to risks, components of pillar II under Basel III, strategic planning, and all other probable risks that exist in the banking operations. Apart from the regulatory requirements, the bank has set risk appetite, tolerance, and limit for all the probable areas of risks.

MTB recognizes that effective risk management requires clear articulation of the bank's risk appetite, and how the bank's risk profile will be managed in relation to that appetite. The bank's risk appetite framework governs risk-taking activities on an enterprise-wide basis.

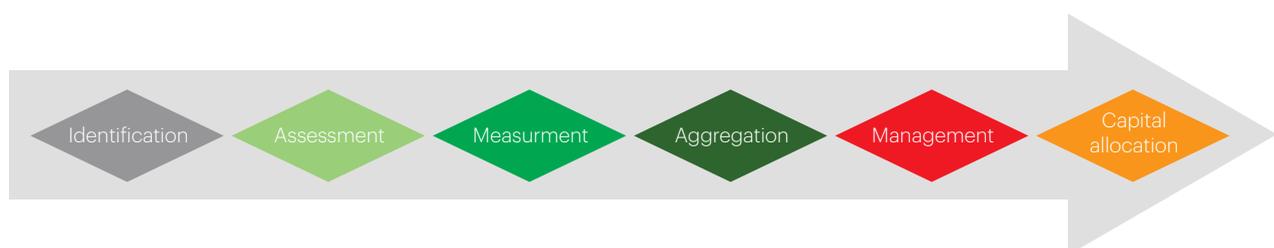
Key characteristics of Risk Appetite framework of MTB include the following:

1. Annual review and approval by the Board;
2. Organization's strategy, objectives, and key stakeholders' expectations are embedded;

3. All key risks, including risk preferences both in terms of risks that are sought out, and risks that should be minimized;
4. Documentation of risks in risk register, including risk-specific definitions, risk owner, how, and how often each risk to be measured, assumptions related to each risk, judgment on severity and likelihood, and speed at which risks could manifest;
5. Recognition of the occurrence of losses, which is the part of business, but include loss tolerances that are reflective of overall business objectives;
6. Human and technological resources needed to measure, and manage the bank's risks in a timely fashion.

### Risk Management Techniques

The diversity of MTB's business model requires identification, assessment, measurement, aggregation and managing risks, and allocating adequate capital for all the undertaken risks.



Risk Management Technique

## Risk Management Culture

MTB recognizes that a sound risk culture is the fundamental requirement of an effective risk management framework. MTB's risk culture is well established, and the risk management framework is embedded across all operations. MTB attaches the highest priority to establish, maintain, and upgrade risk

management infrastructure, systems, and procedures. Adequate resources are allocated in this regard to improve skills, and expertise of relevant employees to enhance their risk management capacity. In 2018, following trainings on risk management have been provided to officials of MTB to create awareness on risk management, and building a robust risk management culture across the MTB:

Subject		No. of Courses	Total Participants
1	Asset liability risk management	1	1
2	Credit risk management	11	502
3	Foreign exchange risk management	3	121
4	Internal control and compliance risk management	3	107
5	Anti-money laundering risk management	16	1,273
6	ICT risk management	8	544
7	Comprehensive risk management	4	107
8	Basel principles	1	4
9	Others	33	1,384
<b>Total</b>		<b>80</b>	<b>4,043</b>

## Risk Reports

Risk reports aggregate the measures of risks, across products and businesses, are used to ensure compliance with policies, limits, and guidelines. They also provide a clear statement of the amounts, types, and sensitivities

of various risks in the banking operations. Senior management and the Board use the information to visualize the bank's risk profile, and the performance of the portfolio. The bank submitted the following risk reports during 2018:

Particular	Module used	Compliance	Remarks
Monthly Risk Management Report (MRMR)	As Per BB Format and own analytical modules	Complied	Monthly reporting to All Risk Committee (ARC) & BB Quarterly reporting to BRMC and Board of Directors
Comprehensive Risk Management Report (CRMR)	As Per BB Format and own analytical modules	Complied	Half yearly reporting to BB
Stress Testing	As Per BB Format	Complied	Quarterly reporting to BB, BRMC and Board of Directors
Internal Capital Adequacy Assessment Process	As Per BB Format and own developed modules	Complied	Yearly reporting to BB, BRMC and Board of Directors
Statement of Market Discipline	As Per BB Format and own developed modules	Complied	Yearly reporting to BB and Board of Directors and published in the same in bank website
Risk Reporting	Own Analytical Modules	Complied	Reporting to ARC, BRMC and Board of Directors

## Stress Testing

It is a risk management technique, used to evaluate the potential effects on bank's financial condition of a specific event, and/or movement of a set of financial variables. This involves several shocking events e.g.

-  Credit Risk
-  Interest Rate Risk
-  Exchange Rate Risk
-  Liquidity Risk
-  Equity Price Shock
-  Basel III Stressed Shock

Each stressed scenario contains following level of shocks:



The stress testing report provides a structured way of assessing the vulnerability of the bank to extreme, but plausible market conditions. The stress testing report also enables the bank to accurately assessing the impact of risks, defines the 'risk appetite', and provides critical information to the management, as well as, to the Board for taking decisions on capital allocation, and contingency planning.

Our stress-testing framework is designed to:

- ▶ Contribute to the setting and monitoring of risk appetite;
- ▶ Identify key risks related to our strategy, financial position, and reputation;
- ▶ Examine the nature and dynamics of the risk profile, and assess the impact under stressed scenarios on our profitability, and business plans;
- ▶ Ensure that effective governance, processes, and systems are in place to co-ordinate, and integrate stress testing information to the senior management;
- ▶ Ensure adherence to the regulatory requirements.

MTB conducts the stress testing on quarterly basis, and reports the same to Bangladesh Bank.

### Long-Term Strategic Plan in Line with the Basel Standard

The Internal Capital Adequacy Assessment Process analyzes present, as well as, future capital needs of the bank, and adopt suitable capital-raising method(s), satisfying the prudential and regulatory requirements of BB. The process aims to ensure consistency of the capital management system with the bank's risk profile and the competing business environment. MTB's capital plan draws key inputs from the periodic strategic business plans. The long-term strategic targets are translated into measurable short to medium term financial goals for measuring and monitoring performance. The strategic planning process combines both the approaches: top-down target setting, and bottom-up substantiation. In the first phase, the Board sets bank-wide key targets (asset growth, funding, profitability, liquidity, and solvency). In the second phase, the objectives are substantiated by the management at different levels through careful review of business and economic outlook, leading to the detailed business plans that consist of month-by-month functional targets. The resulting strategic plan is finally presented to the Board for discussion, and approval.

The Board / Board committees and management committees (MANCOM, BRMC, SRP Team, and ALCO) monitor all financial targets on an ongoing basis. Any shortfall from targets is discussed together with potential mitigating strategies seeking to ensure that MTB remains on track to achieve targets. The Board of Directors approves amendments of the strategic and capital plan. Achieving targets ensures that MTB also complies with the Supervisory Review and Evaluation Process requirements as articulated by Bangladesh Bank.

### Liquidity Risk Management

Liquidity risk in MTB is assessed to measure risk arising from its potential inability to meet all payment obligations, when they come due, or only being able to meet these obligations at excessive costs. The objective of MTB's liquidity risk management framework, is to ensure that it can fulfil its payment obligations at all times, and can manage liquidity and funding risks within its risk appetite. The framework considers relevant, and significant drivers of liquidity risk, be it on-balance sheet or off-balance sheet.

An important aspect of measuring liquidity risk is making assumptions about future funding requirements. While certain cash inflows and outflows can be easily calculated, or predicted, bank also makes assumptions about future liquidity requirements, both, in the very short term, and for longer periods. One important factor to consider is the critical role a bank's brand, and reputation play in its ability to access to funds readily and at reasonable terms.

MTB uses following liquidity risk indicators to monitor and ensure, on a regular basis, healthy liquidity position. These ratios are:

- ▶ Statutory Liquidity Ratio (SLR)
- ▶ Liquidity Coverage Ratio (LCR)
- ▶ Net Stable Funding Ratio (NSFR)
- ▶ Asset to Deposit Ratio
- ▶ Maximum Cumulative Outflow
- ▶ Medium Term Funding Ratio

Bangladesh Bank introduces LCR and NSFR, under Basel III liquidity principles, in order to achieve two separate, but complimentary objectives. LCR is used to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. While NSFR is used to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis.

MTB is maintaining a strong liquidity base, reflecting its sound position in the industry. Cash Reserve Ratio (CRR), and Statutory Liquid Ratio (SLR) of the Bank are above the regulatory standard of 5.5% and 13% respectively. Short-term resilience of the bank is reflected through LCR of 110.62%, against regulatory minimum of 100%. MTB shows resilience over the longer time horizon as it is capable of funding its activities with more stable sources of funding on an ongoing structural basis.

This is reflected in its NSFR of 101.23% in 2018, against regulatory minimum of 100%.

### MTB Risk Management Practice on Various Risk Areas

MTB conducts its operations by ensuring compliance with the Core Risk Management Guidelines of Bangladesh Bank, which covers the following risks:



Risk Spectrum

### Cyber Security Management

Constant change, unpredictability, and uncertainty have made cyber security everyone's responsibility. Continuous awareness programs for the employees, suppliers, and the clients, about cyber security goes round the year in MTB. The Bank reminds the employees of security in every possible ways as a continuous process. Cyber security has become imperative to our business process. Practice in building walls to thwart attempts to block all malicious attacks, and making organization cyber-resilient is going on side-by-side. In practice, a handful of initiatives including network and host firewalls, web application firewall, intrusion-prevention, anti-malware, layered security, vulnerability, and penetration testing are in place for preventive, detective, and corrective measures against cyber-attacks.

### Credit Risk Management

Credit risk is the probability of a borrower or counterparty failing to meet its financial obligations in accordance with agreed terms. To manage these risks, MTB's credit functions are conducted in a compliant manner

under strict and rational credit policies, and principles in conformity with Credit Risk Management (CRM) guidelines of Bangladesh Bank (BB). MTB approves credit to the eligible clients through credit processing system. In MTB, renewal and extension of any credit facility require completion of pertinent due diligence processes including, as applicable, stock verification, rigorous need assessment, insurance coverage of the insurable objects, appropriate collateral coverage, cash flow supported repayment capacity etc. MTB's panel lawyers examine the security related documents to reduce the legal risks. Other than these, the mechanisms and tools, through which MTB manages credit risks, are as follows:

**Exposure ceilings:** MTB has its lending cap for different business sectors, industries, and geographic locations. Lending cap is constantly reviewed, in order to remain reasonably aligned with the business needs. The bank never exceeds the Single Borrower Exposure Limit set by BB.

**Prudent credit sanctioning process:** Credit initiation and approvals, in MTB, are done in a segregated manner. Each sanction is done through a very stringent

evaluation process, which, in fine, ensures quality of assets and minimizes losses likely to arise from potential bad loans. In order to make credit operations judicious, quality and rewarding, MTB has a strict credit policy in place. The policy, among others, requires:

- ▶ Clean and up to date Credit Information Bureau (CIB) report of the client, and their allied concern;
- ▶ Verification of the collaterals by the enlisted surveyors, and obtaining legal opinion on acceptability of the collaterals and protecting banks interest;
- ▶ Ascertaining credit worthiness, need of the borrower, purpose, and sources of repayment;
- ▶ Conducting lending operations complying with the underlying norms, and regulations;
- ▶ Emphasizing maintenance of rational loan deposit ratio;
- ▶ Avoiding directed and name lending.

**Credit monitoring:** MTB Credit Monitoring Department (CMD) continuously monitors the asset (loan) portfolio of the Bank. MTB's credit monitoring system provides an early indication/alert about the deterioration in the status of the loans that allows immediate launching of effective management actions, in a rational manner, to prevent them from turning into Non-Performing Loans (NPL). Statements on early alert accounts, delinquent and special mentioned accounts are generated periodically. MTB's credit monitoring tools are effective to keep the overdue, and SMA loans well below the industry average.

**Portfolio management:** Credit concentration is against the spirit of diversification of portfolio, and enhances credit risks. To avoid concentration, the principle of credit diversification is followed in MTB, keeping in mind the essence of geographic/sector/group concentration. Any exceptions in credit operations are considered for approval at appropriate level.

**Review/renewal:** All credits approved on revolving basis, are reviewed annually, and renewed if found renewal worthy by the appropriate authority as per credit approval discretion. Credits, continuous or term-based, are reviewed to ascertain the regularity in transaction, and repayments as per covenants of the approvals.

**Borrowers' credit rating:** Under the Standardized Approach of Risk Based Capital Adequacy (RBCA) guidelines of Basel-III, prescribed by the Bangladesh Bank, rating of the borrowers is an effective and efficient tool to manage credit risks. Good rating (i. e. low risk weight) of the borrowers, which facilitates identification of the borrowers as quality/rewarding one, also requires less capital. For achieving these two fold objectives, and to comply with the requirements under Basel III, management has assigned priority on rating

of all the eligible clients, by External Credit Assessment Institutions (ECAIs). In its constant effort to understand the risk intensity of the assets, extent of capital relief and also, in order to be able to make appropriate choice in respect of selection of the borrowers, ECAI rating is considered while sanctioning credit. With laying of adequate importance on ECAI rating, the number of ECAI rated clients has increased significantly.

**Environmental risk management:** Environmental risk is a facilitating element of credit risk arising from environmental issues. These can be due to environmental impacts caused by, and/or due to the prevailing environmental conditions. These increase risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

The overall purpose of Environmental Risk Management is to understand, and manage risks that arise from environmental concerns. This brings a focus on planning and implementation policies and procedures to mitigate environmental risks. The specific purposes are to:

- ▶ Examine the environmental issues and concerns associated with potential business activities proposed for financing;
- ▶ Identify, evaluate and manage environmental risks and the associated financial implications arising from these issues and concerns;
- ▶ Strengthen credit risk appraisal process Based on different environmental risk levels.

MTB considers the following approval level as ideal and appropriate:

- ▶ If the environmental risk rating (EnvRR) is high, the proposal for financing qualifies for approval by the Board or EC within its authority;
- ▶ If the EnvRR is low or moderate, the financing decision is taken on the basis of usual credit risk management guidelines;
- ▶ If the EnvRR is unclear, then it is required for the marketing/relationship Management to collect more information from the borrower to have an understanding of the inherent risks and arrive at a high/moderate/low decision. Should a risk factor not be applicable, it may be excluded from the environment risk rating process.

### Asset Liability Risk Management

Asset Liability Management (ALM) is considered as a key to balance sheet risk management discipline, which mainly focuses on liquidity risk, interest rate risk, and exchange rate risk of the bank. As per BB guideline, MTB has a fully functional ALCO for prudent balance sheet risk management. The Committee consists of the Managing Director & CEO, as the Chairman of the Committee, and strategically important divisional heads. In accordance



with BB guidelines on ALM risk management, MTB has developed an Asset Liability Risk Management Manual, which is approved by the Board of Directors of the bank. Moreover, to address and mitigate various risks involved in the business, ALM desk of the MTB Treasury prepares ALCO paper as per the guidelines of BB every month, and conducts at least one monthly ALCO meeting, where global economic outlook and financial fundamentals of the bank discussed.

### **Foreign Exchange Risk Management**

Foreign Exchange Risk is related to the change in earnings due to change of exchange rates in the market. In the light of Foreign Exchange Risk Management Guidelines of Bangladesh Bank, MTB has developed its Foreign Exchange Risk Management Manual, which is approved by the Board of Director of the bank. As a risk management tools, we have Board approved dealers' dealing limits; counterparty limits, and well-defined internal approval procedures. Internal Audit Division conducts two independent inspections, every year, on foreign exchange business activities, and reports to the senior management accordingly. Moreover, BB has given MTB, Net Open Position (NOP) limit, based on the bank's total capital, and some other qualitative judgment. In order to minimize foreign exchange risk, and to fulfill regulatory requirement MTB maintains NOP limit very meticulously.

### **Internal Control and Compliance Risk Management**

MTB has an Internal Control and Compliance (ICC) Department, which ensures internal control structure in the Bank with appropriate assignment, accountability of the personnel, and delegation of authorities to functional management to exercise control, and create a compliance culture within the organization, under the active guidance and supervision of the senior management, and the Board of Directors. ICC Department has the following three distinct divisions, headed by senior level executives:

1. Audit and Inspection Division
2. Compliance Division
3. Monitoring Division

As a tool of internal control, the audit and inspection division undertakes periodic and special audits and inspections on the branches and departments/divisions of the head office in order to find out the weaknesses and defects in the control processes. It reports to the Audit Committee of the Board for corrective measures to protect the interest of the bank.

The compliance and monitoring divisions of the ICC Department ensure timely and proper compliance with the relevant laws, regulatory instructions, internal

policies, and procedures in the day-to-day operations of the bank, by way of using various control tools. The concerned divisions assess the operational risks and acts appropriately to mitigate the same for smooth operation of the Bank.

Overall, the ICC Department reports on serious non-compliance issues, detected by the internal and external auditors and Bangladesh Bank's inspection teams, with up-to-date compliance position, large financial risk exposures, weaknesses in control mechanism, and other risk areas to the Audit Committee of the Board, for review and taking appropriate remedial measures.

### **Money Laundering Risk Management**

Money laundering (ML) and terrorist financing (TF) 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 programs more rigorous. MTB, as a compliant bank, is determined not to let money launderers, and terrorists, or perpetrators 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) and combat financing of terrorism (CFT) strategy. Based on it, a program 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.

MTB has taken into cognizance the relevant laws, rules; Bangladesh Financial Intelligence Unit (BFIU) issued guidelines, circulars and instructions, international standards, and the bank's own policy, while designing the program. The bank applies risk-based Customer Due Diligence (CDD) measures, monitors business relationships, and transactions pursuant to national regulations and international standards.

### **Information and Communication Technology (ICT) Risk Management**

MTB pursues growth by ensuring the total security of the customers, and all other stakeholders. In the era of an increased reliance on complex IT systems, and operations in the financial sector, the risk of cyber-attacks and system disruptions is high, and it is increasing alarmingly. In this regard, MTB is constantly deepening its technology risk management capabilities by adopting strong "Information & Communication Technology (ICT) Security Policy." The underlying principles in this regard define responsibilities, and requirements for protecting information assets (e.g. hardware, network, operating system, database, application, storage and related technologies), and their use in providing world class financial services.

### **State of the Art Data Centre (DC)**

As part of effective centralized management of banking operations, a full-fledged Data Centre (DC) was established at MTB Centre, located at Gulshan, in 2009. This DC is equipped with sophisticated technologies, including data replication to manage operation, and continuation centrally for proper business functions all over the world. In today's digital economy, MTB has taken the challenges of rapid improvement of IT infrastructure, including information security that meets regulatory compliance, and protect the information of its clients.

### **Disaster Recovery Site (DRS)**

As part of business continuation, MTB has established Disaster Recovery Site (DRS) at its own premises at MTB Tower, located at Bangla Motor. This DRS is equipped to protect loss of customers' sensitive information, and their transactions, in case of failure of primary Data Centre (DC) due to any disaster.

### **MTB IT Security Department (MITSD)**

Information Technology Security Department, headed by Chief Information Security Officer (CISO), was established in compliance with Bangladesh Bank (BB)

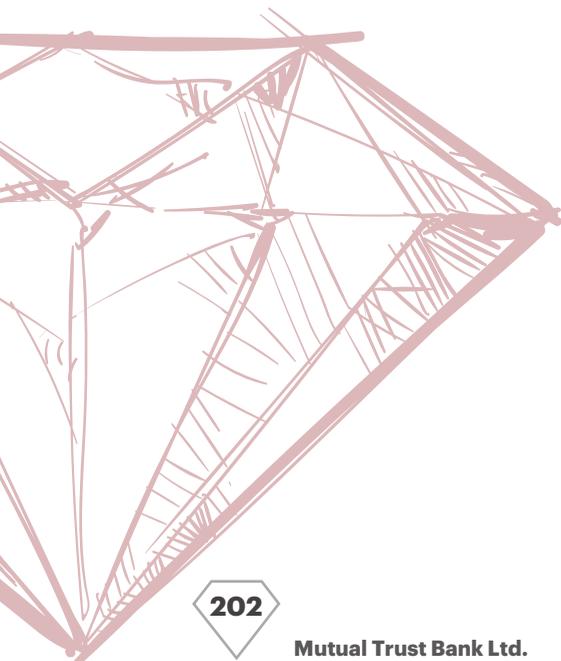
ICT Security Guidelines, and Industry Standards. The prime responsibilities of the department are to:

- ▶ administer the ICT security policy;
- ▶ manage the ICT risks and compliance;
- ▶ handle the incident management;
- ▶ conduct awareness-training programs round the year;
- ▶ and, to thwart the overall security issues of the Bank.

Apart from strengthening ICT infrastructure platform, the department also focuses on identifying its security risks, by conducting vulnerability and penetration testing on its existing services. In addition, the department is establishing a 24/7 Security Operation Centre (SOC).

### **System Audit Team**

MTB has established dedicated System Audit Team under the Internal Control & Compliance Division (ICCD) in order to comply with the directives of the Bangladesh Bank's (BB) guidelines. The team audits the branches and various divisions/departments of Head Office including the subsidiaries of MTB, and submits the audit reports to the senior management and the Board Audit Committee, for their information and necessary directives.





# INFORMATION TECHNOLOGY

Keeping ahead through technology

With advancements in the technological arena, the computing and information systems of MTB have seen a continued developments throughout the year 2018 in line with the ever evolving functional and strategic requirements. Cyber-crime and regulatory compliance pose major challenges for the global financial industry. In 2018 MTB continued to significantly invest in IT security infrastructure to strengthen and improve its ability to prevent, detect and respond to the ever-increasing and sophisticated threat of cyber attacks.

## Transformation of Core Banking Solution (CBS)

As a part of strategic decision and in pursuit of acquiring a modern CBS, MTB purchased TCS BaNCS, a product of Tata Consultancy Services (TCS), which had a number of big installations in reputed banks like Bank of China, State Bank of India, etc. As per project schedule, TCS BanCS, will go live in the third quarter of 2019. In April 2018, MTB completed agreement signing with TCS. The first & the very vital phase of the CBS i.e. Product Solution Analysis (PSA) was completed on January 15, 2019. The data migration scripting started in the month of October, 2018 and migration process will be going to start on May 2019. After PSA, TCS already started system building part in their development house located in Mumbai or other part of India

## NPL Management Portal

An in-house software was developed to automate the loan recovery & collection processes of MTB. This software is assisting to manage the Bank's Non-Performing Loan (NPL) effectively and efficiently. Apart from storing various information related to the customers, the system has the capability to generate reminder letters and EMI information automatically from the system.

## Multi-Layered Security Approach

Multi-layered security approach is the keyword for cutting-edge security technology. In the year 2018, MTB has adopted Web Application Firewall (WAF) for the public facing applications running in MTB, which enhances secured transactions. Moreover, to face out Advanced Persistent Threat (APT) attacks, MTB had

implemented Anti-APT solutions to analyze, understand, and take action on the threats those are undetected by conventional security appliances.

## Network Segmentation

To comply with Payment Card Industry Data Security Standard (PCI DSS), MTB fine-tuned its network segmentation.

## UnionPay (UP)

MTB is the first bank in Bangladesh who has brought the renowned payment brand UnionPay (UP). The virtual card issuing and acquiring services of UP is already in Live and other services like POS & ATM acquiring service will go live in 2019.

## Recycler ATM

Recently MTB has introduced Recycler ATM which allows to withdrawal and deposit cash in real time basis.

## Ensuring the compliance of PCI DSS

MTB is nearly in the final stage to achieve PCI-DSS Certification. As a part of it, ITS division has initiated completed system up gradation, database patching, OS patching, deployed standard processes and policies in all the systems

## Deployment of ACS

MTB successfully implemented VISA's 3-D secure protocol services on 2018. From now, MTB's VISA cardholder can enjoy 2FA based secured e-commerce transaction through Access Control Server (ACS).

## Internet Banking Inter Bank Fund Transfer (IBIFT) using NPSB Channel

MTB updated its internet banking to accommodate Internet Banking Fund Transfer (IBFT) through National Payment Switch Bangladesh (NPSB) channel. Using this services, MTB Internet Banking users can transfer fund from their own accounts to the other bank accounts and similarly all MTB account holder can receive fund from other bank accounts on real time basis.

### **API Based Instant Remittance to bKash Wallet**

As part of its continuing effort towards expanding arms of remittance disbursement channels, MTB NRB Division has opened up a new avenue of remittance disbursement through bKash Wallets using API driven automated connectivity. The complete suit of technological development of the necessary APIs to connect with the Exchange Houses and bKash wallets were developed by the in house developers of MTB. Using this service, the hard earned remittances are being sent to beneficiary's bKash wallets in real time basis.

### **Customer Experience Matrix (CEM) Software**

To manage complaints and listen to customer voice, MTB ITS developed CEM application to provide facility of conveying customer experience or feedback in electronic format as well as escalating, tracking and resolving the same while processing the complaints centrally by MTB Service Quality Department. This system ensures accountability of MTBians and proper tracking of customer complaints raised from different channels.

### **Visitor Management System**

A Visitor Management System was developed for proper Management of visitors at MTB Centre thus ensuring the control over visitors accessing MTB Centre and also providing efficient MIS on the Visitors.

### **Improvement of End Point Protection Systems**

To keep the MTB's systems and applications safe, secure and make those operational and functional as well as to avoid any malicious activity, MTB has already deployed end point protection solution to all the laptops, desktops and servers. To combat against the recent threat pattern and to cope the latest technology, on year 2018, MTB upgraded its end point protection's Enterprise Console and its operating system with the latest version. Now the Enterprise Console supports transport layer protocol i.e., TLS 1.2 and secures connection between Enterprise Console to the database. In addition, the updated version supports the Exploit Prevention, enhanced tamper protection, disk and boot record protection (WipeGuard) etc.

### **Upgrade of Agent Banking System**

MTB started its Agent Banking operation in 2016, now got 100 Centres in 35 districts with more than 32 thousand Accounts and crossed 1 billion deposit. BDT 608 million remittance disburse using Agent Banking System through the Agent Banking Outlets. In a bid to broaden its spectrum of avenues of Agent Banking System, a number of patches have been deployed for ensuring the smooth service.

### **Training and Awareness Programs**

To develop skill and awareness on the latest technology trends, the core IT officials were introduced to various local and overseas training programs and conferences throughout the year. Apart from grooming up its own experts, computer related training was also imparted to the general users on an ongoing basis to empower them to handle the technology platforms. Trainings on Advanced Persistent Threat Defense Solution Cisco TG-5004, Flora Bank web version such as general banking, limits & loans, teller management and trade finance, information & cyber security are the few examples of such training programs that helped the bank users become aware of the risks of using digital technology and the new technology initiatives in the offing. MITSD published security quizzes on MTB corporate intranet and circulated security tips, techniques and security bulletins on regular basis.

### **IT Security**

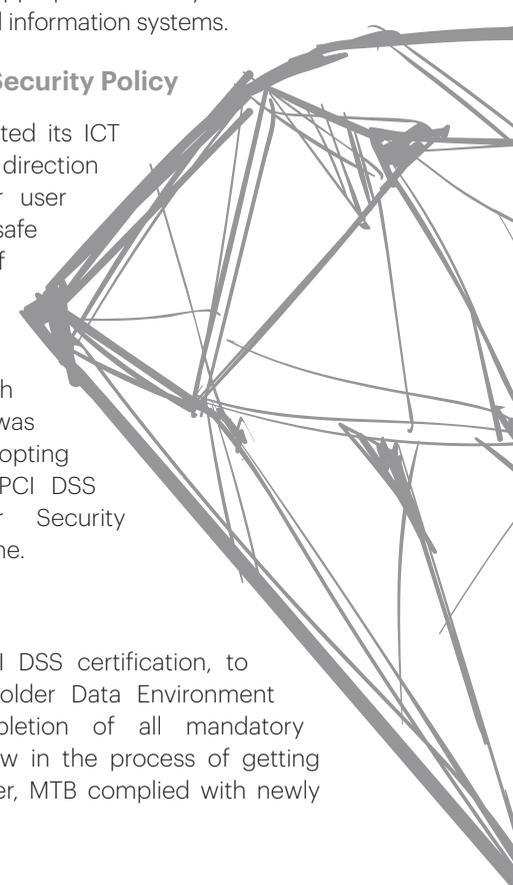
The digital age is bringing huge benefits to all organizations by facilitating robust customer services and consequently information security becomes crucial to all entity to enable safer operations of applications implemented in the organization's ICT systems and thereby protecting the information assets in use. Financial institutions are facing dynamic threats every day. To protect those sophisticated attacks, MTB has established IT Security Department (ITSD) that plays a crucial role to monitor, detect and act to outwit cyber-attack attempts and accordingly adopted appropriate security controls to protect its information and information systems.

### **Compliance and ICT Security Policy**

ITSD reviewed and updated its ICT Security Policy to provide direction to the bank's computer user community regarding safe and responsible use of technology resources and the responsibilities they have for protecting and efficiently using such resources. The policy was further enriched by adopting Bangladesh Bank (BB), PCI DSS and SWIFT Customer Security Programme (CSP) guideline.

### **PCI DSS and SWIFT**

MTB aims to obtain PCI DSS certification, to protect its entire Cardholder Data Environment (CDE) and after completion of all mandatory requirements, MTB is now in the process of getting the certification. Moreover, MTB complied with newly



introduced SWIFT CSP program in 2018.

### **Strong logical access control**

One of the prime concerns in any organization is the logical access to the computer systems and data. Unmonitored administrative access to critical systems can lead to devastating effects. To mitigate the risk associated with such access MTB has conceived two major security solutions for non-console administrative access which are Privileged Access Monitoring (PAM) and Multi Factor Authentication (MFA).

### **Vulnerability Assessment and Penetration Testing (VAPT)**

VAPT ascertain organizations to assess the vulnerability of ICT Systems in proficient and standardized manner. Under the strategic plan of the Bank, IT Security Department has engaged security tools for assessing security risk prior to commissioning of any new acquisition, development or any significant changes on existing system, process.

### **ICT Risk Assessment**

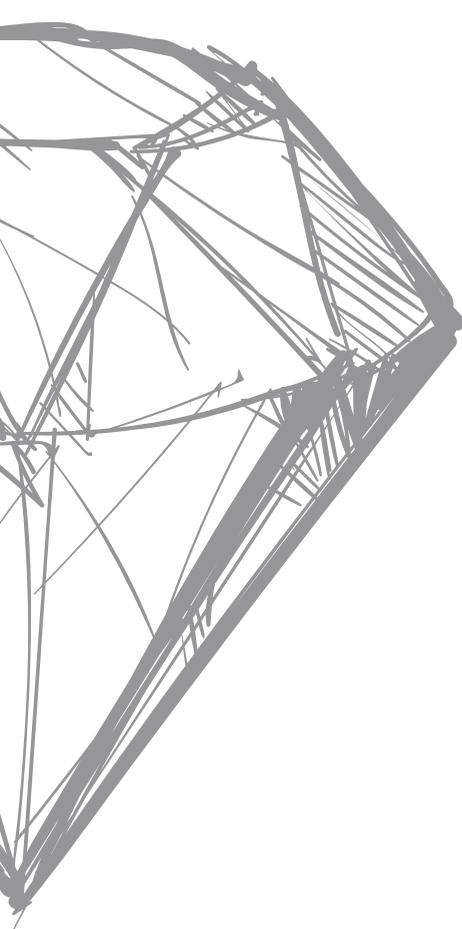
To ensure adequate risk management program across all ICT Systems of the Bank, ITSD conducted risk assessment on all services based on the approved risk framework for addressing identified risks rating and mitigation efforts with taking into account Management

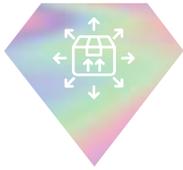
Action Triggers (MAT) criteria.

Development of modern organizations depends on the availability, proper flow, and ensure information security which MTB always aspires and acts upon.

### **Outlook 2019**

- ▶ Modernization of Core Banking Systems:
  - ▶ Implementation of TCS BaNCS CBS
  - ▶ Up-gradation of Flora Bank CBS from its Desktop version to Flora Bank Web Version
- ▶ Modernization of MTB Core Infrastructure
  - ▶ Up-gradation of MTB Network Infrastructure:
  - ▶ Up-gradation of MTB Server Infrastructure:
- ▶ Modernization of MTB Banking Services by adding new automation features
- ▶ Modernization of MTB Cards Services by bringing latest technology in MTB's card business
- ▶ Ensuring Security on MTB Information Technology
  - ▶ PCI DSS Compliance
  - ▶ A truly world class bank in terms of Cyber Resilience
  - ▶ Bank of choice by gaining customer trust
  - ▶ Complying with ISO 27001 Standard
  - ▶ Building 24/7/365 Security Operation Center (SOC)





# ALTERNATE DELIVERY CHANNEL

Channels that expand the reach of services beyond traditional branch banking

The roots of digital banking can be traced back to the advent of ATMs and cards launched around the 1970s in the West, long before the era of internet started. Modern digital banking began to form with the improvement of broadband and e-commerce systems around the early 2000s. The mass reach of smartphones over the next decade opened the door for transactions on the go beyond ATM. Worldwide over 60 per cent of consumers now use smartphones as their preferred method for digital banking.

Realizing that banks, which will incorporate more digital solutions at operational levels, will have a major impact on their long term sustainability, MTB has taken a number of initiatives to make digital channels available to the customers in addition to traditional branch banking. MTB Alternate Delivery Channel (ADC) incorporates innovation in information and communication to match world-class trends so that valued customers can have smooth banking experience.

## Business Highlights of Alternate Delivery Channel

MTB is one of the top ATM service providers through its network of 268 ATMs located strategically across the country to make cash withdrawal facilities available to its customers even after regular banking hours. Customers can use the ATMs not only for cash withdrawal, but for getting balance enquiry, transferring funds, changing PIN, making mobile top-ups, etc. ATMs, with their 24/7 availability, are secured with PIN pad, CC TV, full-time guards, and comply with the EMV (Euro Master Visa) regulations. The ATMs connect to

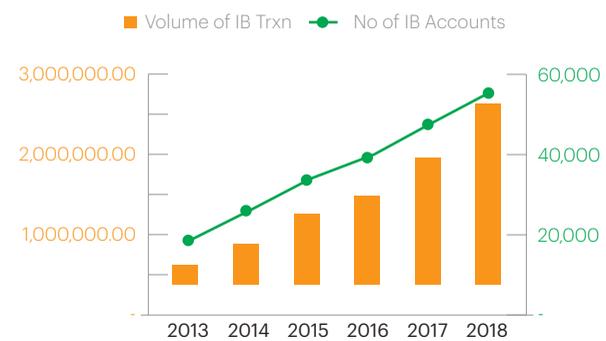
various payment channels, such as VISA, Mastercard and NPSB (National Payment System Bangladesh) so that different card users can withdraw cash from the same ATM booth.

Year	Number of ATM Transactions	Total ATM Transaction Volume (BDT in Million)
2015	1,718,731	13,103
2016	1,998,374	16,504
2017	2,406,672	20,969
2018	2,756,891	24,620

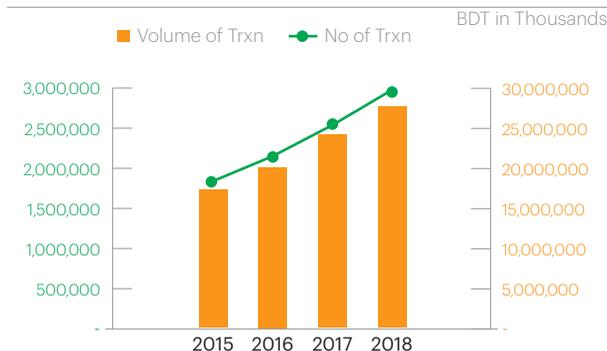
MTB SMS Banking Service enables our customers to get transaction alerts, mini statements, account balances from anywhere within the country. MTB Internet Banking is another electronic payment channel that offers facility to conduct a range of financial transactions through the bank's website and mobile app.

To keep our internet banking safe, secure and convenient,

## YoY Growth in Internet Banking



## YoY Growth in MTB ATM Transaction



the system is updated and improved continuously in line with technological development around the world. Two-factor authentication system is used to secure online transactions as per international standard and to mitigate the risks of cyber threat. MTB Internet Banking is currently offering services like balance enquiry, fund transfer to other MTB account or other bank's account, mobile top-up, bills payment, transaction summary, account statement, etc. Internet banking trend in MTB over the years is presented in the table below:

Year	No of IB Accounts	No of IB Transactions	Volume of IB Transactions (BDT in Million)
2015	31,020	235,894	1,013
2016	37,891	268,583	1,282
2017	46,425	331,148	1,834
2018	55,321	365,248	2,602

Services offered through MTB Internet Banking can also be accessed through MTB Smart Banking mobile App, which is an extended platform of MTB Internet Banking. The app offers access to internet banking services on a customer's cell phone, be it an Android or IOS device.

MTB SMS Banking sends instant transaction alerts with transaction details. MTB customers can also check summary of their last 5 transactions using SMS service.

#### YoY Growth in SMS Banking Account



MTB also offers service through its POS network covering a wide range of merchants across the country. Commencing its POS service in 2011, the bank, till the end of 2018, installed around 3,140 POS terminals at major merchant points all over the country. MTB POS devices accept EMV Chip-based VISA, MasterCard and cards accepted through NPSB channel. MTB's POS network is spread over 60 districts facilitating cashless transactions at different merchant points. To make the payment process at different merchant points even faster and efficient, the bank plans to introduce QR based payment system in the future.

MTB is one of the pioneers in adopting smart banking kiosk concept. 11 smart banking kiosks have been installed across 4 major cities (Dhaka, Chattogram, Cumilla and Barisal) till December 2018 to provide cash

withdrawal and cash deposit facilities through ATMs and CDMs respectively.

## 2018 Highlights

### Launching of Recycler ATMs

In November 2018, MTB ADC launched its 1st ever Recycler ATM, which allows real-time cash deposit and withdrawal from the same machine. As of December 2018, MTB installed 2 units of Recycler ATMs, one each in Dhaka and Chattogram.

### Installation and Further Modernization of ATMs

22 new ATM booths were introduced at different locations during 2018 and the total number of ATMs stood at 268 at the end of the year. MTB ATMs complies with PCI DSS standards, which is a global data security standard, to ensure maximum protection of the customer transactions through ATMs. Anti-skimming devices and key guarders in all MTB ATMs were also installed as per regulatory instruction.

### Smart Banking Kiosks

MTB launched 2 new Smart Banking Kiosks in 2018. These booths facilitate cash withdrawal and deposit services through ATMs and CDMs respectively.

### Integration of New Facilities with Internet Banking

Our internet banking customers are now enjoying real-time inter-bank fund transfer through National Payment Switch Bangladesh (NPSB). MTB also collaborated with bKash in 2018. Under this collaboration, individual customers can transfer funds from MTB accounts to bKash wallet through MTB Internet Banking has been made possible. In addition, MTB customers can now pay for Indian visa using MTB Internet Banking.

## Outlook 2019

- ▶ Promoting the i-Banking platform to attract and encourage more customers to adopt online banking and experience the digital banking at its best.
- ▶ Adoption of more ICT based services in order to continue to have the competitive edge and to serve our customers even better.
- ▶ Improving customer experience across our digital platforms by expanding our network through collaboration with partner organizations.



# HUMAN RESOURCES

Human capital, the integral to the bank's success

MTB believes that, value is created when human capital is capable and motivated enough to handle the financial capital and intellectual capital in a way to deliver desired results. The bank has clear set of mission, vision and strategies, which can only be materialized if people with right attitudes are acquired and placed accordingly. MTB GHR takes further initiatives to confirm that employees are continuously inspired to work towards achieving organization's shared goals.

## Inspiring MTBians to Resurgent

Human resources with right attitudes can build up the most valuable assets for a bank to put the organization on a competitive advantage which becomes impossible for other players in the industry to duplicate. In the year 2018, MTB took an approach called "Resurgent" to overcome the anticipated obstacles that were being imminent. The theme, MTB Resurgent, was adopted with an aim to turn around against all odds and secure a sustainable growth of the bank. GHR has supported this strategy by designing and conducting its activities being aligned with it.

GHR confirms that the employees are educated about the guidelines to be followed for achieving the goal of Resurgent. 'Code of Conduct', 'MTB 3V', and 'MTB Winning' booklets are made available for every MTBians. Today's ardent employees are tomorrow's leaders. GHR paid special attention to guide the employees through different approaches to act on the resurgent theme. Several in-house training programs were conducted across the country to create awareness and wide area was covered so that everyone gets the messages properly and performs accordingly in uniform ways.

## Achieving Diversity at Workplace

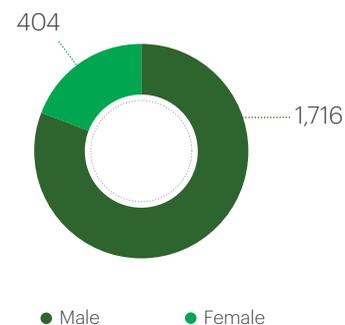
MTB desires to create synergy through employing diverse group of people. Workforce Diversity prevents creation of any glass ceiling and gets better output from different views and opinions. GHR has been

vigilant in not being prejudiced and making selection of candidates solely based on talents, who are best fitted for the organization.

Maintaining gender ratio at a reasonable level is another target of MTB GHR. More and more females are joining the workforce in Bangladesh, and MTB also encourages female participation in its operations at different levels of management.

MTB has taken the initiatives to put females in leadership position to shatter the perceived glass ceiling in the banking industry. GHR gives special attention so that female candidates get proper scope just like the male candidates. Female employees have diversified ranks ranging from Officers to Executives. Last year, female employees were recruited for higher managerial positions. Lady MTBians were posted to manager and deputy manager roles at a few branches and some departments of branches are being headed by female employees.

The workforce of MTB group stood at 2,120 by the end of 2018. Gender-wise position of MTBians as on December 31, 2018 is shown in the chart:



As MTB gained more popularity as the employer of choice, the number of MTBians has also increased during the year 2018. At December 31, 2018, 2,120 employees remained with MTB with 19% of female staff. The table below shows rank and gender composition of MTB employees-

Ranks	No. of Male Staff	No. of Female Staff	Total Staff	Percentage of Composition
Executive	277	28	305	14%
Mid-Level Officer	391	86	477	23%
Junior Level Officer	1,030	288	1,318	62%
Non Officers	18	2	20	1%
Total	1,716	404	2,120	100%

In recognition of the bank's continued focus on supporting the career trajectories of women, MTB received the ADB Gender Champion Award in 2018. The bank has been an instance in creating the right conditions for women to succeed, to challenge and enabling them to do their best work and rewarding them for doing so. This award will serve as a fillip in MTB's efforts to improve gender parity in the bank.

### Building & Retaining Human Capital

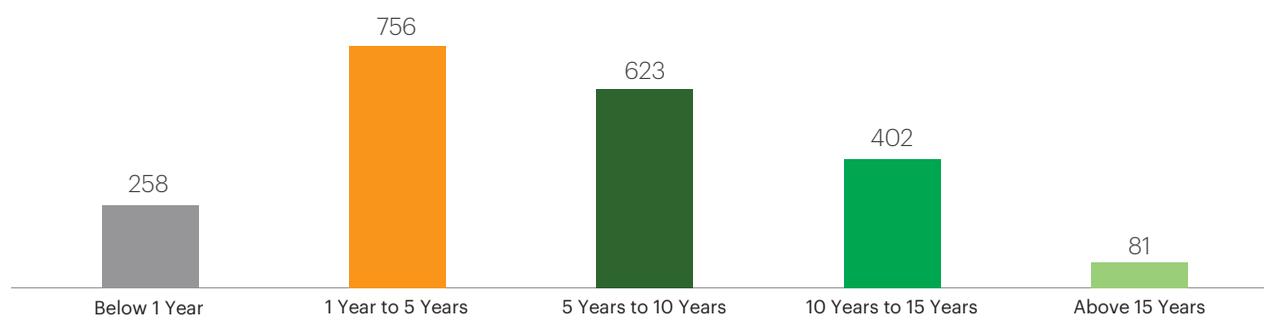
The organization is marching towards growth over time, resulting in increased volume of operations, and becoming a stronger contender in the industry. Adhering to the goals, MTB GHR designs recruitment programs to

fill in the human capital requirements where necessary with the best fit talents. The target is not only to acquire qualified human resources but also to build a loyal team who will make the goal of the bank as own individual goal and work likewise.

MTB has created an excellent work environment with the help of GHR and this is evident in the employee turnover trend. Employees' length of service is one of the key indicators that they work for the organization with loyalty and willingness to work together to make the bank reach its long term strategic goals.

Employees' length of service with MTB as at December 31, 2018 is presented in the chart below:

### Employees' Length of Services at MTB



### Policy Driven HR Practices

The key to create a catalyst group of employees is to choose and nourish the right talent without being prejudiced. There is an established employee governance policy to standardize every selection, compensation, performance evaluation procedure, etc within the bank. This policy creates a culture of equity among every employee in the bank and reduces various risks related to human resource management.

### Systematic Employee Evaluation

Employees are evaluated continuously through performance management model, supporting professional certification, self-driven development initiatives, training participations, etc. GHR developed employee performance management model with the purpose of keeping the employees inspired to

be always striving for producing the best results. The performance evaluation system creates bridge among internal human capital and the strategic goal achievement for the bank.

Performance evaluation process starts with taking input from the employees, where they themselves declare the expected output to be achieved during the year. The targets are collected through the company intranet, MNet, and the goals are reconsidered in the midyear and at the end of the year. There are certain criteria that objectives must possess, which are called SMART (Stretching, Measurable, Agreed, Realistic & Time bound).

Performance assessment is taken from both the employees and reporting supervisor. While conducting the appraisal process, a few key elements are considered, which are as follows:

- ▶ Ongoing Job Requirements
- ▶ Operational Efficiency
- ▶ Business Development
- ▶ Cost Reduction
- ▶ System Redesigning
- ▶ Contribution in Projects and Assignments
- ▶ People Development
- ▶ Self-development

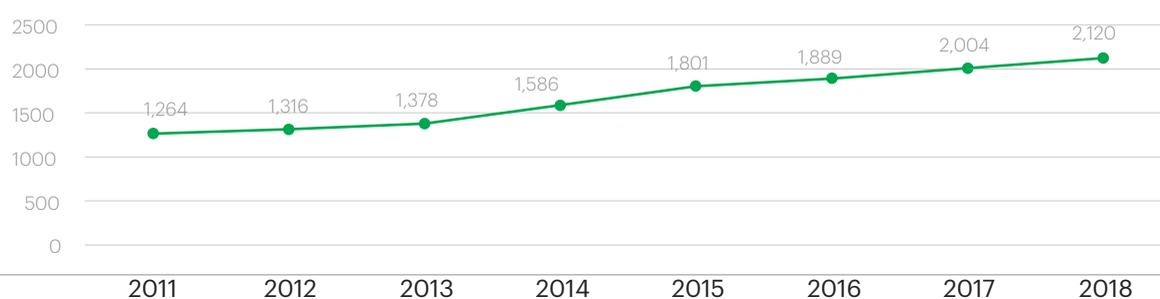
### Holistic Initiatives to Identify, Select and Building Catalyst Human Capital

Building a catalyst arsenal of employees, who will become the game changer in the industry in later times is the ultimate goal of GHR. MTB realizes that if right quality of people are taken onboard and are nourished over time, they will grow the capability to take the organization to the pinnacle of success. GHR recruits graduates in both entry-level posts and other senior level posts. Entry level positions are filled with fresh graduated people, selected from an integrated recruitment processes consisting of written tests and interviews. In such case their skills and integrity are judged with importance. Later the fresh intakes are shaped and developed with proper training on banking regulations, code of conduct, etc.

### Developing Future Leaders

Senior level positions at MTB are filled up with people possessing the right experiences and skills with the

### Trend of MTB Workforce



### Training and Development Programs for Enhancing Capacity of Human Resources

Identifying training requirements and conducting the training on timely basis is another major responsibility of MTB GHR. GHR ensures that every new employee has the basic and in-depth knowledge on the banking operations and an employee has the capability to handle any complex situation related to providing banking services. Training programs and workshops

potential to lead the industry in future. Not only that, to create future leaders for the industry, MTB offers “MTB Management Trainee Program” (MTB MMT), a unique program designed to discover the best talents to work in the bank. MTB MMT is one of the best programs in the industry for making the future leaders concentrating not only on enhancing banking skills but also building expertises to work as frontrunner. The program is run to attract candidates from across the country, who are invited to written examination later after careful scrutiny of the candidates. From the written examination, candidates with qualifying marks are called for multiple sessions of interviews to strain only the best suited and capable candidates for the program. In the first year, selected candidates attend on-the-job and off-the-job training programs and are given some tasks to be completed within the time frame. After successful completion of training and development along with mentoring and coaching for one year, the Management Trainees are absorbed as ‘JAVP’ (Junior Assistant Vice President).

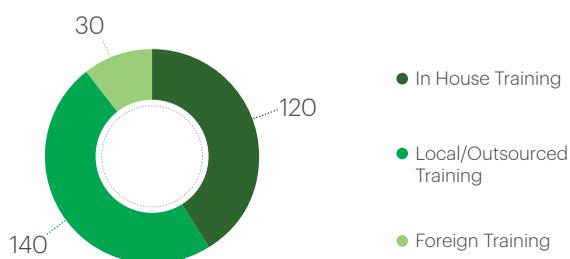
After taking new employees into the system, MTB puts continuous efforts to polish the capabilities of employees and making them better suited for exerting best performances. The employee development processes focus on enabling employees to go further their current capabilities and further enhancement of their potentials. Every employee is given opportunity to attend training and development programs. Employees or their line managers can take the initiatives to be considered for training programs based on their capability and need assessment.

are conducted so that employees can learn about banking regulations, cyber security, AML & CFT matters, compliance issues to abide by, and banking code of conduct.

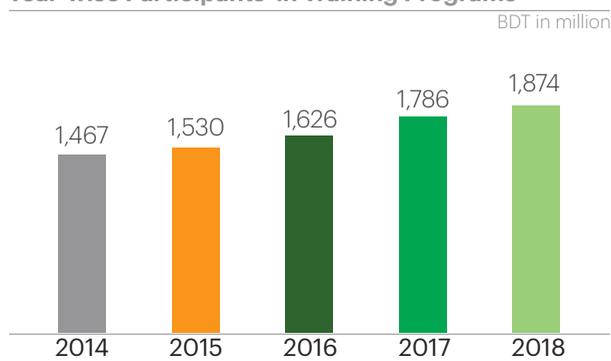
GHR prudently schedules training programs to cover all the 114 branches across the country to maintain standard quality at every level of the bank. Trainings is provided at different zones and also at the MTB Training Institute. During 2018, total 290 training programs were

conducted and 1,874 MTBians participated in those programs.

### Training Programs Held in 2018



### Year-wise Participants in Training Programs



### MTB HR Benefits

MTB believes that quality services will be provided by the employees only when they receive the best packages compared to industry peers. To uphold its truly world class status, MTB GHR designed one of the competitive compensation packages for the

employees along with fringe benefits and perquisites. There are structured compensation packages and benefits, which are implemented through policies approved by the Board. Other than that, any changes or updates are communicated through circulars from GHR.

The bank plans to initiate health insurance coverage for the employees and their families to protect them from any unwanted health related liabilities while they are in service and even after that. Employee benefits are developed with an aim to keep the employees motivated and engaged, thus they include recognition and rewards for holding professional degrees, such as incentives are provided for passing IBB Diplomas. Acknowledgment of achievements by any MTBian or children of MTBian, reward for good deeds are also other ways of engaging employees to the core of the organization. Established benefits for employees are:

- ▶ MTB Employee Death Benefit Plan
- ▶ Incentives for IBB Diploma Holders
- ▶ MTB Employee Provident Fund
- ▶ MTB Gratuity Scheme for Employees
- ▶ MTB Welfare Fund
- ▶ Mandatory Medical Checkup
- ▶ MTB Medical Assistance Fund
- ▶ Reward for Good Deeds in Terms of Integrity
- ▶ Recognition of Meritorious Children of MTBians

### Employee Health & Safety

Health and safety of MTBians are given prime importance at MTB. There are around 2,200 employees working at the bank. MTB has many schemes to ensure health status of employees, engage them into lifestyles to enhance mental and physical well beings.

The organization has a medical assistance fund and every employee, temporary and permanent, is entitled to receive benefits of the fund for self and family members. The offices and branches are well equipped with first aid kits for emergency issues. In addition, Group Insurance coverage for the employees and their family is underway.

Other than government holidays, MTB employees are entitled to thirty days earned leaves annually, including fifteen days of mandatory leave. Other than that, employees can avail ten days of casual leave throughout a year. Female employees have the opportunity to get six months of maternity leave to enjoy their motherhood at ease.

To enhance employee engagement and for mental

refreshment, MTB arranges programs like cricket carnival, football fiesta, indoor games, celebration of Pahela Boishakh and Women's day etc. Also employees can share their personal news on MTB intranet, for increased connections with fellow colleagues.

Neat and cleanliness are encouraged and practiced throughout the bank branches and offices for health and hygiene issues. Offices are well designed for tackling hazardous situations such as fire and earthquake. Regular fire drills are conducted at the head offices to train the employees and test the effectiveness of fire safety measures.

### Making MTB Shine

MTB is striving to become the bank of choice in the industry. GHR is putting maximum efforts to acquire the best talents who will move the bank to forward, keeping the bank's vision at the core of heart. 2018 has been a successful year for the bank in terms of shaping its human resources to its finest form, contribution made by the GHR was absolutely outstanding.



# SERVICE QUALITY

Exceeding customer expectations with superior service

Banks are always looking for new and effective ways to attract and retain valued clients because of the intensifying competition in the industry. Product innovation and customization, ease of transaction and use of technology are a few common areas, where all the leading banks concentrate in order to excel in offering banking services. However, these attempts will never be fruitful if delivery of service does not meet customer expectations.

As the number of banks is increasing in the economy, customers nowadays are more aware than ever about the services they get from their banks. And they will

not hesitate to switch banks if they are not comfortable with the services. Customers prefer to stay with a bank mostly because of the excellent service standard of the organization.

There are a few dimensions which need to be addressed in order to ensure superior service quality. It is evident that superior customer service can be achieved if all dimensions of service quality are developed and maintained at every level within the organization.

## Service Quality Dimensions



To uphold the vision of the bank (MTB3V), MTB aspires to deliver the best to its valued customers and meet their growing expectations. As part of its commitment to customers, the bank created an independent wing, MTB Service Quality Department (SQD), which is working relentlessly to ensure the highest level of service excellence and targeting to excel at every dimension to ensure 360 degree quality service to the valued clients.

With a view to reducing service quality gaps and maintaining the desired standard, SQD has established an integrated process consisting of various activities focusing all the five dimensions. The team is working passionately to establish policies and standards to facilitate rendering quality service.

### Mystery Survey on Branches and Contact Center

One technique for evaluating the level of service quality is to conduct mystery survey at different branches. MTB SQD team visits different branches of the bank pretending as regular customers to assess the quality of customer service. These surveys mainly focus on

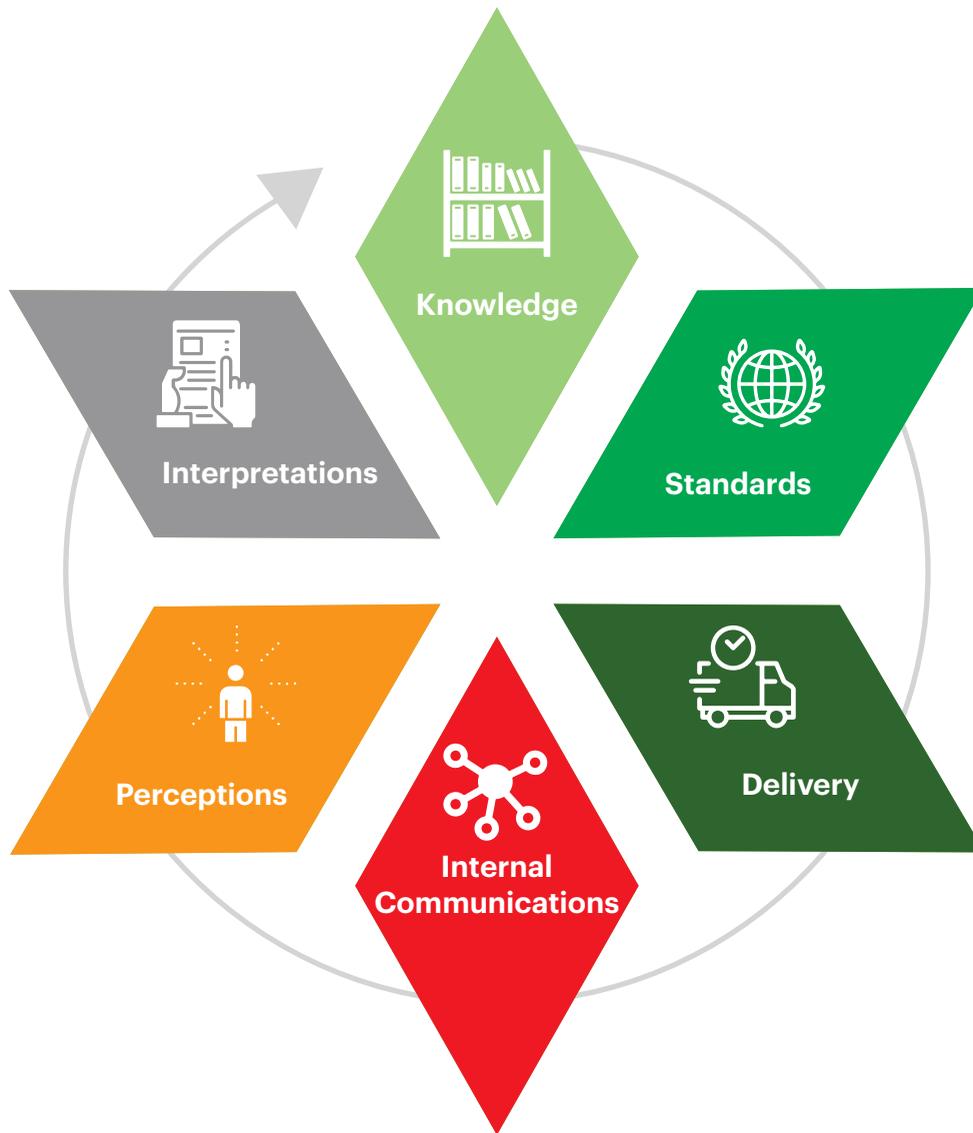
measuring employee soft skills (service etiquette), product knowledge as well as overall ambience such as cleanliness, dress code and branding of the customer touch points. Besides conducting mystery surveys, the SQD team members also perform telephonic surveys throughout the year.

### Customer Satisfaction Survey

It is equally important to get customer feedback to have an idea whether the efforts are being put into the right direction to get the desired results in terms of customer satisfaction. SQD plans to conduct Customer Satisfaction Survey (CSAT) from 2019.

### Launching of Pilot Project- MTB Service Ambassadors

MTB SQD came up with a fresh concept of 'service ambassador' with a view to increasing customer satisfaction and getting customer feedback from the branches. In 2018, SQD initiated a pilot project to place service ambassadors at eight different branches of the bank. The service ambassadors meet and greet



*Process for Closing Service Quality Gaps*

customers visiting the branch and ensure they get appropriate service. The project will be implemented for all other branches of the bank depending on the outcome of the placements of the first batch of service ambassadors.

### **Benchmark Survey Report**

In 2018, MTB SQD carried out a benchmark survey to compare the service quality perceived by the customers. Subsequently, a report was presented to the management, where a picture of MTB service quality position in the market was shown and future direction was described.

### **Training on Product Knowledge and Service Excellence**

This is a comprehensive learning and development framework to build an appropriate and long-term mindset about delivering superior service excellence.

The department has been conducting workshops for MTBians so that they follow the prescribed service standard mentioned in MTB Winning, an in-house guideline for etiquette and service excellence.

This training program intends to instill the right mindset and help build the competency of the frontline employees who serve the customers face-to-face to ensure superior customer experience through their

day to day activities. Our goal is to make our customer interactions consistently professional, efficient and productive. MTB is committed to investing in every employee in order to help them develop the skills they need and hone those skills so that they can consistently deliver the best-in-class service.

Quiz contests, conducted on a regular basis, assist the employees in staying informed about the products as well as maintaining desired etiquettes. It is a tool that encourages and enhances knowledge sharing with peers. An e-learning module, where all types of information such as product details, FAQs, policies, processes, SLAs (service level agreements) are available, has also been developed for the frontline employees.

### **Customer Experience Matrix**

MTB SQD has implemented Customer Experience Matrix (CEM) software, which is an automated system where feedback from customers can be received and is a crucial system for addressing situations where customer experience are not meeting expectation level so that measures can be taken for mitigating the gaps. CEM facilitates a number of activities such as complaint lodgment, recording and resolution, and root cause analysis for necessary policy formulation.

### **Root-Cause Analysis**

Prevention is always better than cure. Preventive

measures can be taken when the root causes are detected and scrutinized using benchmark analysis tools. Customers' feedback, information and complaints reveal the flaws or gaps in existing products, policies, system and services of a bank. Effective root-cause analysis is an important tool to identify the problem areas, which need improvement.

### **OUTLOOK 2019**

SQD is committed to taking the quality of service delivery to a level, where it would consistently meet or exceed customer satisfaction. The department has set plans for 2019 as follows-

- ▶ Installing automated customer feedback device to measure customer satisfaction level.
- ▶ Improving customer-feedback-sharing experience by introducing e-ticket generation system to make the feedback process more convenient and transparent.
- ▶ Conducting training on product knowledge and service excellence for the branch officials, agent banking officials, call center executives and agents, cards sales teams as well as the back office support providers.

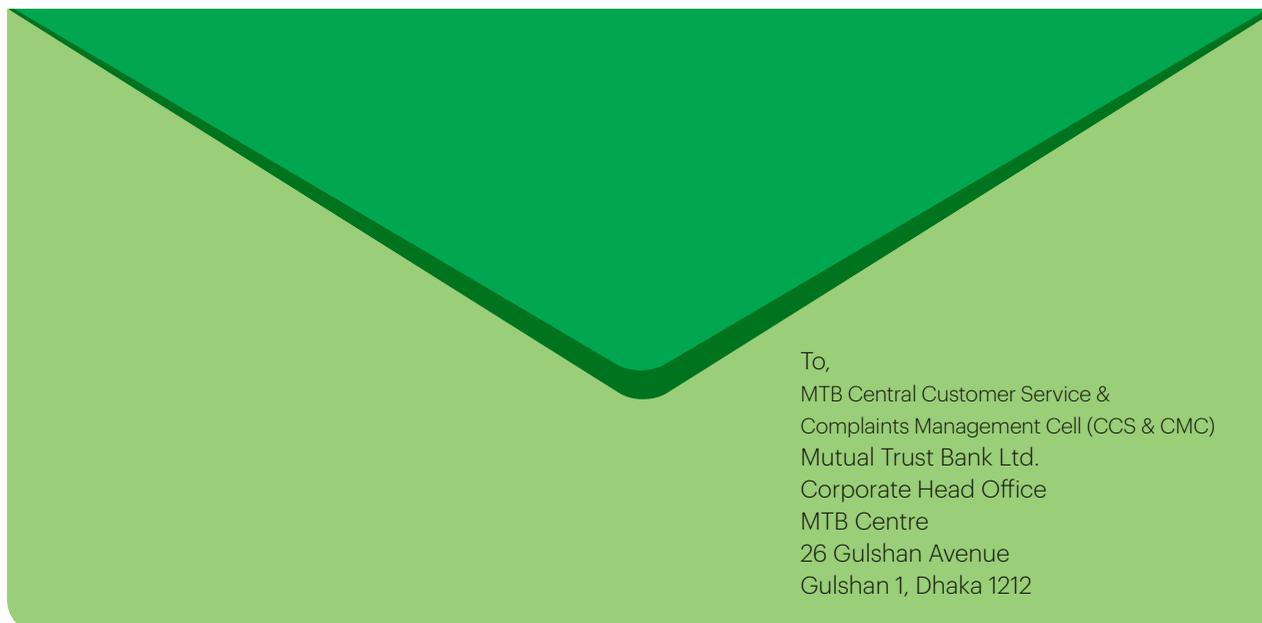
MTB SQD team is working enthusiastically and rigorously to minimize the process gaps in creating excellent customer experience.

## Complaint Management

At MTB, we are committed to providing our valued customers with the best possible services. We believe that complaint is the direct voice of customers. Complaints

give us opportunities to improve and put things right. We strive to ensure that our customers have easy access to information, products and services, as well as the means to get their grievances, if any, redressed.

If you have a grievance, please feel free to contact our Complaint Cell at the following address:



Customers can also lodge complaints from the customer complaints page on our website through the following link:  
<http://www.mutualtrustbank.com/complaints/index.php>

E-mail: [complaint@mutualtrustbank.com](mailto:complaint@mutualtrustbank.com), Hotline: +880 17088 08420; +880 17088 08421

(these hotlines numbers are available to receive complaints from 10:00 AM to 06:00 PM, except holidays).

### Number of Complaints Received and Resolved

Year	2018	2017
Total Number of Complaints Received	100	35
Total Number of Complaints Resolved	99	34

### Number of Complaints Received through Different Channels

Channel	Number of Complaints (2018)	Number of Complaints (2017)
Email	33	27
Website	53	0
Contact Centre	11	5
Social Media	0	0
Letter	3	3
<b>Total</b>	<b>100</b>	<b>35</b>

### Internal and External Mechanisms for Reporting Concerns on Whistleblowing Mechanisms or Hotlines

A customers can send complaint or feedback to any MTB branch. This feedback is generally processed by respective department/division. The unethical/unlawful matters of MTB employees are managed as per the MTB Code of Conduct.

A. Qasem & Co., one of the leading Chartered Accountant

(CA) firms of the country, and an independent member firm of Ernst & Young LLP (EY), is the external auditor of MTB and acts as the external whistle blower.

Besides, MTB has a full-blown ICC Department (Internal Control and Compliance) which deals with control and compliance issues. ICC acts as the internal whistle-blower of the bank. ICC has 05 units, namely, Audit and Inspection, Compliance, Monitoring, ISS Cell & System Audit Units, which are well-equipped with experienced bankers and system auditors.

## MTB Customer Charter

MTB Customer Charter of is a general statement of commitments for providing world class banking services and necessary information to customers. The objective of the Customer Charter is to make the customers conscious about their general rights, obligations, grievance approach process and thereby help them take informed decisions.

### Customers' Rights:

1. Know the bank's rates of deposits and advances which are displayed on the notice board of the respective branches and also available on the bank's website [www.mutualtrustbank.com](http://www.mutualtrustbank.com)
2. Know the latest schedule of charges, fees and commission which is displayed on the notice board of the respective branches and is available on the bank's website [www.mutualtrustbank.com](http://www.mutualtrustbank.com)
3. Decide which value added services, such as, Internet banking, SMS banking, ATM services, etc. he/she would like to avail.

4. Know about the buying and selling rates of foreign currencies.
5. Information regarding financial statements, banking hours and holidays.

### Customers' Obligations:

1. Customers shall follow the banking norms, practices, functional rules, etc.
2. Customers shall abide by the terms and conditions prescribed for each banking product and service.
3. Customers shall maintain disciplinary arrangement at the customer service points.
4. Customers shall convey their grievance to the bank in proper way or in prescribed form.
5. Customers shall convey the bank any changes in their address, contact numbers and in any other information including Transaction Profile (TP).
6. If the customers have any query, they should ask at prescribed desks, such as Customer Service Desk, Help Desk, Information Desk or Enquiry Desk.

For any queries on our products and services, please contact:

## MTB Contact Centre



**24**  
**HOURS**  
a day

**7**  
**DAYS**  
a week

**365**  
**DAYS**  
a year

**AT YOUR SERVICE, ALWAYS**  
just dial **16219** or **096040 16219**  
from overseas **+880 96040 16219**



# MONEY LAUNDERING & TERRORIST FINANCING RISK MANAGEMENT

Compliance comes first

Money laundering (ML) and terrorist financing (TF) 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.

The MTB Board of Directors and senior management prioritize compliance over business and treat non-compliance of AML & CFT measures with “Zero Tolerance”. The management emphasizes that no bank-customer or bank-employee relationship is worth compromising our commitment to combat money laundering and the financing of terrorism activities.

Hence, MTB has equipped itself by investing substantially in human resources development, technology as well as with an extensive policy guideline, which is updated every year to keep up with the international standards and regulatory requirements. The bank applies risk-based approach during Customer Due Diligence (CDD), that includes completing KYC of customers and monitoring transactions pursuant to the national regulations and international standards.

## Highlights 2018

Some of the highlights of 2018 are as follows:

- ▶ The members of the Central Compliance Committee (CCC) met 4 times during the year. The 15-member strong committee discussed issues related to AML & CFT and provided guidance to relevant divisions/departments.
- ▶ Under the direct supervision of the CAMLCO and as instructed by the CCC, MTB Anti Money Laundering and Combating Financing of Terrorism Division (AML & CFT Division) discharged their responsibilities throughout the year.
- ▶ Every year, the Managing Director & CEO of the bank issues a statement of commitment in writing to all

the employees of the bank. In 2018, the Managing Director & CEO issued his statement of commitment regarding strategy, action plan, compliance and consequence of non-compliance in February and another special message in December.

- ▶ MTB revised its policy guideline in line with the laws of the land, guidelines, circulars and instructions issued by BFIU and international standard. The revised guideline, which was approved by the Board of Directors, includes updated MTB Customer Acceptance Policy and MTB ML & TF Risk Assessment Guideline.
- ▶ AML & CFT Division conducted inspection on AML & CFT compliance status of 34 (thirty four) MTB branches.
- ▶ MTB further accelerated its monitoring endeavors with system-based monitoring tools, available at all the branches and the head office.
- ▶ MTB continued its screening process with the help of automated tools against United Nations Security Council Resolution (UNSCR), Office of Foreign Assets Control (OFAC), adverse media and domestic sanction lists.
- ▶ Know Your Employee (KYE) program has been made a part of the service rules for the employees.
- ▶ MTB conducts daylong AML & CFT workshops throughout the year, with the support of the Group Human Resource Division, and state-of-the-art MTB Training Institute to train the staff members of the bank irrespective of their functional areas.

In 2018, MTB AML & CFT Division along with MTBTI arranged a total of 25 (twenty five) workshops/training programs, out of which 15 (fifteen) workshops were on ML & TF Risk Management.

In February 2018, MTB arranged a BAMLCO Conference, which is a congregation of the Branch Anti Money Laundering Compliance Officers, heads of divisions/departments/units and senior management to discuss the achievement in terms of AML & CFT compliance during the past year and strategies to overcome the challenges in future.

07 (seven) workshops on ML & TF Risk Management were arranged for MTB agents and agent-employees. 01 (one) workshop on “Trade Based Money Laundering” was also arranged for MTBians.

Apart from the above, MTB, under the guidance and overall supervision of BFIU, coordinated a lead bank training program in Brahmanbaria, where a total of 58 participants from scheduled commercial banks operating in Brahmanbaria district participated.

### Outlook 2019

The fight against money laundering and terrorist financing is an evolving and never-ending process, with new challenges every day. MTB shall continue its endeavor in such fight in 2019 with a strategy and program to -

- ▶ Ensuring implementation of MTB ML & TF Risk Management Policy Guideline approved by the Board of Directors and revision of the policy guideline as appropriate.
- ▶ Conducting workshop/training on ML & TF risk management, trade based money laundering (TBML), account opening & operating procedure for relevant employees including new joiners, existing employees, agent and agent employees

and contractual employees.

- ▶ Arranging Branch Anti Money Laundering Compliance Officers’ (BAMLCO) Conference.
- ▶ Conducting inspection on AML & CFT compliance activities of randomly selected branches and checking overall effectiveness of AML & CFT Program.
- ▶ Monitoring AML & CFT compliance activities of branches and relevant divisions/departments/units, both on-site and off-site, under the guidance and supervision of the Central Compliance Committee.
- ▶ Extending support to concerned divisions, departments and units in-
  - ▶ identifying the ML & TF risks to which they are exposed to and developing measures to manage those risks.
  - ▶ ensuring due diligence for foreign trade and transactions and for counterparties, i.e. correspondent and respondent banks/financial institutions, exchange houses, payments and technology companies.
- ▶ Ensuring development, testing, training and implementation of new and/or enhanced system applications to facilitate AML & CFT compliance.



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being socially responsive

A business can only become sustainable when it conducts its operations keeping in mind the preservation of the environment and development of the community in which it operates. CSR is a way towards sustainable business by creating long-term value for the stakeholders, the environment and the community as a whole. MTB believes that a responsible and sustainable business organization is one that does its business responsibly by keeping in mind the interests of its stakeholders - both internal and external. We believe our conscious choice of protecting the environment today will lead to a better and sustainable tomorrow.

MTB's priority sectors for initiative are education, healthcare, environment and disaster management. Our CSR strategies are based on the fundamental conviction of sustainable business that integrates good governance and social priorities with a view to enhancing community empowerment in a sustainable manner.

## Highlighting Activities of MTB CSR

### Approved CSR Policy

MTB has an approved CSR policy targeting the activities conducted on account of social responsiveness. It has been developed with the aim of making CSR activities more standardized and effective. The policy sets clear guidance on the objectives of the initiatives and specifies where the funds will be provided and who will be the beneficiaries of the initiatives taken.

### "Swapno Sarathi" (The Dream Chariot)

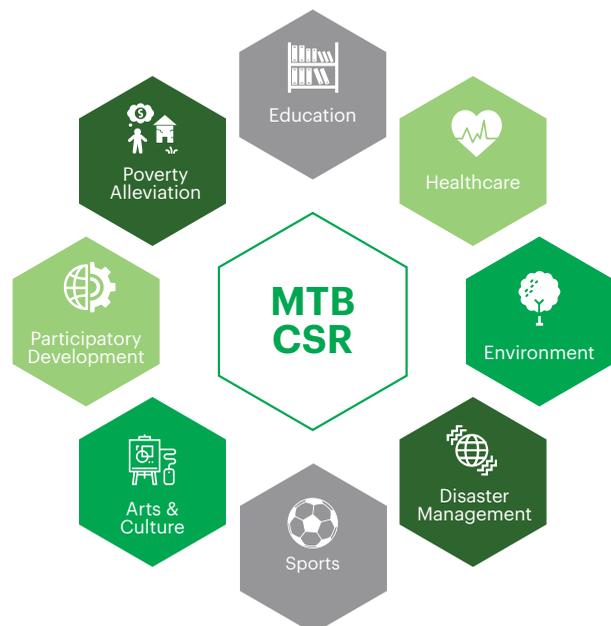
In accordance with the bank's policy to nurture the primary education sector in the rural hard-to-reach areas, MTB launched a special campaign titled "Swapno Sarathi" in 2015. The campaign aims at motivating students (mainly female) with the motto "School-e jete durotto jeno badha na hoy" by providing them with bicycles with a view to facilitating their movement to and from school. Till date almost 1,600 bicycles have been distributed in different regions of the country including Panchagar, Bogura, Dhorkora Bazar, Dinajpur, Joypurhat, Kadair Bazar, Ramchandrapur Bazar, Rangpur, Sirajganj, Thakurgaon, Lalmonirhat, Tangail, Cumilla, Ishwardi, Feni and different former enclaves of Bangladesh.

### MTB "Bravery & Courage" Award

Initiated in 2012, MTB "Bravery & Courage" award recognizes lifesaving bravery activities of common people in the country. This award aims to encourage selfless individuals who put others' lives ahead of their own. A few courageous and selfless personalities and their families have been awarded over the years. One of them is Mr. Hossein Alamgir, who was awarded for his extraordinary act of bravery while saving a 25-year old female photographer, Gaia Guarnotta, from being violated in Florence, Italy in October, 2017.

### "Shobuj Ishkool Gori" (সবুজ ইশকুল গড়ি)

Shobuj Ishkool Gori, a new initiative by MTB in partnership with 'Poriborton Chai', a social organization, is a unique CSR campaign, which aims to bring about an environmental makeover at schools through active participation of the students and teachers by educating them about waste management, making organic compost, the use of dustbins and greening of their playing fields. The project, which was inaugurated at Pallabi Majedul Islam Model High School in Mirpur, Dhaka included two more schools - one in Rangpur and one in Patuakhali - in 2018.



### **Livelihood Program for the women and health clinic for the community of Char Patila at Char Kukri Mukri of Bhola**

Targeting the people living in the offshore areas of the country, the project aims to make health care available to the people where it is difficult to have such facility. Partnering with MRDI, the first initiative of the project was to establish a women's training cum health centre at Char Patila of Char Fashion. Construction of the centre was finished in 2018 and it was inaugurated in July 2018. The centre is providing training on sewing and stitching through the training centre to the women of remote areas surrounding the place so that they can contribute to the well-being of their families. The health care centre also provides primary services including knowledge about safe motherhood practices to the villagers. The centre is linked with Char Fashion Upazilla Health Complex for referral services.

### **Contributions to the Prime Minister's Relief Fund**

MTB Chairman Mr. M. A. Rouf, JP and Director Mr. Md. Wakiluddin handed over a cheque of BDT 50 million to the Honorable Prime Minister of Bangladesh, Mrs. Sheikh Hasina for the Prime Minister's Relief Fund as part of CSR activity.

### **Support for Free Friday Healthcare Centre, Khulna through Jhenidah Ex-Cadets Association (JEXCA)**

Free Friday Healthcare Center is a project run by Jhenidah Ex-Cadets Association (JEXCA), where marginalized people can avail free health facilities. MTB provided financial support for the centre by providing BDT 0.64 million so that underprivileged people can have free health care facilities.

### **Other Ongoing Projects of MTB CSR**

- ▶ **Providing Support to the "Girls Not Brides" Campaign of Action Aid International Bangladesh:** MTB recently signed a Memorandum of Understanding with Action Aid Bangladesh to bear the expenses for education and vocational training of vulnerable girls residing in the "Happy Homes" hostel supervised by Action Aid Bangladesh.
- ▶ **Financing School for the Intellectually Disabled at Tarash (Chalanbil Area), Sirajganj:** MTB has been providing financial aid to the School for Intellectually Disabled for purchasing various supportive medical and education items for the special children.
- ▶ **Annual contribution to two families of martyred army officers killed in BDR carnage:** MTB has been providing two families affected by BDR tragedy namely, Mrs. Kamrun Nahar Maksum, widow of Shaheed Major Mohammad Maksum Ul Karim, and Mrs. Shirin Akhter Mukta, widow of Shaheed Major Md. Khalid Hossain with an annual contribution of BDT 0.96 million since 2010 through Bangladesh Association of Banks (BAB).
- ▶ **Scholarships amongst students of Kushtia through MEDHA:** The bank distributes scholarships among the underprivileged meritorious students of Kushtia through MEDHA, focusing on the participatory development in the society.
- ▶ **Blankets for the cold-affected people:** BDT 15 million fund was provided for the purpose of blanket distribution to the cold affected people at different places of the country.



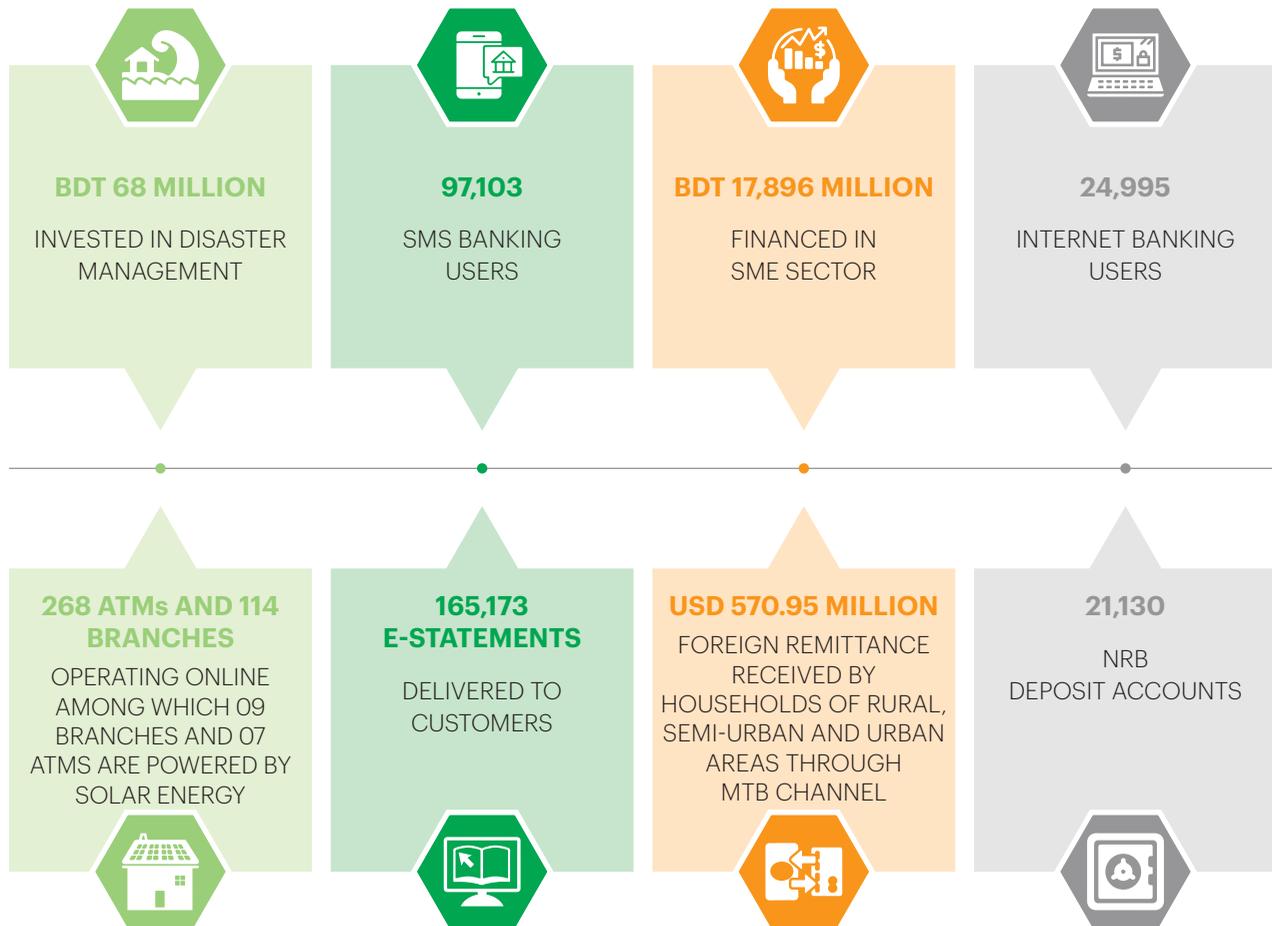


**SMART BANKING  
TOWARDS A  
SUSTAINABLE FUTURE**



# ABOUT SUSTAINABILITY ANALYSIS

## Key Highlights



## Report Profile

<b>Reporting period</b>	January 1, 2018 to December 31, 2018
<b>Date of the most recent previous report</b>	Sustainability Report 2017 Date: November 30, 2018
<b>Reporting cycle</b>	Reporting Cycle: Annual

<b>Contact point regarding the report</b>	We welcome any feedback on this sustainability report. For further information and comments, please contact Sustainability Reporting Team of the Bank through following address: e-mail: sustainability@mutualtrustbank.com
<b>Disclosure</b>	GRI Standards: Core Option
<b>External assurance</b>	External assurance is under consideration by management
<b>Endorser logo ("We Support the Global Compact")</b>	 Approval received on February 23, 2016

### Stakeholder Engagement and Materiality

Our sustainability reporting approach is to identify our material aspects that are important to our stakeholders and our business operations, realign the aspects with our business strategies and prepare ourselves for future challenges while achieving sustainable growth with our stakeholders.

In order to identify the most significant aspects for our bank to report on, key stakeholders have been involved in engagement sessions to discuss and to review areas of attention which would prepare us for future challenges and help to meet our potential growth.

### Identifying Our Stakeholders

The first step in engaging our stakeholders is to identify them according to the stated definition. Then the issues that matter to the stakeholders are identified. Our strategies are formulated according to the material matters for the stakeholders so that visible outcomes can be achieved for the stakeholders. Our stakeholder identification process is as follows-

#### Shareholders

**Our Identification of Material Matters of Stakeholders-** A trustworthy bank that produces healthy, sustainable returns.

**What We Promise to Apply the Matters-** Pursuing sustainable growth and offering attractive returns based on moderate risk profile while maintaining sound governance system.

**How We Engage Stakeholders-** Published networks, i.e. Website, print media, postal services etc., AGM, EGM, Annual Report, Monthly magazine- MTBiz.

### Outcomes of Our Stakeholder Engagements-

- ▶ EPS- BDT 3.03
- ▶ NAV Per Share- BDT 23.16

### Customers

**Our Identification of Material Matters of Stakeholders-** A bank that excels and goes beyond traditional banking and delivers valuable services, any time, any place while securing customer interests.

#### What We Promise to Apply the Matters-

- ▶ Continuous improvements in operational activities to offer smooth and convenient services
- ▶ Innovations in product offerings

#### How We Engage Stakeholders

- ▶ Dedicated RMs and customer service officers
- ▶ Customer Experience Matrix (CEM)
- ▶ Customer Satisfaction Survey (CSAT)
- ▶ Market research and product reengineering

**Outcomes of Our Stakeholder Engagements-** Total number of customers- 854,077, serving through 114 Branches, 100 Agent Banking Centers, 268 ATMs, 3,140 POS.

### Employees

**Our Identification of Material Matters of Stakeholders-** An employer that empowers and offers opportunities to make the most of people's potential for career growth and excel.

#### What We Promise to Apply the Matters-

- ▶ Empowering our employees to make use of their full potential
- ▶ Regular training and updating with recent laws and regulations for development

### **How We Engage Stakeholders-**

- ▶ Training programs held in house, within the country, in abroad etc.
- ▶ Cultural and sports events
- ▶ Regular meetings
- ▶ Corporate intranet (Mnet)

**Outcomes of Our Stakeholder Engagements-** 290 training programs, 1,874 participants out of 2,120 employees

### **Government**

**Our Identification of Material Matters of Stakeholders-** Proper and appropriate compliance of applicable rules and regulations.

### **What We Promise to Apply the Matters-**

- ▶ Being proactive in adopting and applying latest laws and regulations
- ▶ Internal control process for ensuring continuous compliance

### **How We Engage Stakeholders-**

- ▶ Communication networks, i.e. Website, newspapers, emails, letters etc.
- ▶ Published reports, i.e. Annual Reports
- ▶ Meetings and dialogs, as and when required

**Outcomes of Our Stakeholder Engagements-** No penalty incurred due to non-compliance since its inception.

### **Suppliers**

**Our Identification of Material Matters of Stakeholders-** An organization that has transparent procurement system which provided equal scope for every participant and has the ability to repay on timely basis.

**What We Promise to Apply the Matters-** Adhere to the well-defined procurement regulations while maintaining strong business relationships with suppliers.

### **How We Engage Stakeholders-**

- ▶ Invitation to online bidding
- ▶ Contracts
- ▶ Meetings

### **Outcomes of Our Stakeholder Engagements-**

- ▶ MTB Procurement Manual
- ▶ Pool of reliable enlisted suppliers

### **Environments**

**Our Identification of Material Matters of Stakeholders-** Investing and lending to support clean energy and managing own power consumption and carbon footprints.

### **What We Promise to Apply the Matters-**

- ▶ Conducting our business in harmony with the environment
- ▶ Propagating a culture in which our stakeholders, especially employees, are deeply aware of the importance of environmental preservation and sustenance

### **How We Engage Stakeholders-**

- ▶ Restoration initiatives
- ▶ Support for environmental NGOs
- ▶ Operational improvements
- ▶ Lend environmentally friendly infrastructural projects

### **Outcomes of Our Stakeholder Engagements-**

- ▶ Green Banking Initiatives
- ▶ In-House Environmental Management System

### **Community**

**Our Identification of Material Matters of Stakeholders-** An engaged financial institutions that invests in the future sustainably and responsibly.

### **What We Promise to Apply the Matters-**

- ▶ Contributing to the society through CSR
- ▶ Sustainable financing for the purpose of committed investment in future

### **How We Engage Stakeholders-**

- ▶ CSR activities
- ▶ Sustainable financing
- ▶ Website, social media
- ▶ Seminars, workshops etc.

**Outcomes of Our Stakeholder Engagements-** Almost BDT 80 million contribution in CSR in 2018 only

### **Engaging Our Stakeholders**

At MTB, we engage our stakeholders regularly and respond to their priorities and expectations by creating a two-way channel for communicating stakeholders' needs and the Bank's impact.

MTB is committed to engaging regularly with its stakeholders to understand their needs and ambitions that are core to its sustainability objectives. To better understand our stakeholders' needs, we regularly map

their needs with the support of our Sustainable Finance Team to capture our methods of engagement, identify priority issues for both the bank and the stakeholders, and track the bank's response to these issues. The

results guide the bank's efforts in fulfilling stakeholders' needs through the strategic objectives and initiatives we implement.

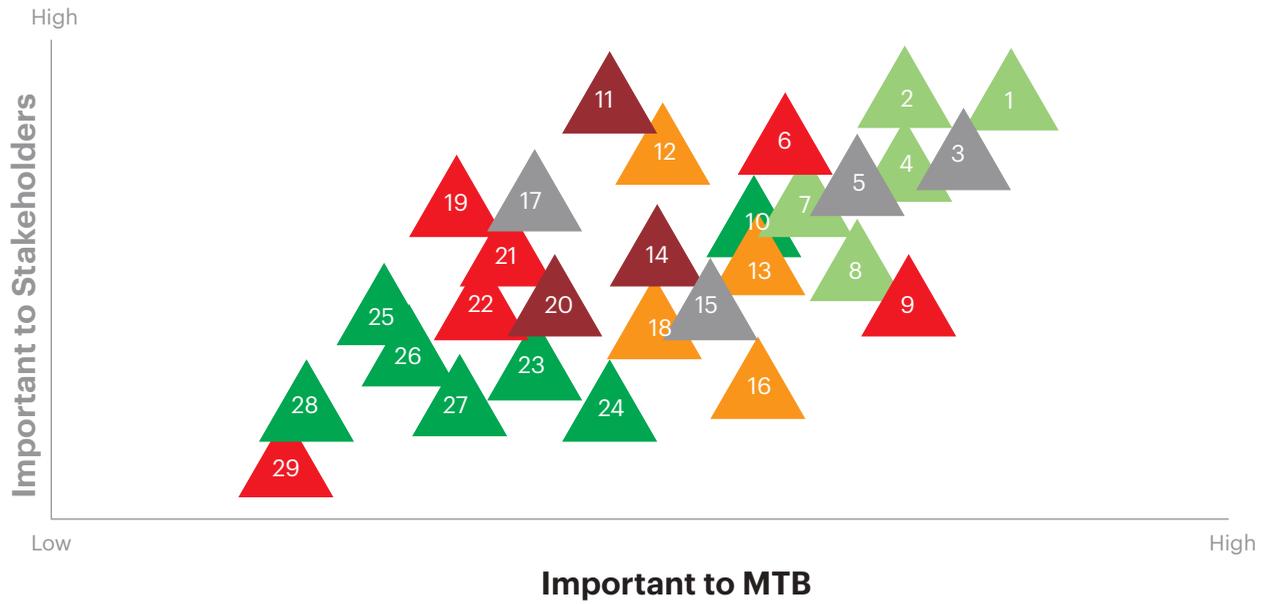


### Focusing on What Matters

We focus our efforts on topics that are important to our stakeholders and strategically significant to our business. Prioritizing the sustainability topics enriches our understanding of our stakeholders' needs and focuses our strategic approach.

Material issues are those that reflect our organization's most significant environmental, social and governance impacts, or those that influence the assessments and decisions of our internal and external stakeholders. To

understand the current and emerging issues that matter most to our stakeholders and that will have the most material impact on our business, we conduct regular comprehensive assessment of the bank's material issues. Same as previous years, we have analyzed all the relevant material issues and examined them with our sustainability team. As a result of our materiality process, we have revised our materiality issues and identified 29 material sustainability issues; presented in our Materiality Matrix below.



The colors representing our materiality issues and numbers representing 29 material sustainability issues are as presented below:

Material Issues	Material Sustainability Issues
 <p><b>TRANSPARENT REPORTING</b></p>	<ul style="list-style-type: none"> <li>1. Legal and Regulatory Compliance</li> <li>2. Governance and Accountability</li> <li>4. Transparent Disclosure of Performance</li> <li>7. Anti-corruption Processes</li> <li>8. Responsible and Ethical Behavior</li> </ul>
 <p><b>SUPPORTING OUR CUSTOMERS IN ACHIEVING THEIR AMBITIONS</b></p>	<ul style="list-style-type: none"> <li>3. Information Security and Data Privacy</li> <li>5. Customer Experience and Satisfaction</li> <li>15. Accessibility to Products and Services</li> <li>17. Communicate Transparently with Customers</li> </ul>
 <p><b>SYSTEM OPTIMIZATION</b></p>	<ul style="list-style-type: none"> <li>10. Competitive Benefits</li> <li>23. GHG Emissions</li> <li>24. Water Usage</li> <li>25. Energy Usage</li> <li>26. Material Consumption</li> <li>27. Managing impacts of our Supply Chain</li> <li>28. Waste and Effluent Management</li> </ul>
 <p><b>EMPLOYEE EMPOWERMENT</b></p>	<ul style="list-style-type: none"> <li>6. Training and Development</li> <li>9. Communicate Transparently with Customers</li> <li>19. Diversity and Equal Opportunity</li> <li>21. Employees Wellbeing</li> <li>22. Employees Engagement</li> <li>29. Health and Safety of Employees</li> </ul>

Material Issues	Material Sustainability Issues
 <b>RESPONSIBLE FINANCING</b>	12. Supporting Local Communities 13. Financial Inclusion 16. ESG Topics in Portfolio 18. Offering Sustainable Products and Services
 <b>COMMUNITY COOPERATION</b>	11. Process Digitization 14. Engaging with our Community Based Organizations 20. Behavior and Culture of Community

### Material Aspects and Impacts Boundaries

Material Aspects	Impact Location	
	Inside	Outside
<b>Economic</b>		
Economic performance	√	
<b>Social</b>		
Employment	√	
Training and education	√	
Diversity and equal opportunity	√	
Non-discrimination	√	
Marketing and labelling	√	√
Customer privacy	√	√
Socioeconomic compliance	√	√
<b>Business-specific Topics</b>		
Product responsibility	√	√
Code of ethics	√	√
Transparency	√	√



# MTB'S GREEN INITIATIVES

## Sustainable Banking

Today's banks are more than mere financial intermediaries; they are custodians of the larger interests of society. It is also acknowledged that sustainable banking is the way to go. Being the engine of growth, banks need to spruce up their sustainability goals. Every bank needs to wake up to the reality and firm up their roadmap for sustainable banking. They could choose to align with voluntary bodies on sustainable banking, namely, the UNEP FI, Equator Principles, GRI etc. or develop a sustainable banking policy guideline by themselves. Technology plays a crucial role in taking banks towards their sustainability goals. Armed with the flexibility and analytical capability of their technology landscape, banks can add muscle to their sustainable banking practice in the course of time.

As the engine driving money supply and the economic fate of nations, financial institutions have a big obligation to ensure that their actions are not against the greater good. Hence, they must weigh not only the financial implications of every decision, but also its impact on sustainability issues, such as biodiversity, climate change, human rights etc. In fact, this is also a matter

of self-interest, because while social and environmental risks may not be added to financial risk in the short term, there is a high likelihood that they will be added over a longer period of time, to compromise the well-being of individual financial institution and the financial system as a whole. Clearly, sustainable banking is emerging as the ideal path for tomorrow's banking enterprise.

## Policy Formulation and Governance

As per instruction of Bangladesh Bank and as approved by the MTB Board of Directors at its meeting held on December 28, 2016, Sustainable Finance Unit has been formed in MTB. From the beginning of its journey, the unit is working hard to ensure due diligence in environmental and social issues in every investment of MTB.

The Executive Committee of the Board of Directors, at its 98th meeting, held on December 04, 2017, approved "Environmental and Social Risk Management (ERSM) Policy and Procedure of MTB - 2017". This policy and procedure is a modification/amendment of our existing "Environmental Risk Management (ERM) Guidelines".

Unlike the ERM guidelines issued in 2011, this policy



is more dynamic and comprehensive in nature and accommodates social risks management issues in addition to covering latest improvements in environmental risk management. This paper is based on the “Guidelines on Environmental and Social Risk Management (ESRM) for banks and financial institutions in Bangladesh” issued by Bangladesh Bank (BB) vide their SFD Circular No. 02 dated February 08, 2017.

### Green Banking

Green Banking refers to practices and guidelines that make banks sustainable in economic, environment, and social dimensions. It aims to make banking processes and the use of IT and physical infrastructures as efficient and effective as possible, with zero or minimal impact on the environment. As one of the key stakeholders, banks can play a vital role in development and response to the environment through “Green Banking” practice. Being a responsible corporate citizen and in line with the instructions of Bangladesh Bank, MTB has designed its Sustainable Finance Policy with an aim to inculcate practices that make every effort for environmental friendly activities.

MTB promotes green banking to reach the long-term strategic objective to be a green, triple bottom line bank where every decision will be taken considering people, planet and profit in mind. Going Green in our bank, not only bring awareness among our customers and our employees, but also build awareness and consciousness to our society. The core business model of MTB clearly expresses its sustainability towards environment and unveils its eco-friendly motives. The bank’s green banking initiatives include online and paperless banking, reduction of greenhouse gas emissions, mapping bank’s carbon foot print, efficient energy use, environment friendly projects, plant nursery, horticulture projects etc.

### MTB Green Office Guide

As part of the bank’s continuous effort to uphold green banking initiatives, MTB developed Green Office Guide to facilitate green banking objectives of the bank. The Green Office Guide comes up with pictorial

demonstration for better understanding of the readers. This guide is used in the offices to determine the style of daily functional behavior of all tiers of workforce.

### MTB’s Green Marketing System

MTB emphasizes selling products and/or services based on their environmental benefits. A number of such products and services like debit card, credit card, internet banking, internet recharge for mobile, SWIFT, call center, online banking, SMS banking etc. are being promoted through various advertising campaigns in both the electronic and the print media. The virtual world of communication is also being used as the means of promoting the bank’s environment friendly products and services. Brochures, leaflets, banners, flags, hard boards, festoons, danglers, billboards, and alike means of advertising are also used to popularize the green products of the bank. MTB also uses the occasion of opening ATM booths and branches to popularize the bank’s environment friendly products and services. Clients are also encouraged to modify their product lines and set up modern machineries from the environmental viewpoint. MTB also facilitates refinance scheme for setting up bio-gas plants, solar panels, ETPs, vermicompost, hydroelectricity, Hybrid Hoffman Kilns etc. MTB is also promoting 52 green products of Bangladesh Bank and ADB Refinance Scheme for efficiency improvement under green finance.

### MTB Green Building

MTB has designed its two corporate office buildings - “MTB Centre” and “MTB Tower” - as fully green buildings with motion sensor lighting system. Lights are automatically turned off if there is no human movement in the room. Solar power system has also been installed on the rooftop of the buildings. Both buildings are designed to reduce energy consumption significantly and make MTB a green and environment friendly bank in the true sense. MTB Tower has rain-water harvesting facility and eco-friendly carpet made of wool, a natural fiber processed without using any chemical treatment. The state-of-the-art rain water harvesting plant has a capacity of 10,000 liters.

### Other Green Banking Initiatives

Topic	Year 2018	Year 2017
Automated Banking		
Number of ATMs	268	247
Number of Branches with Online Banking	114	111
Number of Internet Banking Users	24,995	20,912
Number of MTB App Users	10,015	8,234
Number of Branches Powered by Solar Energy	9	9
Number of ATM Booths Powered by Solar Energy	7	9



# ENVIRONMENT

## Energy Consumption

The bank consumed 41 million megajoules of energy in 2018 by using fuels, natural gas and electricity. In banking business, there is no scope as of date to consume energy outside of the organization's premises.

**Table: Energy Consumption of MTB in 2018**

Fuel/Source Type	Total Unit	Megajoules
Electricity (KWH)	9,110,122.82	32,795,080.63
Diesel (LTR)	164,573.72	6,301,577.92
Octane (LTR)	70,379.78	2,363,259.41
Kerosene (LTR)	-	-
Natural Gas (m <sup>3</sup> )	-	-
<b>Total</b>	-	<b>41,459,917.96</b>

The car pool of the bank has 41 cars and 04 motor bikes that consumed 2,091 litres of diesel, and 61,027 litres of octane for running a total of 391,845 KM in 2018.

### Conversion source:

<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator> and <http://www.convertworld.com/en/>

## Energy Intensity

Fuel/Source Type	Megajoules		Per Employee Power Consumption (Megajoules)		Per Day Power Consumption (Megajoules)	
	2018	2017	2018	2017	2018	2017
Electricity (KWH)	32,795,080.63	11,468,141.09	15,469.38	5,722.63	89,849.54	31,419.56
Diesel (LTR)	6,301,577.92	549,349.84	2,972.44	274.13	17,264.60	1,505.07
Octane (LTR)	2,363,259.41	2,095,409.88	1,114.75	1,045.61	6,474.68	5,740.85
<b>Total</b>	<b>41,459,917.96</b>	<b>14,112,900.83</b>	<b>19,556.6</b>	<b>7,042.37</b>	<b>113,588.82</b>	<b>38,665.48</b>

In 2017, only three of buildings' electricity and diesel consumption was measured, whereas in 2018, electricity and diesel consumption of all the branches of MTB is measured.

### MTB's Solar Power Capacity

MTB has installed solar power panels at its Corporate Head Office, branches and ATM booths. By 2018, total capacity installed is 44.6 KW of solar panels that reduce total power consumption by the bank.

**Table: Solar Power Capacity of Branches in 2018**

Branch	Solar Power Capacity
MTB Centre	5000 W
MTB Tower	36000 W
MTB Ishwardi SME/Agri Branch	720 W
MTB Belkuchi SME/Agri Branch	720 W
MTB Hasnabad SME/Agri Branch	720 W
MTB Sarulia SME/Agri Branch	720 W
MTB Syedpur SME/Agri Branch	720 W
<b>Total</b>	<b>44600 W</b>

## Reductions in Energy Requirements of Products and Services

### Banking through SMS

SMS banking service provides instant notification about clients' transactions as and when those take place. It helps them to keep a watch on their accounts with a round-the-clock service. Every debit or credit in their accounts is disclosed by SMS. MTB SMS banking offers basic banking services to customers for a very little use of energy. In 2018, a total of 55,497 text messages were sent by MTB in response to customer's balance checking and 9,304 text messages were sent in response to

checking transactions, through push-pull service. This enabled MTB to send and its customers to get their account information by using little energy compared to the traditional way of getting account information by visiting branches.

**Table: SMS Sent for Information**

Topic	2018	2017
Number of Balance Check Messages Sent	55,497	24,965
Number of Transaction Check Messages Sent	9,304	4,632

### Internet Banking Facilities

MTB Internet Banking enables its customers to avail various services such as fund transfer to MTB as well as other banks, credit card bill payment, utility bill payment, account statement checking etc. through the bank's website. Our internet banking platform is secured by state-of-the-art two factor authentication (2FA) system. MTB has its own app for internet banking through smart phones that run on both android and apple operating systems. The app is freely available for download at Google Play Store and iTunes. Apart from fund transfer, the app enables the customers to pay bills and recharge mobile balance, which reduces energy consumption remarkably compared to traditional methods.

**Table: Internet Banking**

Topic	2018	2017
Internet Banking Users	24,995	20,912
Internet App Users on Mobile and Tab	10,015	8,234

**Table: E-Statement**

Topic	2018	2017
Number of E-statements Delivered to Customers through Email instead of Using of Papers Traditionally	1,65,173	1,48,302



### Enhancement of the Corporate Intranet

The bank has an exclusive and very effective intranet system, M-Net, for internal communication, information sharing, employee education and electronic recording process. It has features like e-notice board, online leave management facility, e-dispatch, and e-attendance for the employees. Circulars of Bangladesh Bank (BB) and MTB are instantly circulated through M-Net. Most of the communications within the bank have become absolutely online. Electronic communication substantially reduces paper consumption, thereby reduces deforestation.

To further reduce paper consumption, various information is posted on the intranet with the aim to increase employee awareness on the subjects. All MTB outlets across the country send e-cards during festivals, e-statement, electronic format of vouchers and other necessary documents through e-mails. MTB encourages its clients to communicate and to send documents through e-mails with a view to avoiding papers. MTB Corporate Intranet was officially launched on August 21, 2007 and holds various applications.

## Various Facilities Provided by M-Net

▶ MTB Circular with Tracker	▶ E-Attendance
▶ Bangladesh Bank Circular	▶ MTB News
▶ Training Management	▶ MTB Notice Board
▶ E-Nomination	▶ External News (RSS integrated)
▶ Training Calendar	▶ Staff News
▶ Training Attendance	▶ Event Photo Album
▶ Training Invitation	▶ Department Homepage
▶ Training MIS	▶ Branch Homepage
▶ Leave Management	▶ Dictionary
▶ Online Requisition	▶ E-Signature Booklet
▶ Business Card Requisition	▶ Forex Rate
▶ Auxiliary Staff Bill Management	▶ MTB Trivia (Quiz)
▶ AML and CFT Screening	▶ MTB E-Learning
▶ E-Requests with Documentation	▶ Branch Reporting with Monitoring
▶ Core Banking S/W User Management	▶ iMail with Message Readability Tracking
▶ Lien Marking	▶ Employees Salary Statement, Tax Statements PF Statements A/C Statements Engagement statistics etc.
▶ Interest Rate Change	▶ Dashboards (Staff Anniversary, Staff on Leave, BACH-EFT Dashboard, EFT Pending etc.)
▶ Performance Management System (Objectives Setting and Acceptance, Midyear Review, Yearly Review and ACR Management)	▶ Deposit Contribution Tracker
▶ Participation: Naming Competition	▶ Contractual Staff Management
▶ ATM/POS Register	▶ Deposit Dash Board
▶ ATM Low Cash Alert	▶ UN Sanction Screening
▶ Open Account Online	<b>and many more...</b>

M-Net saved a large number of paperwork equivalent to 25,252,022 sheets or 50,504.04 reams of A4 paper. Saving 50,504.04 reams of A4 paper is equivalent to saving 914,123.18 KWH of embodied energy and 570.41 tons of associated CO<sub>2</sub> emission.

**Table: Energy Savings by Less Consumption of Paper**

Item	2018	2017	2016	Unit
Automation in Services Saved Paper by	126.26	57.58	46.97	M. Tons
Total Embodied Energy of the Paper Saved	914,123.18	416,849.90	340,079.78	KWH
Carbon Dioxide (CO <sub>2</sub> ) Saved in Producing the Above Energy	570.41	260.11	212.21	M. Tons of CO <sub>2</sub>
Total Paper Saved by Automation, Equivalent to	438.12	199.79	162.99	Tons of Woods
Total Paper saved by Automation, Equivalent to	3,066.86	1,398.52	1,140.96	Trees
Total Paper Saved by Automation, Equivalent to	4,886.27	2,228.19	1,817.83	btu energy

**Table: Ecological Footprint Saved in the Global Hectare**

Land and Forest Ecological Footprint	2018	2017	2016
Saved Land Equivalency Factor	151.73	69.19	56.45
Saved Forest Footprint	1,447.70	660.17	538.58
Total Ecological Footprint	1,599.43	729.36	595.03



# EMISSIONS

## Direct Greenhouse Gas (GHG) Emissions

**Table: Metric Tons of CO<sub>2</sub> or CO<sub>2</sub>e (Carbon dioxide Equivalent) Emitted**

Energy	2018
Electricity	6,404.42
Diesel	440.45
Octane	165.23
N Gas	-
<b>Total</b>	<b>7,010.10</b>

### Conversion Standards:

<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>  
<http://www.convertworld.com/en/>

## Reduction of Greenhouse Gas (GHG) Emissions

**Table: Per Employee GHG Emissions (in Metric Tons of CO<sub>2</sub>)**

Energy Items	2018
Electricity	3.02
Diesel (LTR)	0.21
Octane (LTR)	0.08
<b>Total</b>	<b>3.31</b>

**Table: Greenhouse gas (GHG) Emission Intensity**

Category	2018
M Tons of CO <sub>2</sub> Emissions/Employee	3.31
M Tons of CO <sub>2</sub> Emissions/Day	19.21





# INVESTING IN OUR EMPLOYMENT

## EMPLOYMENT

**Table: Total Number of Employees in 2018 by Age, Gender and Managerial Position**

Total Employees	Executives		Non-Executives		Total		Percentage of Total Employees	
	Male	Female	Male	Female	Male	Female	Male	Female
Below 30 years	0	0	229	88	229	88	10.80%	4.15%
30 years to 40 years	40	9	935	228	975	237	45.99%	11.18%
40 years to 50 years	80	19	362	57	442	76	20.85%	3.58%
50 years and above	60	1	9	3	69	4	3.25%	0.19%
<b>Total</b>	<b>180</b>	<b>29</b>	<b>1,535</b>	<b>376</b>	<b>1,715</b>	<b>405</b>	<b>80.90%</b>	<b>19.10%</b>

**Table: Total New Recruitment in 2018 by Gender and Age Group**

Age Group	Male	Female	Total	Percentage
Below 30 years	68	24	92	52.87%
30 years to 40 years	48	13	61	35.06%
40 years to 50 years	19	2	21	12.07%
50 years and above	0	0	0	0
<b>Total</b>	<b>135</b>	<b>39</b>	<b>174</b>	<b>100%</b>





# TRAINING AND DEVELOPMENT

Training and development is an important factor for most industries as it helps keep the employees and the organizational goals aligned. Training also serves as a safeguard for the banks in situations, when the sector comes under heightened scrutiny.

Employees within the financial sector must remain compliant with specific regulations imposed by the regulatory authorities. Frequent training programs ensure these employees remain qualified for their jobs and always in compliance, even as the regulations change from time to time.

Effective training is an investment in the human resources of an organization, with both immediate and long-range returns. In recent times, e-learning has become increasingly popular in the financial sector due to the lower cost involved in online delivery as opposed to travel required for off-site, in-person training. The ability to reach a large learning audience at a time is beneficial to the financial sector. To address the fact, MTB emphasizes e-learning for its employees.

The technology along with the method of working in the banking sector is changing rapidly. Not only the

machines, but approaches to various schemes, policies and banking facilities are changing with time. The new recruits and the older ones as well, need to undergo necessary training programs to grasp the same from time to time. MTB Group Human Resources Division makes sure that the people working in the bank are not suffering from any such knowledge and skill deficiency.

The following training methods are followed at MTB:

- ▶ Orientation Program
- ▶ Foundation Training Program
- ▶ Job Specific Training Program
- ▶ Need Based Local/Foreign Training
- ▶ Peer or Supervisors' Tutoring

In 2018, Human Resources Division arranged in-house, local and foreign training programmes. It covers areas like Basic Foundation Course for the freshers; specialized training courses i.e. Credit Appraisal and Management, Foreign Exchange and Foreign Trade, BASEL Implementation, Corporate Social Responsibility, Retail Banking, SME, Corporate Banking, Sustainable Finance, Information Security etc.

**Table: Training Information of MTB**

Training Type	Training Programmes	Participation
In House (MTBTI)	120	1,574
Local/Outsourced	140	250
Abroad	30	50
<b>Total</b>	<b>290</b>	<b>1,874</b>



## SUPPORTING OUR COMMUNITY

A business can only become sustainable when it conducts its operations keeping in mind the development of the environment and the community in which it operates. MTB's model for sustainability is based on the 3P approach: People, Planet and Profit.

CSR is a way towards sustainable business by creating long-term value for the stakeholders, the environment and the community as a whole. MTB believes that a responsible and sustainable business organization is one that does its business responsibly by keeping in mind the interests of its stakeholders - both internal and external. We believe our conscious choice of protecting the environment today will lead to a better and sustainable tomorrow.

MTB's priority sectors for CSR initiatives are education, healthcare, environment and disaster management. Our CSR strategies are based on the fundamental

conviction of sustainable business that integrates good governance and social priorities with a view to enhancing community empowerment in a sustainable manner.

### **MTB School Banking**

MTB, which has designed its school banking products for the students, organizes school banking campaigns in different local schools throughout the year.

During these campaigns, children can open accounts and have a hands-on banking experience. This eventually helps the students to cultivate the habit of savings from an early age. Any school going child can open a School Banking Account with his/her parent and start saving for the future. This account is meant to help our future generation to grow up with a savings habit along with being accustomed with the banking culture.



**Table: School Banking Campaign in 2018**

Division	Number of Schools	Boys' Participation	Girls' Participation
Dhaka	47	13,646	8,228
Chattogram	79	24,024	10,945
Other	30	4,486	2,684
<b>Total</b>	<b>156</b>	<b>42,156</b>	<b>21,857</b>

**MTB SME Financing for Women Entrepreneurs**

Despite many barriers, female entrepreneur class in the small and medium sectors has been developed in the country taking challenge to work in a male dominated, competitive and complex economic and business environment. It has been found that at present women entrepreneurs constitute less than 10% of the total business entrepreneurs in Bangladesh, whereas women in advanced market economies own more than 25% of all businesses. In spite of these, in Bangladesh, not only have the women's entrepreneurship improved their living conditions and earned more respect in the

family and the society, but they have also contributed to business and export growth, supplies, employment generation, productivity and skill development. MTB has also designed special products to help thrive the growth of women entrepreneurs. MTB Bhagyobati and MTB Gunabati, (ভাগ্যবতী ও গুণবতী), the two innovative financial products for women entrepreneurs, have strong presence in the country's credit market for their unique features and easy access to financing. MTB has established Women Entrepreneur Development Unit (WEDU) to help the women in business and bring them under credit access.

**Table: Financing for Women Entrepreneur in BDT Million**

Topic	2018
Outstanding of Women Entrepreneurs	336.90
Disbursement of Funds to Women Entrepreneurs	415.21

**CSR Initiatives for the Year 2018****Table: CSR Initiatives of MTB**

Initiatives	Amount (in BDT)	No. of Beneficiaries
Education	6,435,153	5,485
Health	2,496,586	757
Disaster Management	67,637,000	32,000
Art and Culture	5,460,000	1,00,020
Others	2,267,500	167
<b>Total</b>	<b>84,296,239</b>	<b>1,38,429</b>



**PROTECT  
AND SURGE**



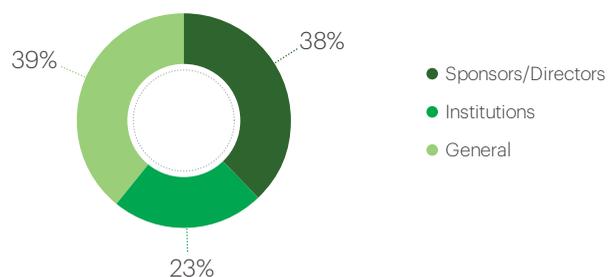
# MTB SHAREHOLDING STRUCTURE

## Name of Directors and their shareholdings as at December 31, 2018

Name of Directors	Status	31 December 2018		
		No. of Shares held	BDT	Holding %
Mr. Md. Hedayetullah	Chairman	12,873,848	128,738,480	2.2453%
Mrs. Khwaja Nargis Hossain	Vice Chairman	12,767,604	127,676,040	2.2268%
Mr. Syed Manzur Elahi	Director (Founding Chairman)	21,142,387	211,423,870	3.6874%
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	19,112,060	191,120,600	3.3333%
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	28,668,123	286,681,230	5.0000%
Mr. M. A. Rouf, JP	Director	12,768,429	127,684,290	2.2269%
Mr. Md. Abdul Malek	Director	12,866,833	128,668,330	2.2441%
Mr. Md. Wakiluddin	Director	12,777,724	127,777,240	2.2286%
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	14,334,015	143,340,150	2.5000%
Mr. Md. Manirul Islam (Representing Pioneer Insurance Company Ltd.)	Director	39,978,973	399,789,730	6.9727%
Mr. Anwarul Amin	Independent Director	-	-	0.0000%
Dr. Sultan Hafeez Rahman	Independent Director	-	-	0.0000%
<b>Total</b>		<b>187,289,996</b>	<b>1,872,899,960</b>	<b>32.6652%</b>

SL.No.	Types of Owner	No. of shares	Value of shares in BDT	% of holding
1	Sponsors/Directors	217,982,863	2,179,828,630	38.02%
2	Institutions	132,489,532	1,324,895,320	23.11%
3	General	222,890,643	2,228,906,430	38.87%
<b>Total</b>		<b>573,363,038</b>	<b>5,733,630,380</b>	<b>100.00%</b>

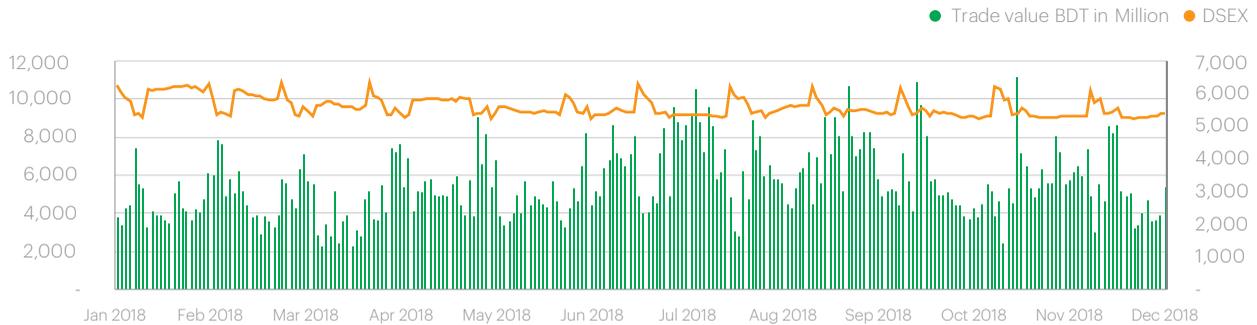
### % of Shareholding



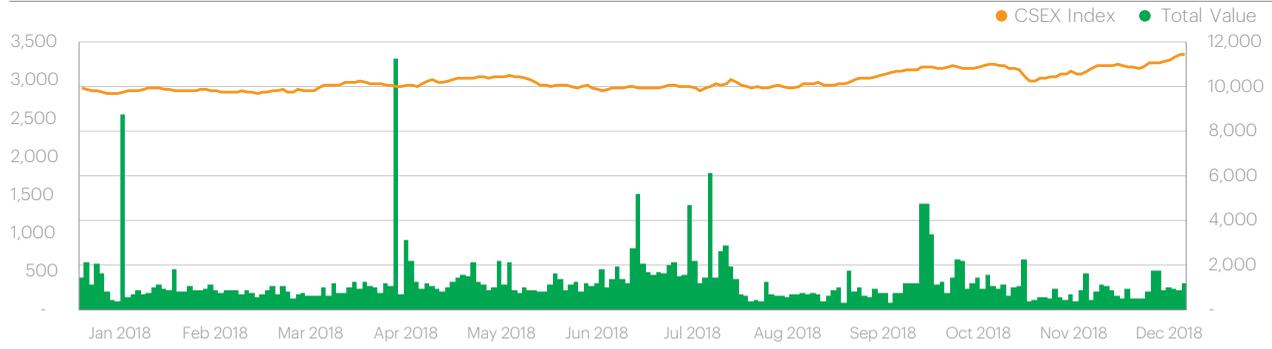


# MARKET SHARE INFORMATION

## DSEX TRADE 2018



## CSEX INDEX 2018



## MTB SHARE TRANSACTION TREND 2018

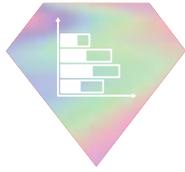




# FINANCIAL SUMMARY MTB & GROUP

BDT in million

Particulars	MTB		Changes (%)	Group		Changes (%)
	2018	2017		2018	2017	
<b>Performance during the year</b>						
Interest Income	15,542.08	12,102.83	28.42%	15,687.28	12,160.54	29.00%
Operating profit	4,608.36	3,673.04	25.46%	4,884.33	3,915.72	24.74%
Provision for loans and assets	2,239.46	1,500.76	49.22%	2,342.46	1,656.25	41.43%
Profit after provision before tax	2,368.90	2,172.29	9.05%	2,541.87	2,259.47	12.50%
Tax including deferred tax	786.50	256.06	207.15%	807.42	279.13	189.26%
Profit after tax	1,582.40	1,916.22	-17.42%	1,734.45	1,980.34	-12.42%
<b>At the year end</b>						
Total shareholders' equity	13,031.15	11,667.54	11.69%	13,278.83	11,761.96	12.90%
Deposits	166,700.99	152,237.79	9.50%	166,160.29	151,776.69	9.48%
Loans and advances	163,281.71	142,819.50	14.33%	166,145.12	145,606.99	14.11%
Investments	26,589.50	24,578.38	8.18%	27,388.40	25,105.80	9.09%
Fixed Assets	3,049.68	3,127.67	-2.49%	3,128.18	3,211.27	-2.59%
Total asset	221,827.58	201,277.52	10.21%	222,444.90	201,753.93	10.26%
<b>Statutory Ratios (%)</b>						
Cash Reserve Ratio	5.59%	6.72%	-1.13%	5.59%	6.72%	-1.13%
Statutory Liquidity ratio	17.13%	18.07%	-0.94%	17.13%	18.07%	-0.94%
Capital to risk weighted assets ratio	12.82%	13.80%	-0.98%	12.86%	13.76%	-0.90%
Tier-1 Capital to RWA	6.98%	7.30%	-0.32%	7.08%	7.28%	-0.20%
Tier-2 Capital to RWA	5.83%	6.49%	-0.66%	5.78%	6.47%	-0.69%
<b>Share Information</b>						
Earning per share (BDT)(Restated)	2.76	3.34	-17.37%	3.03	3.45	-12.17%
Stock Dividend (%)	11.00%	12.50%	-1.50%	11.00%	12.50%	-1.50%
Net asset value per share (BDT)	22.73	20.35	11.70%	23.16	20.51	12.92%
Profit available after appropriation	1,934.03	1,632.48	18.47%	2,175.94	1,722.35	26.34%
<b>Ratios(%)</b>						
Non performing loans	5.48%	4.39%	1.09%	5.39%	4.30%	1.08%
Return on average shareholders' fund	12.81%	17.87%	-5.05%	13.85%	18.35%	-4.50%
Return on average assets	0.75%	1.05%	-0.30%	0.82%	1.08%	-0.26%
Cost to income/Efficiency ratio	50.93%	54.50%	-3.57%	50.31%	53.86%	-3.55%



# HORIZONTAL ANALYSIS

## FOR THE LAST FIVE YEARS

Consolidated Balance Sheet

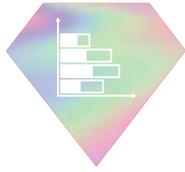
Particulars	2018	2017	2016	2015	2014
<b>Property and Assets</b>					
<b>Cash</b>	<b>138%</b>	<b>146%</b>	<b>126%</b>	<b>106%</b>	<b>100%</b>
In Hand (Including Foreign Currency)	158%	138%	125%	104%	100%
With Bangladesh Bank and its agent Bank(s) (including Foreign Currency)	133%	148%	126%	107%	100%
<b>Balance with Other Banks &amp; Financial Institutions</b>	<b>146%</b>	<b>129%</b>	<b>375%</b>	<b>144%</b>	<b>100%</b>
In Bangladesh	45%	54%	384%	130%	100%
Outside Bangladesh	842%	643%	313%	246%	100%
<b>Money at Call and Short Notice</b>	<b>88%</b>	<b>262%</b>	<b>55%</b>	<b>100%</b>	<b>-</b>
<b>Investments</b>	<b>132%</b>	<b>121%</b>	<b>106%</b>	<b>126%</b>	<b>100%</b>
Government	132%	123%	106%	127%	100%
Others	130%	105%	102%	118%	100%
<b>Loans and Advances</b>	<b>215%</b>	<b>189%</b>	<b>148%</b>	<b>127%</b>	<b>100%</b>
Loans, Cash Credit, Overdrafts, etc.	218%	191%	150%	127%	100%
Bills Purchased and Discounted	125%	99%	104%	115%	100%
<b>Fixed Asset including Premises, Furniture &amp; Fixture</b>	<b>126%</b>	<b>129%</b>	<b>126%</b>	<b>128%</b>	<b>100%</b>
<b>Other Assets</b>	<b>182%</b>	<b>151%</b>	<b>115%</b>	<b>96%</b>	<b>100%</b>
<b>Non-Banking Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Property and Asset</b>	<b>191%</b>	<b>173%</b>	<b>142%</b>	<b>126%</b>	<b>100%</b>
<b>Liabilities and Capital</b>					
<b>Borrowing from other Banks, Financial Institutions &amp; Agents</b>	<b>525%</b>	<b>438%</b>	<b>233%</b>	<b>136%</b>	<b>100%</b>
<b>Deposit and Other Accounts</b>	<b>173%</b>	<b>158%</b>	<b>137%</b>	<b>123%</b>	<b>100%</b>
Current Deposits & Other Accounts	171%	178%	150%	116%	100%
Bills Payable	133%	164%	136%	98%	100%
Savings Bank Deposits	196%	191%	165%	125%	100%
Special Notice Deposits	161%	147%	146%	171%	100%
Fixed Deposits	156%	136%	113%	113%	100%
Deposit Products	218%	194%	177%	137%	100%

Particulars	2018	2017	2016	2015	2014
<b>Other Liabilities</b>	<b>221%</b>	<b>191%</b>	<b>157%</b>	<b>121%</b>	<b>100%</b>
<b>Subordinated Debt</b>	<b>296%</b>	<b>320%</b>	<b>170%</b>	<b>195%</b>	<b>100%</b>
<b>Total Liabilities</b>	<b>191%</b>	<b>173%</b>	<b>142%</b>	<b>125%</b>	<b>100%</b>
<b>Capital/Shareholders' Equity</b>					
Paid up Capital	186%	166%	144%	120%	100%
Statutory Reserve	180%	159%	140%	120%	100%
Revaluation Reserve on Investment in Securities	92%	134%	141%	252%	100%
Foreign Currency Translation gain/(loss)	262%	327%	380%	144%	100%
General Reserve	284%	223%	223%	161%	100%
Retained Earnings	352%	279%	136%	122%	100%
<b>Total Shareholders' Equity</b>	<b>196%</b>	<b>174%</b>	<b>145%</b>	<b>132%</b>	<b>100%</b>
<b>Minority Interest</b>	<b>108%</b>	<b>105%</b>	<b>103%</b>	<b>100%</b>	<b>100%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>191%</b>	<b>173%</b>	<b>142%</b>	<b>126%</b>	<b>100%</b>
<b>Off-Balance Sheet Items</b>					
<b>Contingent Liabilities</b>					
Acceptances and endorsements	226%	182%	147%	120%	100%
Letter of Guarantee	275%	165%	132%	107%	100%
Irrevocable Letter of Credit	203%	204%	174%	122%	100%
Bills for Collection	54%	77%	103%	82%	100%
<b>Total Off Balance Sheet Items including Contingent Liabilities</b>	<b>213%</b>	<b>173%</b>	<b>147%</b>	<b>114%</b>	<b>100%</b>

#### Horizontal Analysis (Financial Position) :

Horizontal Analysis on Balance Sheet refers to the analysis of growth of each component of balance sheet items from the base period. Here base period is considered the year 2014 giving value 100% and after

that period value above 100% means positive growth and below 100% means negative growth compared to base year. Here, assets, liabilities and capital components are showing consistent growth over the periods which symbolize sustainable overall balance sheet growth of the bank as a whole.



# HORIZONTAL ANALYSIS

## FOR THE LAST FIVE YEARS

Consolidated Profit & Loss Account

Particulars	2018	2017	2016	2015	2014
Interest Income	161%	125%	117%	111%	100%
Less: Interest Paid on Deposit and Borrowing, etc.	132%	100%	95%	101%	100%
<b>Net Interest Income</b>	<b>286%</b>	<b>235%</b>	<b>211%</b>	<b>153%</b>	<b>100%</b>
Income from Investments	94%	85%	81%	96%	100%
Commission, Exchange and Brokerage	179%	168%	131%	104%	100%
Other Operating Income	131%	112%	94%	95%	100%
<b>Total Operating Income</b>	<b>173%</b>	<b>149%</b>	<b>132%</b>	<b>116%</b>	<b>100%</b>
<b>Less: Operating Expenditure:</b>					
Salary and Allowances	183%	162%	152%	137%	100%
Rent, Tax, Insurance and Electricity etc.	132%	126%	115%	105%	100%
Legal Expenses	107%	112%	107%	108%	100%
Postage, Stamps and Telecommunication etc.	108%	83%	66%	110%	100%
Stationery, Printing and Advertisements etc.	118%	103%	79%	80%	100%
Managing Director's Remuneration	128%	122%	115%	108%	100%
Directors' Fees	194%	200%	176%	143%	100%
Auditors' Fees	127%	123%	178%	98%	100%
Depreciation and Repair of Bank's Properties	152%	141%	128%	119%	100%
Other Expenses	143%	146%	116%	112%	100%
<b>Total Operating Expenses</b>	<b>160%</b>	<b>148%</b>	<b>133%</b>	<b>122%</b>	<b>100%</b>
<b>Profit Before Provision</b>	<b>188%</b>	<b>150%</b>	<b>131%</b>	<b>108%</b>	<b>100%</b>
<b>Less: Provision for Loans, Investment &amp; Other</b>					
Specific Provision for Loans & Advances	547%	109%	178%	56%	100%
General Provision for Loans & Advances	101%	1,988%	189%	450%	100%
Provision for Off Balance Sheet Items	8%	199%	145%	64%	100%
Provision for Margin Loan & Investment in Shares	42%	64%	29%	37%	100%
Provision for Other Asset	405%	405%	445%	305%	100%
<b>Total Provision</b>	<b>348%</b>	<b>246%</b>	<b>141%</b>	<b>80%</b>	<b>100%</b>
<b>Profit Before Tax</b>	<b>132%</b>	<b>117%</b>	<b>128%</b>	<b>118%</b>	<b>100%</b>
<b>Less: Income Tax Expenses</b>	<b>83%</b>	<b>29%</b>	<b>103%</b>	<b>94%</b>	<b>100%</b>
Current Tax Expenses	121%	137%	111%	93%	100%
Deferred Tax Expenses/(Income)	-231%	-866%	35%	96%	100%
<b>Net Profit After Tax</b>	<b>180%</b>	<b>206%</b>	<b>152%</b>	<b>142%</b>	<b>100%</b>

### Horizontal Analysis (Comprehensive Income):

Horizontal Analysis on Income Statement refers to the analysis of growth of each component of income statement items from the base period. Here base period is considered the year 2014 giving value 100% and after that period value above 100% means positive growth and below 100% means negative growth compared to

base year. The above table shows that total operating income, expenses and operating profit of Mutual Trust Bank Ltd. are growing consistently over the periods. On the other hand, due to regulatory requirements, total provision has also increased drastically over the year. The growth in Provision for Loans, Investment & Other enhanced protection against risk assets of the bank.



# VERTICAL ANALYSIS

## FOR THE LAST FIVE YEARS

Consolidated Balance Sheet

Particulars	2018	2017	2016	2015	2014
<b>Property and Assets</b>					
<b>Cash</b>	<b>5.53%</b>	<b>6.48%</b>	<b>6.81%</b>	<b>6.49%</b>	<b>7.68%</b>
In Hand (Including Foreign Currency)	1.13%	1.09%	1.20%	1.14%	1.37%
With Bangladesh Bank and its agent Bank(s) (including Foreign Currency)	4.40%	5.40%	5.61%	5.35%	6.31%
<b>Balance with Other Banks &amp; Financial Institutions</b>	<b>1.43%</b>	<b>1.39%</b>	<b>4.93%</b>	<b>2.15%</b>	<b>1.87%</b>
In Bangladesh	0.39%	0.51%	4.41%	1.69%	1.63%
Outside Bangladesh	1.04%	0.88%	0.52%	0.46%	0.24%
<b>Money at Call and Short Notice</b>	<b>0.71%</b>	<b>2.32%</b>	<b>0.60%</b>	<b>1.23%</b>	<b>0.00%</b>
<b>Investments</b>	<b>12.31%</b>	<b>12.44%</b>	<b>13.28%</b>	<b>17.97%</b>	<b>17.86%</b>
Government	10.98%	11.25%	11.87%	16.12%	15.89%
Others	1.33%	1.19%	1.41%	1.85%	1.97%
<b>Loans and Advances</b>	<b>74.69%</b>	<b>72.17%</b>	<b>69.15%</b>	<b>66.81%</b>	<b>66.33%</b>
Loans, Cash Credit, Overdrafts, etc.	73.45%	71.09%	67.77%	65.08%	64.44%
Bills Purchased and Discounted	1.24%	1.08%	1.38%	1.74%	1.89%
<b>Fixed Asset including Premises, Furniture &amp; Fixture</b>	<b>1.41%</b>	<b>1.59%</b>	<b>1.90%</b>	<b>2.18%</b>	<b>2.14%</b>
<b>Other Assets</b>	<b>3.92%</b>	<b>3.60%</b>	<b>3.33%</b>	<b>3.17%</b>	<b>4.12%</b>
<b>Non-Banking Asset</b>	-	-	-	-	-
<b>Total Property and Asset</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Liabilities and Capital</b>					
<b>Borrowing from other Banks, Financial Institutions &amp; Agents</b>	<b>8.83%</b>	<b>8.14%</b>	<b>5.26%</b>	<b>3.48%</b>	<b>3.22%</b>
<b>Deposit and Other Accounts</b>	<b>74.70%</b>	<b>75.23%</b>	<b>79.38%</b>	<b>81.07%</b>	<b>82.60%</b>
Current Deposits & Other Accounts	6.33%	7.26%	7.44%	6.56%	7.07%
Bills Payable	0.77%	1.04%	1.06%	0.86%	1.10%
Savings Bank Deposits	12.70%	13.62%	14.34%	12.26%	12.37%
Special Notice Deposits	5.78%	5.81%	7.04%	9.37%	6.88%
Fixed Deposits	34.63%	33.27%	33.74%	38.14%	42.49%
Deposit Products	14.48%	14.23%	15.76%	13.88%	12.69%

Particulars	2018	2017	2016	2015	2014
<b>Other Liabilities</b>	<b>7.18%</b>	<b>6.84%</b>	<b>6.85%</b>	<b>6.00%</b>	<b>6.21%</b>
<b>Subordinated Debt</b>	<b>3.33%</b>	<b>3.97%</b>	<b>2.57%</b>	<b>3.34%</b>	<b>2.15%</b>
<b>Total Liabilities</b>	<b>94.03%</b>	<b>94.17%</b>	<b>94.06%</b>	<b>93.89%</b>	<b>94.18%</b>
<b>Capital/Shareholders' Equity</b>					
Paid up Capital	2.58%	2.53%	2.68%	2.53%	2.65%
Statutory Reserve	1.84%	1.80%	1.93%	1.86%	1.96%
Revaluation Reserve on Investment in Securities	0.22%	0.35%	0.44%	0.90%	0.45%
Foreign Currency Translation gain/(loss)	0.00%	0.00%	0.01%	0.00%	0.00%
General Reserve	0.35%	0.31%	0.37%	0.31%	0.24%
Retained Earnings	0.98%	0.85%	0.51%	0.52%	0.53%
<b>Total Shareholders' Equity</b>	<b>5.97%</b>	<b>5.83%</b>	<b>5.94%</b>	<b>6.11%</b>	<b>5.82%</b>
<b>Minority Interest</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Off-Balance Sheet Items</b>					
<b>Contingent Liabilities</b>					
Acceptances and endorsements	42.66%	42.24%	40.42%	42.50%	40.20%
Letter of Guarantee	29.40%	21.77%	20.61%	21.37%	22.79%
Irrevocable Letter of Credit	25.33%	31.41%	31.66%	28.65%	26.65%
Bills for Collection	2.61%	4.58%	7.30%	7.48%	10.36%
<b>Total Off Balance Sheet Items including Contingent Liabilities</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Vertical Analysis (Financial Position)

Vertical Analysis on Balance Sheet refers to the components of balance sheet items as a % of total Assets over the periods which would be termed as common sizing of balance sheet. In asset side, investment (12.31%) and loans and advances (74.69%) hold major

portion. Investment shows decreasing but loans and advance shows consistency trend as % of total assets over the years at the backdrop of political volatility and sluggish investment scenario of the country. In liability side, deposit holds major portion (74.70%) and showing decreasing trend over last five years.



# VERTICAL ANALYSIS

## FOR THE LAST FIVE YEARS

Consolidated Profit & Loss Account

Particulars	2018	2017	2016	2015	2014
Interest Income	77.41%	74.42%	75.79%	74.13%	71.59%
Less: Interest Paid on Deposit and Borrowing, etc.	51.50%	48.06%	49.96%	54.81%	58.07%
<b>Net Interest Income</b>	<b>25.91%</b>	<b>26.36%</b>	<b>25.82%</b>	<b>19.32%</b>	<b>13.52%</b>
Income from Investments	11.56%	13.02%	13.39%	16.42%	18.36%
Commission, Exchange and Brokerage	8.30%	9.66%	8.18%	6.70%	6.93%
Other Operating Income	2.72%	2.90%	2.65%	2.75%	3.11%
<b>Total Operating Income</b>	<b>48.50%</b>	<b>51.94%</b>	<b>50.04%</b>	<b>45.19%</b>	<b>41.93%</b>
<b>Less: Operating Expenditure:</b>					
Salary and Allowances	13.38%	14.70%	15.02%	13.89%	10.91%
Rent, Tax, Insurance and Electricity etc.	3.44%	4.07%	4.05%	3.79%	3.89%
Legal Expenses	0.02%	0.02%	0.02%	0.02%	0.02%
Postage, Stamps and Telecommunication etc.	0.07%	0.07%	0.06%	0.10%	0.10%
Stationery, Printing and Advertisements etc.	0.62%	0.67%	0.55%	0.58%	0.78%
Managing Director's Remuneration	0.09%	0.11%	0.12%	0.11%	0.11%
Directors' Fees	0.02%	0.02%	0.02%	0.02%	0.01%
Auditors' Fees	0.01%	0.01%	0.02%	0.01%	0.01%
Depreciation and Repair of Bank's Properties	2.29%	2.63%	2.60%	2.50%	2.25%
Other Expenses	4.47%	5.67%	4.88%	4.86%	4.67%
<b>Total Operating Expenses</b>	<b>24.40%</b>	<b>27.98%</b>	<b>27.35%</b>	<b>25.89%</b>	<b>22.75%</b>
<b>Profit Before Provision</b>	<b>24.10%</b>	<b>23.96%</b>	<b>22.69%</b>	<b>19.30%</b>	<b>19.18%</b>
<b>Less: Provision for Loans, Investment &amp; Other</b>					
Specific Provision for Loans & Advances	10.97%	2.72%	4.81%	1.56%	3.00%
General Provision for Loans & Advances	0.00%	5.56%	0.28%	1.16%	-0.35%
Provision for Off Balance Sheet Items	0.03%	0.84%	0.67%	0.30%	0.51%
Provision for Margin Loan & Investment in Shares	0.51%	0.95%	0.47%	0.62%	1.80%
Provision for Other Asset	0.05%	0.06%	0.07%	0.05%	0.02%
<b>Total Provision</b>	<b>11.56%</b>	<b>10.14%</b>	<b>6.30%</b>	<b>3.69%</b>	<b>4.96%</b>
<b>Profit Before Tax</b>	<b>12.54%</b>	<b>13.83%</b>	<b>16.39%</b>	<b>15.62%</b>	<b>14.22%</b>
<b>Less: Income Tax Expenses</b>	<b>3.98%</b>	<b>1.71%</b>	<b>6.64%</b>	<b>6.23%</b>	<b>7.13%</b>
Current Tax Expenses	5.17%	7.22%	6.40%	5.54%	6.36%
Deferred Tax Expenses/(Income)	-1.19%	-5.51%	0.24%	0.69%	0.77%
<b>Net Profit After Tax</b>	<b>8.56%</b>	<b>12.12%</b>	<b>9.75%</b>	<b>9.38%</b>	<b>7.08%</b>

### Vertical Analysis (Comprehensive Income)

Vertical Analysis on Income Statement refers to the components of income statement items as a % of total income over the periods which would be termed as common sizing of income statement. In income side, interest income (77.41%) and investment income (11.56%) hold major portion. Interest income shows increasing

trend due to decline of investment income as % of total income over the years. Operating expense as % of income is increasing over the periods due to network expansion and establishment of new departments in line with business model/strategies. Operating profit shows consistency and total provision is in rising trend and net profit shows decreasing trend over the periods.



# SEGMENT REPORT

## CONSOLIDATED BALANCE SHEET

As at December 31, 2018

Particulars	Bank			Subsidiaries			Consolidated		
	Main Operation	OBU	Elimination	Solo	MTBSL	MTBCL		MTB Exchange (UK)	Elimination
<b>Property and Assets</b>									
Cash In Hand (With Bangladesh Bank and its agent Bank)	12,293,419,939			12,293,419,939	3,566,655	3,316	4,096,285		12,301,086,194
Balance with other Banks & Financial Institutions	2,290,906,562	672,880,217		2,963,786,778	735,327,501	18,150,411	-	540,699,541	3,176,565,149
Money at Call and Short Notice	1,580,000,000			1,580,000,000	-	-	-	-	1,580,000,000
Investments	26,589,503,566			26,589,503,566	642,146,376	156,745,140	-	-	27,388,395,082
Loans and Advances	151,787,695,043	11,494,014,783	-	163,281,709,826	2,648,201,456	215,207,848	-	-	166,145,119,129
Fixed Asset including Premises, Furniture & Fixture	3,049,683,712			3,049,683,712	71,839,795	4,889,249	1,763,506		3,128,176,263
Other Assets	13,545,057,244	42,240,855	1,517,819,799	12,069,478,300	166,619,192	53,699,049	4,834,400	3,569,074,907	8,725,556,034
Non-Banking Assets	-			-	-	-	-	-	-
<b>Total Property and Assets</b>	<b>211,136,266,065</b>	<b>12,209,135,855</b>	<b>1,517,819,799</b>	<b>221,827,582,120</b>	<b>4,267,700,975</b>	<b>448,695,013</b>	<b>10,694,190</b>	<b>4,109,774,449</b>	<b>222,444,897,850</b>
<b>Liabilities</b>									
Borrowing from other Banks, Financial Institutions & Agents	9,088,572,939	11,989,316,037	1,437,065,928	19,640,823,048	-	-	-	-	19,640,823,048
Deposits and Other Accounts	166,692,100,879	8,889,088		166,700,989,966	-	-	-	540,699,541	166,160,290,425
Provision & Other Liabilities	14,924,443,754	210,930,730	80,753,871	15,054,620,612	825,884,283	88,849,606	36,152,561	40,679,107	15,964,827,954
Subordinated Debts	7,400,000,000			7,400,000,000	-	-	-	-	7,400,000,000
<b>Total Liabilities</b>	<b>198,105,117,572</b>	<b>12,209,135,855</b>	<b>1,517,819,799</b>	<b>208,796,433,627</b>	<b>825,884,283</b>	<b>88,849,606</b>	<b>36,152,561</b>	<b>581,378,649</b>	<b>209,165,941,428</b>
<b>Total Shareholders' Equity</b>	<b>13,031,148,493</b>	<b>-</b>	<b>-</b>	<b>13,031,148,494</b>	<b>3,441,816,692</b>	<b>359,845,407</b>	<b>(25,458,370)</b>	<b>3,528,395,800</b>	<b>13,278,956,422</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>211,136,266,065</b>	<b>12,209,135,855</b>	<b>1,517,819,799</b>	<b>221,827,582,120</b>	<b>4,267,700,975</b>	<b>448,695,013</b>	<b>10,694,190</b>	<b>4,109,774,449</b>	<b>222,444,897,850</b>



# SEGMENT REPORT

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018

Particulars	Bank			Subsidiaries			Consolidated	
	Main Operation	OBU	Elimination	Solo	MTBSL	MTBCL		MTB Exchange (UK)
Interest Income	15,020,752,277	561,455,155	40,127,997	15,542,079,435	127,652,385	32,719,525	-	15,174,190
Less: Interest Paid on Deposit and Borrowing, etc.	10,000,540,951	490,824,205	40,127,997	10,451,237,159	-	-	-	15,174,190
<b>Net Interest Income</b>	<b>5,020,211,326</b>	<b>70,630,950</b>	<b>-</b>	<b>5,090,842,276</b>	<b>127,652,385</b>	<b>32,719,525</b>	<b>-</b>	<b>5,251,214,186</b>
Investment Income	2,239,089,134	-	-	2,239,089,134	80,744,916	23,333,684	-	2,343,167,734
Commission, Exchange and Brokerage	1,547,946,824	377,850	-	1,548,324,674	116,309,986	1,538,818	16,632,082	1,682,805,559
Other Operating Income	499,681,803	12,929,869	-	512,611,671	11,943,742	25,041,683	3,335,043	551,932,139
<b>Total Operating Income</b>	<b>9,306,929,087</b>	<b>83,938,669</b>	<b>-</b>	<b>9,390,867,756</b>	<b>336,651,029</b>	<b>82,633,709</b>	<b>19,967,125</b>	<b>9,829,119,619</b>
Salary and Allowances	2,621,504,314	-	-	2,621,504,314	74,110,832	11,074,769	4,832,811	2,711,522,726
Rent, Tax, Insurance and Electricity etc.	659,362,862	-	-	659,362,862	27,365,030	3,631,437	6,093,679	696,453,008
Legal Expenses	3,369,120	-	-	3,369,120	-	-	-	3,369,120
Postage, Stamps and Telecommunication etc.	13,658,948	-	-	13,658,948	746,806	113,358	116,504	14,635,616
Stationery, Printing and Advertisements etc.	123,118,858	-	-	123,118,858	1,071,163	279,660	248,127	124,717,808
Managing Director's Remuneration	19,235,333	-	-	19,235,333	-	-	-	19,235,333
Directors' Fees	1,996,400	-	-	1,996,400	669,300	675,000	-	3,340,700
Auditors' Fees	1,334,000	-	-	1,334,000	69,000	68,750	366,855	1,838,605
Depreciation and Repair of Bank's Properties	455,800,221	-	-	455,800,221	7,371,775	829,027	481,024	464,482,047
Other Expenses	879,566,936	3,560,077	-	883,127,014	15,180,525	3,204,101	4,685,068	905,196,708
<b>Total Operating Expenses</b>	<b>4,778,946,993</b>	<b>3,560,077</b>	<b>-</b>	<b>4,782,507,070</b>	<b>126,584,431</b>	<b>19,876,102</b>	<b>16,824,069</b>	<b>4,944,791,672</b>
<b>Profit Before Provision</b>	<b>4,527,982,094</b>	<b>80,378,592</b>	<b>-</b>	<b>4,608,360,686</b>	<b>210,066,598</b>	<b>62,757,607</b>	<b>3,143,056</b>	<b>4,884,327,947</b>
Specific Provision for Loans & Advances	-	-	-	2,223,526,000	-	-	-	2,223,526,000
General Provision for Loans & Advances	-	-	-	591,000	-	-	-	591,000
Provision for Off Balance Sheet Items	-	-	-	5,342,050	-	-	-	5,342,050
Provision for Margin Loan & Investment in Shares	-	-	-	-	100,000,000	3,000,000	-	103,000,000
Provision for Other Asset	-	-	-	10,000,000	-	-	-	10,000,000
<b>Total Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,239,459,050</b>	<b>100,000,000</b>	<b>3,000,000</b>	<b>-</b>	<b>2,342,459,050</b>
Profit Before Tax	2,368,901,636	-	-	2,368,901,636	110,066,598	59,757,607	3,143,056	2,541,868,897
Income Tax Expenses	786,500,651	-	-	786,500,651	321,418	20,514,569	82,709	807,419,347
<b>Net Profit After Tax</b>	<b>1,582,400,985</b>	<b>-</b>	<b>-</b>	<b>1,582,400,985</b>	<b>109,745,180</b>	<b>39,243,038</b>	<b>3,060,347</b>	<b>1,734,449,551</b>

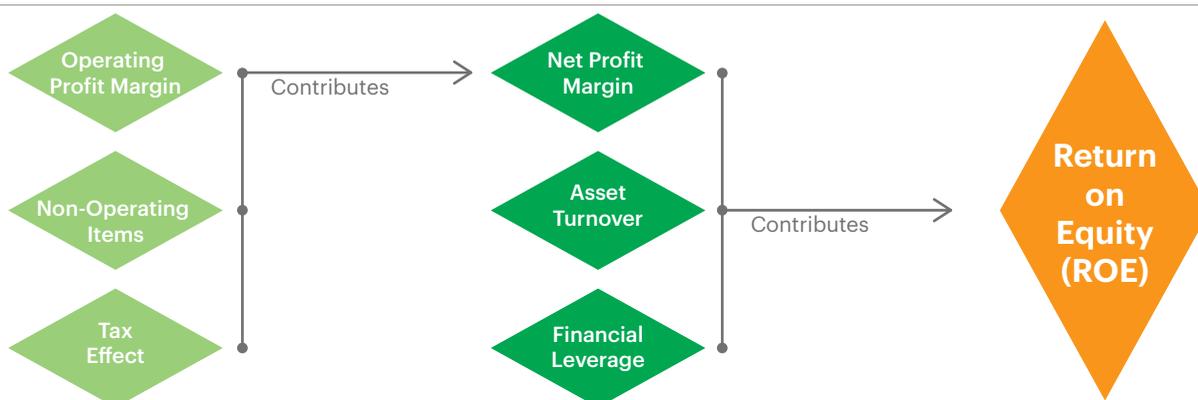


# DUPONT ANALYSIS

DuPont analysis is a useful technique used to decompose the different drivers of return on equity (ROE). Decomposition of ROE allows investors to focus on the key metrics of financial performance individually to identify strengths and weaknesses.

There are three major financial metrics that drive

return on equity (ROE): operating efficiency, asset use efficiency and financial leverage. Operating efficiency is represented by net profit margin or net income divided by total sales or revenue. Asset use efficiency is measured by the asset turnover ratio. Leverage is measured by the equity multiplier, which is equal to average assets divided by average equity.



Particulars	2018	2019
Return on Equity (ROE)	13.85%	18.35%
Net Profit Margin	8.56%	12.12%
<b>Contribution on Net Profit Margin:</b>		
a) Operating Profit Margin	17.65%	23.33%
b) Non-operating Items	11.56%	10.14%
c) Tax Effect	3.98%	1.71%
Asset Turnover (times)	0.10	0.09
Financial Leverage (times)	16.94	17.01



# FIVE YEARS AT A GLANCE

BDT in Million

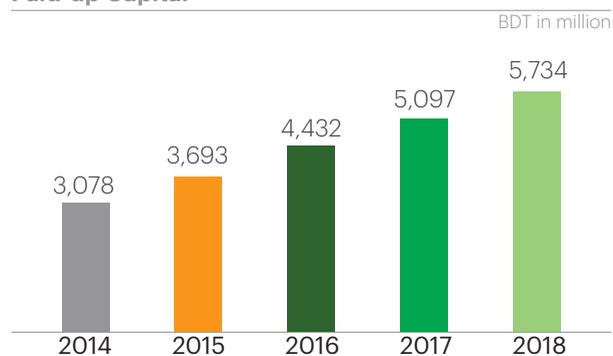
PARTICULARS		2018	2017	2016	2015	2014
<b>A. BALANCE SHEET MATRIX</b>						
1	Authorized Capital	10,000	10,000	10,000	10,000	10,000
2	Paid-up Capital	5,734	5,097	4,432	3,693	3,078
3	Total Shareholder's Equity	13,279	11,762	9,818	8,929	6,770
4	Total Reserve Fund & Surplus	7,545	6,665	5,386	5,236	3,693
5	Total Deposits	166,160	151,776	131,272	118,405	96,065
6	Total Loans and Advances	166,145	145,607	114,356	97,589	77,141
7	Total Borrowing	19,641	16,418	8,706	5,082	3,744
8	Total Investments	27,388	25,106	21,942	26,247	20,768
9	Total Fixed Assets	3,128	3,211	3,141	3,182	2,489
10	Total Assets	222,445	201,754	165,371	146,059	116,301
11	Earning Assets	187,022	170,163	139,590	126,053	98,026
12	Non-Interest Earning Assets	35,423	31,591	25,780	20,006	18,275
13	Current Asset	134,505	120,134	97,105	77,919	67,446
14	Current Liabilities	133,287	116,271	98,695	99,027	92,163
15	Total Liabilities	209,166	189,992	155,552	137,130	109,530
16	Total Off-Balance Sheet Items	65,632	53,302	45,134	35,029	30,802
17	a) Net Asset Value (NAV) per share (original)	23.16	23.08	22.15	24.18	22.00
	b) Net Asset Value (NAV) per share (previous years re-stated)	23.16	20.51	17.12	15.57	11.81
<b>B. INCOME STATEMENT MATRIX</b>						
1	Interest Income	15,687	12,161	11,381	10,793	9,717
2	Interest Expenses	10,436	7,853	7,503	7,980	7,882
3	Net Interest Income (NIM)	5,251	4,308	3,878	2,813	1,835
4	Investment Income	2,343	2,127	2,011	2,391	2,492
5	Non-Interest Income	2,235	2,052	1,626	1,376	1,363
6	Non-Interest Expenses	4,945	4,571	4,107	3,769	3,087
7	Total Income	20,265	16,340	15,018	14,560	13,572
8	Total Expenditure	15,381	12,424	11,610	11,750	10,969
9	Profit Before Provision and Tax	4,884	3,916	3,408	2,811	2,603
10	Provision for Loans, Investment and Other Assets	2,342	1,656	947	537	674
11	Profit Before Tax	2,542	2,259	2,461	2,274	1,929
12	Provision for Deferred and Current Tax	807	279	998	907	968
13	Net Profit After Tax	1,734	1,980	1,464	1,366	962
14	a) Earnings Per Share (EPS) (original)	3.03	3.89	3.30	3.70	3.12
	b) Earnings Per Share (EPS) (previous years re-stated)	3.03	3.45	2.55	2.38	1.68
<b>C. FOREIGN EXCHANGE BUSINESS</b>						
1	Imports	117,918	105,030	78,420	63,988	51,593
2	Exports	60,062	59,075	49,935	45,940	36,154
3	Remittance (USD-Million)	571	313	191	149	142
<b>D. CAPITAL MEASURES</b>						
1	Total Risk Weighted Assets (RWA) under Basel III	163,644	138,224	121,556	103,267	80,930
2	Common Equity Tier-I (Going-Concern Capital)	11,578	10,067	9,009	7,565	6,248

PARTICULARS		2018	2017	2016	2015	2014
3	Tier-II Capital (Gone-Concern Capital)	9,464	8,949	4,716	4,847	2,464
4	Total Regulatory Capital (Going+Gone Concern)	21,042	19,016	13,725	12,413	8,712
5	Minimum Capital Requirement (MCR) (10% of RWA)	16,364	13,822	12,156	10,327	8,093
6	Capital Surplus/(Deficit)	4,678	5,194	1,570	2,086	619
7	Capital to Risk Weighted Asset Ratio (CRAR)	12.86%	13.76%	11.29%	12.02%	10.77%
8	Tier-I Capital Ratio	7.08%	7.28%	7.41%	7.33%	7.72%
9	Tier-II Capital Ratio	5.78%	6.47%	3.88%	4.69%	3.05%
<b>E. CREDIT QUALITY</b>						
1	Classified Loans and Advances	8,951	6,268	4,983	2,034	2,060
2	Provision for Classified Loans	3,183	2,398	2,051	1,182	955
3	Provision for Unclassified Loans	2,017	2,016	1,108	1,065	896
4	Provision for Off-Balance Sheet Items	595	589	452	352	308
5	Provision for Investment	481	378	480	580	491
6	Provision for Other Asset	41	31	21	10	2
7	Total Provision Maintained	6,317	5,413	4,249	3,189	2,653
8	Percentage of NPLs to Total Loans and Advances	5.39%	4.30%	4.36%	2.08%	2.67%
<b>F. SHARES INFORMATION MATRIX</b>						
1	Number of Shareholders	6,533	7,361	10,016	11,846	14,827
2	Market Value per Share (BDT)	35.10	35.00	23.10	19.50	19.80
3	Number of Shares Outstanding	573	510	443	369	308
4	Net Operating Cash Flow Per Share (BDT) (original)	(0.26)	0.06	7.22	11.58	(4.57)
5	Total Stock Dividend	11.00%	12.50%	15.00%	20.00%	20.00%
6	Market Capitalization	20,125	17,838	10,237	7,202	6,094
7	Price Earning ratio (PE) (Times)	11.60	10.13	6.99	5.27	6.34
8	Dividend Coverage Ratio	2.75	3.11	2.20	1.85	1.56
<b>G. OPERATING PERFORMANCE RATIO</b>						
1	Net Interest Margin (NIM) Ratio	3.34%	3.09%	3.55%	2.94%	2.44%
2	Non Interest Income to Total Income	22.59%	25.58%	24.21%	25.87%	28.41%
3	Cost to income/Efficiency ratio	50.31%	53.86%	54.65%	57.28%	54.25%
4	Lending -Deposit Ratio (As per BB Asset-Liability guideline)	82.83%	83.45%	77.69%	82.42%	80.30%
5	Cost of Deposit	5.96%	5.00%	5.51%	6.84%	7.79%
6	Cost of Deposit & Borrowing	5.96%	5.08%	5.70%	6.82%	8.18%
7	Cost of Administrative	2.67%	2.80%	3.01%	3.46%	3.30%
8	Cost of Fund	8.63%	7.88%	8.71%	10.28%	11.47%
9	Yield on Loans and Advances	10.07%	9.50%	10.73%	12.64%	14.64%
10	Return on Average Assets (ROAA)	0.82%	1.08%	0.94%	1.04%	0.88%
11	Return on Average Equity (ROE)	13.85%	18.35%	15.61%	17.40%	15.74%
12	Current Ratio	1.01	1.03	0.98	0.79	0.73
13	Debt Equity Ratio	15.75	16.15	15.84	15.36	16.18
14	Burden Coverage Ratio	92.58%	91.43%	88.55%	99.93%	124.88%
<b>H. OTHER INFORMATION</b>						
1	Credit Rating:					
	a) Long Term	AA	AA	AA	AA-	AA-
	b) Short Term	ST-2	ST-2	ST-2	ST-2	ST-2
2	Number of Branches	114	111	110	106	103
3	Number of Employees	2,120	2,004	1,889	1,801	1,586
4	No. of Point of Sale (POS) Machines	3,140	2,953	2,818	2,150	1,691
5	No. of ATM Network	268	246	226	176	165
6	No. of Credit Card	40,654	29,689	21,637	17,618	11,376
7	No. of Debit Card	266,103	237,314	209,393	168,678	138,275
8	Number of Global Correspondents	602	589	548	519	506

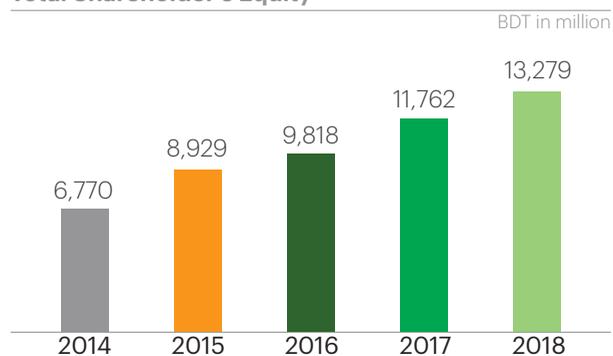


# GRAPHICAL REVIEW

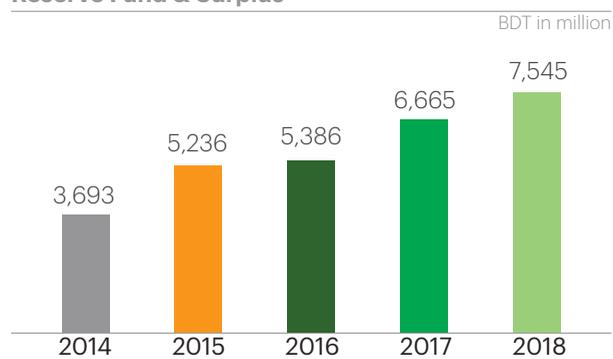
## Paid-up Capital



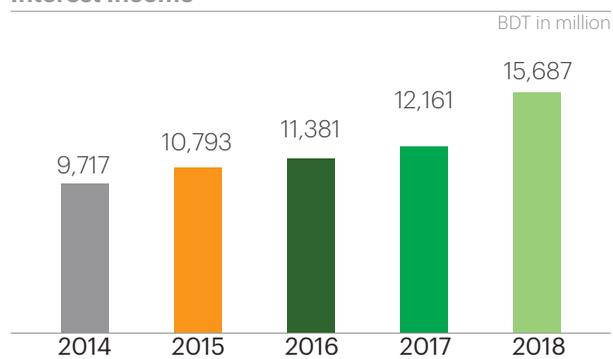
## Total Shareholder's Equity



## Reserve Fund & Surplus



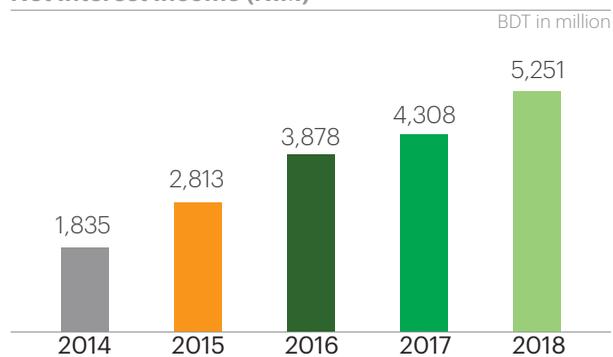
## Interest Income



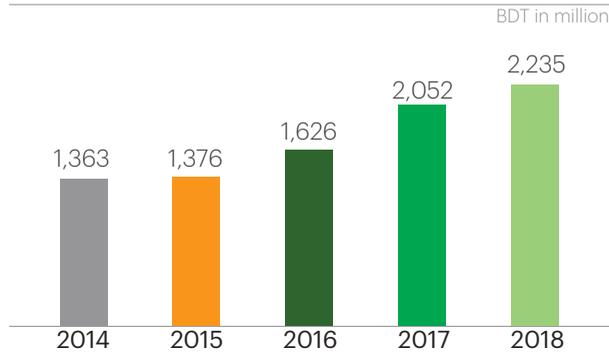
## Interest Expenses



## Net Interest Income (NIM)



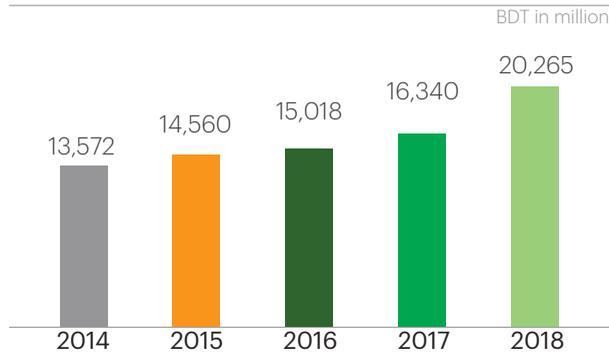
### Non-Interest Income



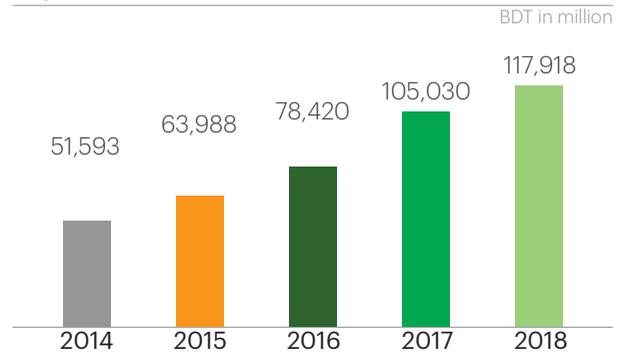
### Non-Interest Expenses



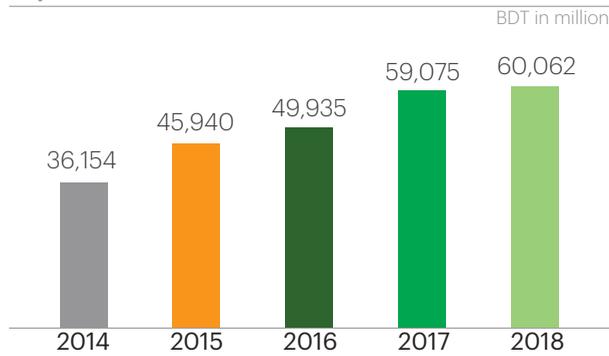
### Total Income



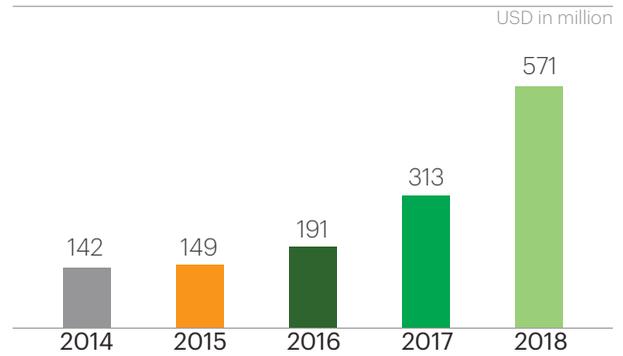
### Imports



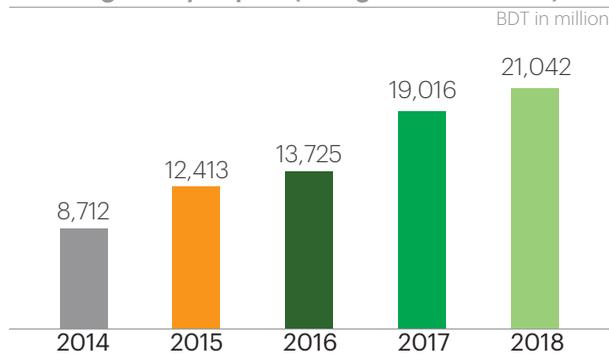
### Exports



### Remittance



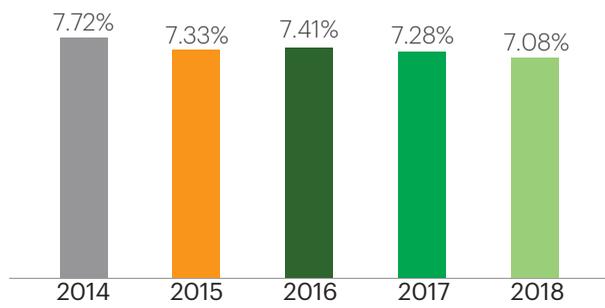
### Total Regulatory Capital (Going+Gone Concern)



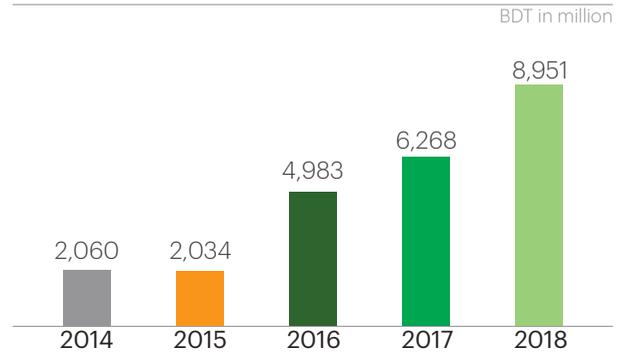
### Capital to Risk Weighted Asset Ratio (CRAR)



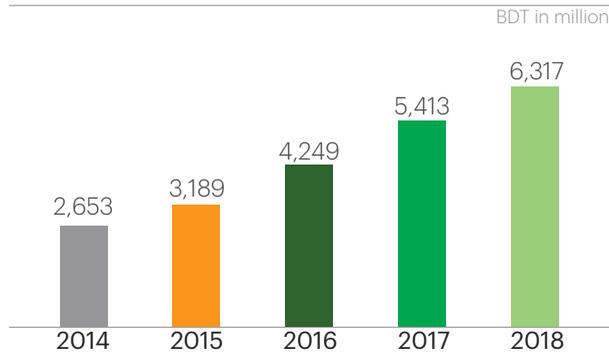
### Tier-I Capital Ratio



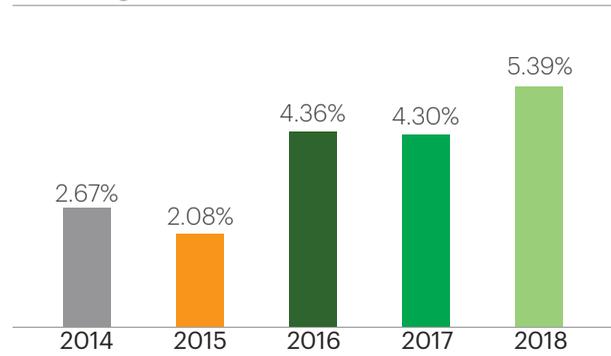
### Classified Loans and Advances



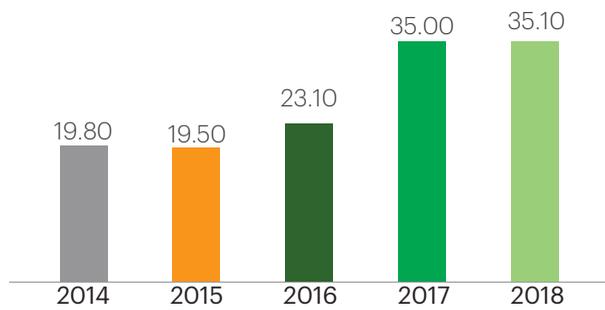
### Total Provision Maintained



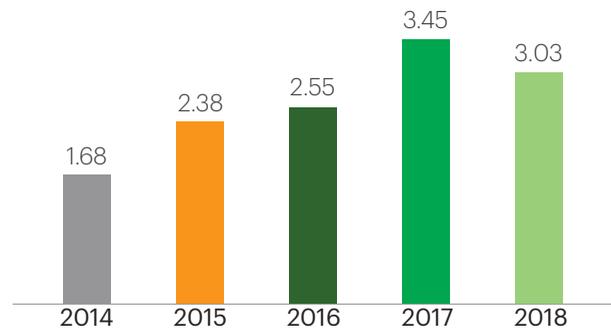
### Percentage of NPLs to Total Loans and Advances



### Market Value per Share



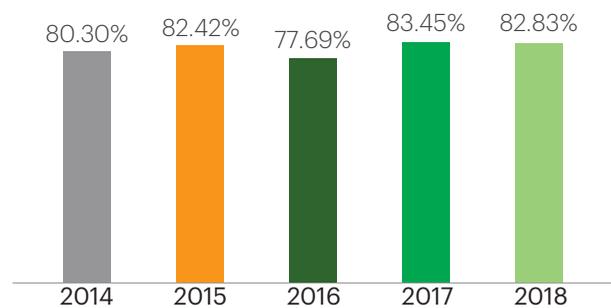
### Earnings Per Share (EPS)



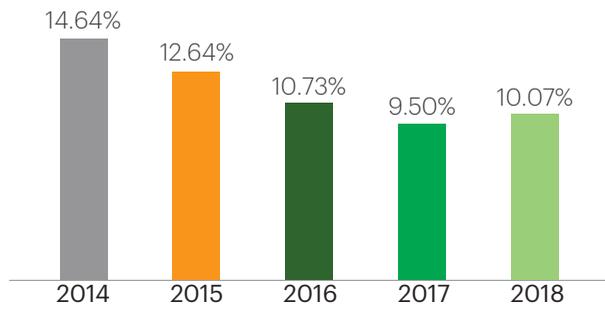
### Total Stock Dividend



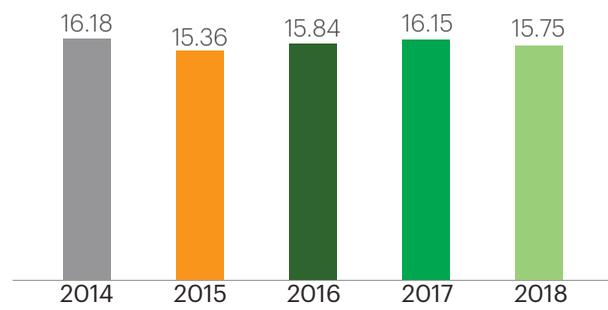
### Lending - Deposit Ratio (As per BB Asset-Liability guideline)



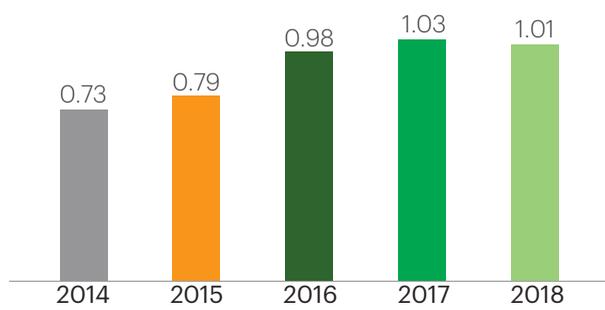
### Yield on Loans and Advances



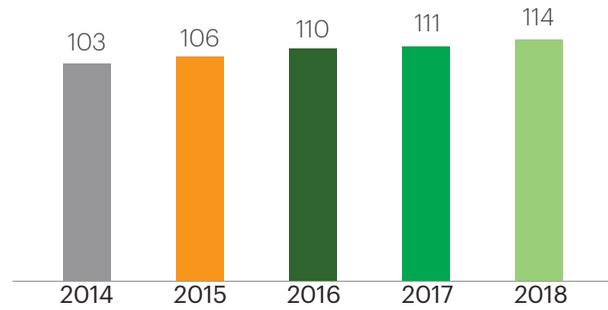
### Debt Equity Ratio



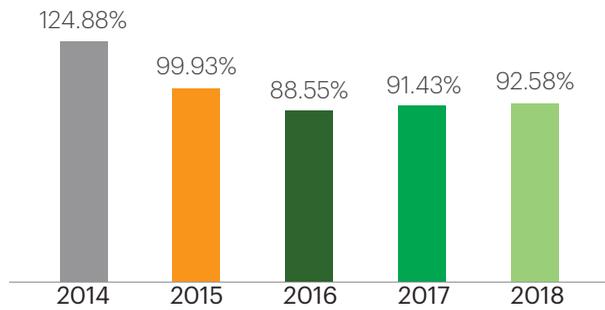
### Current Ratio



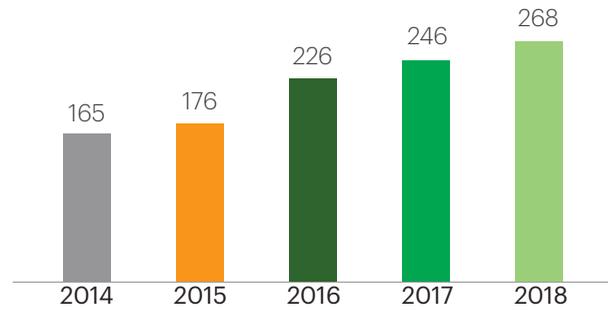
### Number of Branches



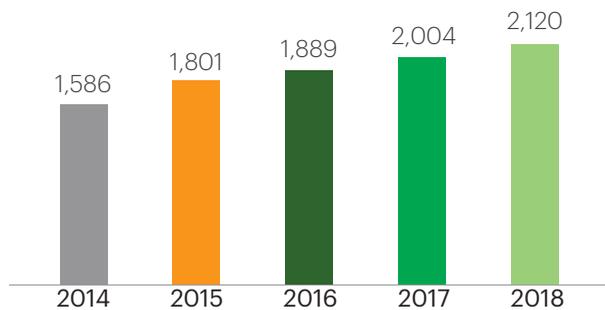
### Burden Coverage Ratio



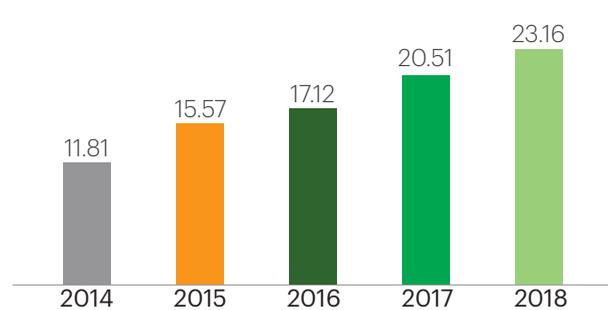
### ATM Network



### Number of Employees



### Net Asset Value (NAV) per share (Previous years Re-stated)



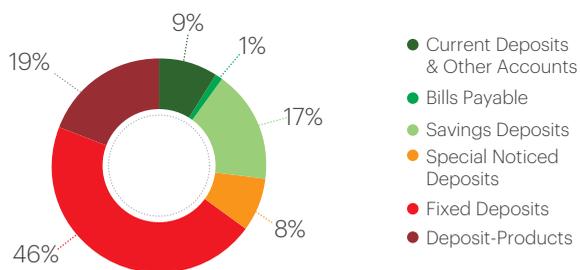


# ANALYSIS OF DEPOSITS

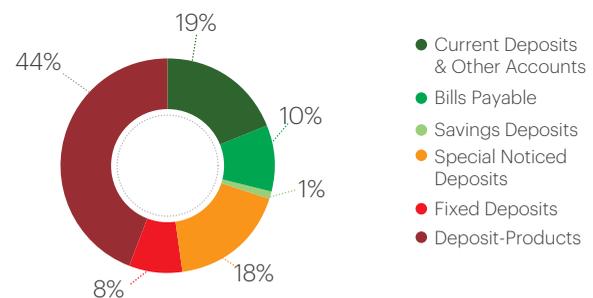
BDT in million

Particulars	2018	2017	2016	2015	2014
Current Deposits & Other Accounts	14,091	14,652	12,301	9,580	8,224
Bills Payable	1,703	2,101	1,751	1,253	1,284
Savings Deposits	28,240	27,479	23,710	17,908	14,384
Special Noticed Deposits	12,863	11,722	11,646	13,683	7,997
Fixed Deposits	77,043	67,114	55,803	55,708	49,412
Deposit-Products	32,220	28,708	26,060	20,272	14,764
<b>Total Deposits</b>	<b>166,160</b>	<b>151,776</b>	<b>131,272</b>	<b>118,404</b>	<b>96,065</b>

## Deposit Mix 2018



## Deposit Mix 2017



DEPOSITS	2018		2017	
High Cost	66%	109,263	63%	95,822
Low Cost	25%	41,103	26%	39,201
No Cost	10%	15,794	11%	16,753
<b>Total</b>	<b>100%</b>	<b>166,160</b>	<b>100%</b>	<b>151,776</b>

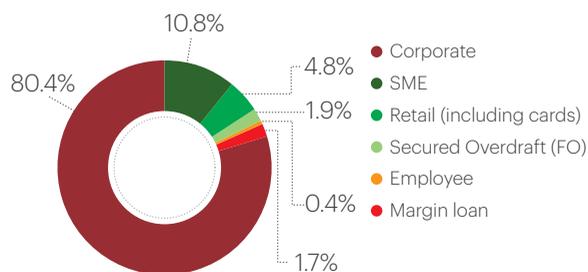


# ANALYSIS OF LOANS AND ADVANCES

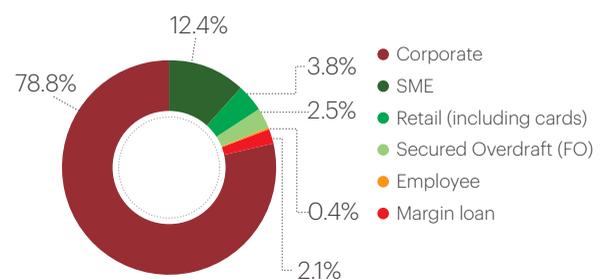
BDT in million

Particulars	2018	2017	2016	2015	2014
Corporate	133,575	114,762	91,944	77,719	59,835
SME	17,896	18,019	10,452	9,278	7,028
Retail (including cards)	7,883	5,551	3,734	2,952	2,454
Secured Overdraft (FO)	3,193	3,655	3,692	3,207	3,145
Employee	734	633	668	601	577
Margin loan	2,863	2,987	3,866	3,832	4,102
<b>Total</b>	<b>166,145</b>	<b>145,607</b>	<b>114,356</b>	<b>97,589</b>	<b>77,141</b>

Portfolio Mix 2018



Portfolio Mix 2017





## MTB CREDIT RATING REAFFIRMED

PARTICULARS	CURRENT RATING	PREVIOUS RATING
Long Term	AA	AA
Short Term	ST 2	ST 2
Based on Financials	December 31, 2018	December 31, 2017
Date of Rating	May 13, 2019	April 30, 2018
Validity Date	May 12, 2020	April 29, 2019



AA : Higher Safety and High Credit Quality

ST 2 : High Certainty of Timely Repayment

Outlook : Stable

Rated by: Credit Rating Information and Services Limited (CRISL)



## FINANCIAL CALENDAR

Financial Calendar 2018	
1st Quarter Results published on	April 30, 2018
Half Yearly Financial Statement published on	July 29, 2018
3rd Quarter Results published on	October 31, 2018
Audited Financial Statements for 2018 signed on	April 29, 2019
20 <sup>th</sup> Annual General Meeting held on	June 30, 2019
11% stock as Final Dividend for 2018 payable on	June 2019

Proposed Financial Calendar 2019	
1st Quarter Results to be published on	May 14, 2019
Half Yearly Financial Statement to be published on	July, 2019
3rd Quarter Results to be published on	October, 2019
Audited Financial Statements for 2019 to be signed on	February/March, 2020
21 <sup>st</sup> Annual General Meeting to be held on	March, 2020



# GLIMPSES OF 19<sup>TH</sup> AGM



19<sup>th</sup> MTB Annual General Meeting



19<sup>th</sup> MTB Annual General Meeting



# GLIMPSES OF 16<sup>TH</sup> EGM



16<sup>th</sup> MTB Extraordinary Annual General Meeting



16<sup>th</sup> MTB Extraordinary Annual General Meeting



**MTB  
RESURGENT**

## **INDEPENDENT AUDITOR'S REPORT**

To the shareholders of Mutual Trust Bank Limited

### **Report on the audit of the consolidated and separate financial statements**

#### **Opinion**

We have audited the consolidated financial statements of Mutual Trust Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Mutual Trust Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheet as at 31 December 2018, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate cash flow statement for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank (the "financial statements") give a true and fair view of the consolidated balance sheet of the Group and the separate balance sheet of the Bank as at 31 December 2018, and of its consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and its consolidated and separate cash flow statement for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.01 and comply with the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, and the rules and regulations issued by the Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and other applicable laws and regulations.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and separate financial statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), the rules and regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and we have fulfilled other ethical responsibilities in accordance with IESBA code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye- Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year 2018. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Risk	Our response to the risk
<b>Measurement of provision for loans and advances</b>	
<p>The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2018 the Group reported total gross loans and advances of BDT 166 billion (2017: BDT 146 billion) and the Bank reported total gross loans and advances of BDT 163 billion (2017: BDT 143 billion) whereas at the year end of 2018 the Group reported total provision for loans and advances of BDT 5.53 billion (2017: BDT 4.71 billion) and the Bank reported total provision for loans and advances of BDT 5.20 billion (2017: BDT 4.41 billion).</p> <p>We have focused on the following significant judgements and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>• Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012 and subsequent amendments;</li> <li>• For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows.</li> </ul> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identify loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly classification ledger of loans and advances (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the Group and the Bank's general and specific provisions;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information.</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<b>See note no 2.14.03 and 12.01 to the financial statements</b>	
<b>Valuation of investment in government T-bill and T-bond</b>	
<p>The classification and measurement of government T-Bill and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of T-Bills and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p> <p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end of 2018 the Group reported total investment in government T-bill and T-bond of BDT 24 billion (2017: BDT 23 billion) and the Bank reported total investment in government T-bill and T-bond of BDT 24 billion (2017: BDT 23 billion).</p>	<p>We assessed the processes and controls put in place by the Group to identify and confirm the existence of financial instruments.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instrument valuation processes, including controls over market data inputs into valuation models, governance model, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<b>See note no 2.14.02 to the financial statements</b>	

Risk	Our response to the risk
<b>Measurement of deferred tax assets</b>	
<p>At year end of 2018 the Group reported total deferred tax assets (DTA) of BDT 957 million (2017: BDT 717 million) and deferred tax income of BDT 241 million (2017: BDT 901 million) and the Bank reported total deferred tax assets of BDT 962 million (2017: BDT 721 million) and deferred tax income of BDT 241 million (2017: BDT 901 million).</p> <p>Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Group and the Bank's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Group and the Bank's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12: Income Tax.</p>
<p><b>See note no 9.02 &amp; 35.01 and 9.a.3.2.1 &amp; 35.a.1 to the financial statements</b></p>	

#### Other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the consolidated and separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the consolidated and separate financial statements and internal controls

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRSs as explained in note 2.0, the Banking Companies Act, 1991 (as amended up to date), the Companies Act, 1994, and the rules and regulations issued by the Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and other applicable laws and regulations and comply with and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

#### Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group and the Bank's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

In accordance with the Companies Act, 1994, the Bank Companies Act, 1991, and the rules and regulations issued by Bangladesh Bank and the Securities and Exchange Rules 1987, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:

- a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;
- b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities.
- (iii) financial statements of Mutual Trust Bank Limited's subsidiaries namely, MTB Securities Limited, MTB Capital Limited have been audited by KHAN WAHAB SHAFIQUE RAHMAN & CO., Chartered Accountants and MTB EXCHANGE (UK) LTD. has been audited by Jahan & Co., Chartered Management Accountants and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (v) the consolidated and the separate balance sheet and consolidated and the separate profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns; the financial statements of the Bank conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (vi) the expenditures incurred and payments made were for the purpose of the Group's and the Bank's business for the year;
- (vii) the consolidated and the separate financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,600 person hours; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dated, Dhaka  
April 29, 2019



**A. Qasem & Co.**  
Chartered Accountants

# MUTUAL TRUST BANK LIMITED

## CONSOLIDATED BALANCE SHEET

As at December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3.00</b>	<b>12,301,086,194</b>	<b>13,077,123,517</b>
In hand (Including foreign currency)		2,520,607,136	2,191,164,252
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		9,780,479,058	10,885,959,265
<b>Balance with Other banks and financial institutions</b>	<b>4.00</b>	<b>3,176,565,149</b>	<b>2,798,256,664</b>
In Bangladesh		861,661,189	1,030,004,295
Outside Bangladesh		2,314,903,960	1,768,252,369
<b>Money at call on short notice</b>	<b>5.a</b>	<b>1,580,000,000</b>	<b>4,690,000,000</b>
<b>Investments</b>	<b>6.00</b>	<b>27,388,395,082</b>	<b>25,105,802,134</b>
Government		24,421,226,713	22,703,494,533
Others		2,967,168,369	2,402,307,601
<b>Loans and Advances</b>	<b>7.00</b>	<b>166,145,119,129</b>	<b>145,606,993,782</b>
Loans, Cash Credits, Overdrafts etc.		163,394,332,234	143,429,214,788
Bills purchased & discounted		2,750,786,895	2,177,778,994
<b>Fixed assets including premises, furniture and fixtures</b>	<b>8.00</b>	<b>3,128,176,263</b>	<b>3,211,265,364</b>
<b>Other assets</b>	<b>9.00</b>	<b>8,725,556,034</b>	<b>7,264,492,733</b>
<b>Non-banking assets</b>		-	-
<b>Total Property and Assets</b>		<b>222,444,897,850</b>	<b>201,753,934,194</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from other banks, financial institutions and agents</b>	<b>10.00</b>	<b>19,640,823,048</b>	<b>16,417,678,099</b>
<b>Deposits and other accounts</b>	<b>11.00</b>	<b>166,160,290,425</b>	<b>151,776,694,600</b>
Current Deposits & Other Accounts		14,090,900,316	14,652,729,608
Bills Payable		1,703,433,803	2,100,804,374
Savings Bank Deposits		28,239,575,869	27,479,479,774
Special Notice Deposits		12,863,186,737	11,721,963,726
Fixed Deposits		77,043,035,120	67,113,942,085
Deposit Products		32,220,158,580	28,707,775,033
<b>Other Liabilities</b>	<b>12.00</b>	<b>15,964,827,954</b>	<b>13,797,474,740</b>
<b>Subordinated Debts</b>	<b>13.a</b>	<b>7,400,000,000</b>	<b>8,000,000,000</b>
<b>Total Liabilities</b>		<b>209,165,941,427</b>	<b>189,991,847,439</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	<b>14.a</b>	5,733,630,380	5,096,560,340
Statutory Reserve	<b>15.a</b>	4,096,004,358	3,622,224,031
Revaluation Reserve on Investment in Securities		480,328,680	696,384,694
Foreign Currency Translation gain/(loss)		6,143,266	7,667,134
General Reserve	<b>16.a</b>	786,777,324	616,777,324
Retained Earnings	<b>17.00</b>	2,175,943,964	1,722,348,545
<b>Total Shareholders' Equity</b>		<b>13,278,827,972</b>	<b>11,761,962,068</b>
<b>Minority Interest</b>	<b>17.01</b>	<b>128,451</b>	<b>124,686</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>222,444,897,850</b>	<b>201,753,934,194</b>
<b>Net Asset Value (NAV) per share</b>		<b>23.16</b>	<b>20.51</b>

Particulars	Notes	Amount in BDT	
		2018	2017
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
	18.a		
Acceptances and endorsements		28,001,688,309	22,516,719,682
Letters of guarantee		19,295,388,283	11,602,039,974
Irrevocable letters of credit		16,622,625,028	16,740,167,351
Bills for collection		1,712,416,910	2,443,518,092
Other contingent liabilities		-	-
<b>Total Off Balance Sheet Items</b>		<b>65,632,118,530</b>	<b>53,302,445,099</b>
<b>Other Commitments</b>			
Documentary credits and short term trade related transactions		-	-
Forward asset purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claim against the bank not acknowledged as debt		-	-
Litigation pending against Bank		-	-
<b>Other Memorandum Items</b>			
Value of Travellers' Cheque on Hand		-	-
Value of Bangladesh Sanchoy Patra on Hand		-	-
		-	-
<b>Total Off-Balance Sheet Items including Contingent Liabilities</b>		<b>65,632,118,530</b>	<b>53,302,445,099</b>

The annexed accounting policies and other notes form an integral part of these financial statements

			
_____ Managing Director & CEO	_____ Director	_____ Vice Chairman	_____ Chairman

Signed as per our annexed report of the same date

Dated, Dhaka  
April 29, 2019

  
**A. Qasem & Co.**  
Chartered Accountants

# MUTUAL TRUST BANK LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year ended December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
Interest Income	20.00	15,687,277,155	12,160,542,962
Less: Interest Paid on Deposits and Borrowings etc.	21.00	10,436,062,969	7,852,867,671
<b>Net Interest Income</b>		<b>5,251,214,186</b>	<b>4,307,675,291</b>
Investment Income	22.00	2,343,167,734	2,127,213,334
Commission, Exchange and Brokerage	23.00	1,682,805,559	1,578,009,117
Other Operating Income	24.00	551,932,140	474,165,978
		<b>4,577,905,433</b>	<b>4,179,388,429</b>
<b>Total Operating Income</b>		<b>9,829,119,619</b>	<b>8,487,063,720</b>
<b>Less: Operating Expenses:</b>			
Salary and Allowances	25.00	2,711,522,726	2,402,684,185
Rent, Tax, Insurance and Electricity etc.	26.00	696,453,008	664,468,164
Legal Expenses	27.00	3,369,120	3,535,580
Postage, Stamps and Telecommunication etc.	28.00	14,635,616	11,333,596
Stationery, Printing and Advertisements etc.	29.00	124,717,809	108,968,276
Managing Director's Remuneration	25.a.1	19,235,333	18,275,334
Directors' Fees	30.00	3,340,700	3,441,200
Auditors' Fees	31.00	1,838,605	1,776,066
Depreciation and Repair of Bank's Properties	32.00	464,482,047	429,753,440
Other Expenses	33.00	905,196,708	927,108,227
<b>Total Operating Expenses</b>		<b>4,944,791,672</b>	<b>4,571,344,068</b>
<b>Profit Before Provision</b>		<b>4,884,327,947</b>	<b>3,915,719,652</b>
<b>Less: Provision for Loans, Investment &amp; Other</b>	34.00		
Specific Provision for Loans & Advances		2,223,526,000	444,645,646
General Provision for Loans & Advances		591,000	908,809,835
Provision for Off Balance Sheet Items		5,342,050	137,300,000
Provision for Margin Loan & Investment in Shares		103,000,000	155,492,999
Provision for Other Asset		10,000,000	10,000,000
<b>Total Provision</b>		<b>2,342,459,050</b>	<b>1,656,248,480</b>
<b>Profit Before Tax</b>		<b>2,541,868,897</b>	<b>2,259,471,172</b>
<b>Less: Income Tax Expenses</b>		<b>807,419,347</b>	<b>279,133,367</b>
Current Tax Expenses	35.00	1,047,932,817	1,180,006,962
Deferred Tax Expenses/(Income)	35.01	(240,513,470)	(900,873,595)
<b>Net Profit After Tax</b>		<b>1,734,449,551</b>	<b>1,980,337,805</b>
Shareholders' of the Bank		1,734,445,786	1,980,335,258
Minority Interest		3,764	2,547
		<b>1,734,449,551</b>	<b>1,980,337,805</b>
<b>Retained Surplus Brought Forward</b>		1,722,348,545	841,239,233
		<b>3,456,794,331</b>	<b>2,821,574,491</b>
<b>Appropriations:</b>			
Bonus Share Issued during the year		637,070,040	664,768,740
Transferred to Statutory Reserve		473,780,327	434,457,206
Transferred to General Reserve		170,000,000	-
		<b>1,280,850,367</b>	<b>1,099,225,946</b>
<b>Retained Surplus, Carried Forward</b>		<b>2,175,943,964</b>	<b>1,722,348,545</b>
<b>Earnings Per Share (EPS) (2017 Restated)</b>	36.00	<b>3.03</b>	<b>3.45</b>

The annexed accounting policies and other notes form an integral part of these financial statements

			
Managing Director & CEO	Director	Vice Chairman	Chairman

Signed as per our annexed report of the same date

Dated, Dhaka  
April 29, 2019

  
**A. Qasem & Co.**  
Chartered Accountants



Mutual Trust Bank Ltd.

# MUTUAL TRUST BANK LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year ended December 31, 2018

Particulars	Amount in BDT								
	Paid-up Capital	Statutory Reserve	Revaluation Reserve on Investment in Securities	Foreign Currency Translation Gain/(Loss)	General Reserve	Retained Earnings	Total	Minority Interest	Total
<b>Balance as at January 01, 2018</b>	<b>5,096,560,340</b>	<b>3,622,224,031</b>	<b>696,384,694</b>	<b>7,667,134</b>	<b>616,777,324</b>	<b>1,722,348,545</b>	<b>11,761,962,068</b>	<b>124,686</b>	<b>11,762,086,755</b>
Bonus share issued	637,070,040	-	-	-	-	(637,070,040)	-	-	-
Currency translation differences	-	-	-	(1,523,869)	-	-	(1,523,869)	-	(1,523,869)
Revaluation reserve transferred during the period	-	-	(216,056,014)	-	-	-	(216,056,014)	-	(216,056,014)
Net profit for the period after tax	-	-	-	-	-	1,734,445,786	1,734,445,786	3,764	1,734,449,551
Appropriation made during the period	-	473,780,327	-	-	170,000,000	(643,780,327)	-	-	-
<b>Balance as at December 31, 2018</b>	<b>5,733,630,380</b>	<b>4,096,004,358</b>	<b>480,328,680</b>	<b>6,143,266</b>	<b>786,777,324</b>	<b>2,175,943,964</b>	<b>13,278,827,972</b>	<b>128,451</b>	<b>13,278,956,423</b>
<b>Balance as at December 31, 2017</b>	<b>5,096,560,340</b>	<b>3,622,224,031</b>	<b>696,384,694</b>	<b>7,667,134</b>	<b>616,777,324</b>	<b>1,722,348,545</b>	<b>11,761,962,068</b>	<b>124,686</b>	<b>11,762,086,755</b>

The annexed accounting policies and other notes form an integral part of these financial statements



Managing Director & CEO



Director



Vice Chairman



Chairman

Dated, Dhaka  
April 29, 2019

# MUTUAL TRUST BANK LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOW

For the Year ended December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>A) Cash Flows from Operating Activities:</b>			
Interest Received		17,846,615,061	13,897,831,077
Interest Paid on Deposits and Borrowings etc.		(9,890,149,671)	(7,757,573,822)
Dividend Income		83,522,850	172,759,484
Fees & Commission Income		1,682,805,559	1,578,009,117
Recoveries of Loans previously written off		964,000	1,238,700
Cash Paid to Employees as Salaries and Allowances		(2,730,758,059)	(2,420,959,519)
Cash Paid to Suppliers		(124,717,809)	(108,968,276)
Advance Income Tax Paid		(1,012,393,682)	(1,056,691,254)
Cash Received from Other Operational Income	37.00	738,049,425	522,867,485
Cash Paid for Other Operational Expenses	38.00	(1,745,034,697)	(1,697,728,337)
<b>Cash Flows from Operating Activities before Changes in Net Current Assets</b>		<b>4,848,902,977</b>	<b>3,130,784,655</b>
<b>Changes in Net Current Assets :</b>			
Loans & Advances		(20,560,108,373)	(31,224,446,230)
Other Assets		(512,496,899)	(535,691,099)
Bank Deposit		750,050,000	10,149,625,000
Customers' Deposits		13,074,550,980	10,372,306,013
Borrowing from Other Banks, Financial Institutions & Agents		3,223,144,950	7,711,218,649
Other Liabilities		(970,407,636)	424,478,679
		<b>(4,995,266,978)</b>	<b>(3,102,508,988)</b>
<b>Net Cash Flows from Operating Activities</b>		<b>(146,364,001)</b>	<b>28,275,667</b>
<b>B) Cash Flows from Investing Activities:</b>			
Investments in T. Bills, T. Bonds and other		(1,933,719,494)	(3,111,093,401)
Investments in Shares & Bonds		(564,860,768)	(87,667,236)
Purchase of Premises & Fixed Asset (net)		(261,192,005)	(413,982,057)
<b>Net Cash Flows from Investing Activities</b>		<b>(2,759,772,268)</b>	<b>(3,612,742,694)</b>
<b>C) Cash Flows from Financing Activities:</b>			
Subordinated debt		(600,000,000)	3,750,000,000
<b>Net Cash Flows from Financing Activities</b>		<b>(600,000,000)</b>	<b>3,750,000,000</b>
<b>D) Net Increase in Cash and Cash Equivalents</b>		<b>(3,506,136,269)</b>	<b>165,532,973</b>
<b>E) Effect of Changes of Exchange Rates on Cash and Cash Equivalents</b>		(1,523,869)	(1,235,880)
<b>F) Opening Cash and Cash Equivalents</b>		20,567,156,381	20,402,859,288
<b>Closing Cash and Cash Equivalents (D+E+F)</b>		<b>17,059,496,243</b>	<b>20,567,156,381</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand		2,520,607,136	2,191,164,252
Balance with Bangladesh Bank and its Agent Bank		9,780,479,058	10,885,959,265
Balance with Other Banks & Financial Institutions		3,176,565,149	2,798,256,664
Money at Call and Short Notice		1,580,000,000	4,690,000,000
Prize Bond		1,844,900	1,776,200
		<b>17,059,496,243</b>	<b>20,567,156,381</b>
<b>Net Operating Cash Flows Per Share</b>		<b>(0.26)</b>	<b>0.05</b>

The annexed accounting policies and other notes form an integral part of these financial statements



Managing Director & CEO



Director



Vice Chairman



Chairman

Dated, Dhaka  
April 29, 2019

  
**A. Qasem & Co.**  
Chartered Accountants

# MUTUAL TRUST BANK LIMITED

## CONSOLIDATED LIQUIDITY STATEMENT

As at December 31, 2018

Particulars	Amount in BDT					
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
<b>ASSETS :</b>						
Cash	3,450,958,194	-	-	-	8,850,128,000	12,301,086,194
Balance with Other banks and financial institutions	1,973,060,158	815,932,671	359,539,714	28,032,607	-	3,176,565,149
Money at Call & Short notice	1,580,000,000	-	-	-	-	1,580,000,000
Investments	1,711,825,432	921,939,980	4,633,609,587	11,856,070,002	8,264,950,081	27,388,395,082
Loans and Advances	17,761,266,955	39,449,339,444	59,096,629,736	39,471,364,091	10,366,518,902	166,145,119,129
Premises and Fixed Assets	-	-	-	-	3,128,176,263	3,128,176,263
Other Assets	1,080,098,506	248,056,084	1,422,581,369	5,964,235,648	10,584,426	8,725,556,034
Non-Banking Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>27,557,209,245</b>	<b>41,435,268,179</b>	<b>65,512,360,406</b>	<b>57,319,702,348</b>	<b>30,620,357,672</b>	<b>222,444,897,850</b>
<b>LIABILITIES :</b>						
Borrowing from other banks, financial institutions and agents	2,193,653,968	3,329,859,718	9,396,406,674	3,970,818,517	750,084,172	19,640,823,048
Deposit and other accounts	24,043,211,381	35,900,812,473	55,004,340,893	44,790,036,760	6,421,888,917	166,160,290,425
Provision & other liabilities	45,088,187	371,324,416	2,391,871,748	7,442,258,074	5,714,285,529	15,964,827,954
Subordinated Debts	-	-	600,000,000	5,400,000,000	1,400,000,000	7,400,000,000
<b>Total Liabilities</b>	<b>26,281,953,536</b>	<b>39,601,996,607</b>	<b>67,392,619,316</b>	<b>61,603,113,351</b>	<b>14,286,258,618</b>	<b>209,165,941,427</b>
<b>Net Liabilities</b>	<b>1,275,255,709</b>	<b>1,833,271,572</b>	<b>(1,880,258,910)</b>	<b>(4,283,411,002)</b>	<b>16,334,099,054</b>	<b>13,278,956,423</b>

The annexed accounting policies and other notes form an integral part of these financial statements



Managing Director & CEO



Director



Vice Chairman



Chairman

# MUTUAL TRUST BANK LIMITED

## BALANCE SHEET

As at December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	<b>3.a</b>	<b>12,293,419,939</b>	<b>13,065,276,389</b>
In Hand (Including Foreign Currency)		2,512,940,881	2,179,317,124
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)		9,780,479,058	10,885,959,265
<b>Balance with other Banks &amp; Financial Institutions</b>	<b>4.a</b>	<b>2,963,786,778</b>	<b>2,355,053,788</b>
In Bangladesh		648,882,818	586,801,419
Outside Bangladesh		2,314,903,960	1,768,252,369
<b>Money at Call and Short Notice</b>	<b>5.a</b>	<b>1,580,000,000</b>	<b>4,690,000,000</b>
<b>Investments</b>	<b>6.a</b>	<b>26,589,503,566</b>	<b>24,578,379,684</b>
Government		24,421,226,713	22,703,494,533
Others		2,168,276,853	1,874,885,151
<b>Loans and Advances</b>	<b>7.a</b>	<b>163,281,709,826</b>	<b>142,819,502,800</b>
Loans, Cash Credits, Overdrafts etc.		160,530,922,931	140,641,723,806
Bills purchased & discounted		2,750,786,895	2,177,778,994
<b>Fixed Asset including Premises, Furniture &amp; Fixtures</b>	<b>8.a</b>	<b>3,049,683,712</b>	<b>3,127,669,387</b>
<b>Other Assets</b>	<b>9.a</b>	<b>12,069,478,300</b>	<b>10,641,640,356</b>
<b>Non-Banking Assets</b>		-	-
<b>Total Property and Assets</b>		<b>221,827,582,120</b>	<b>201,277,522,404</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from other Banks, Financial Institutions &amp; Agents</b>	<b>10.a</b>	<b>19,640,823,048</b>	<b>16,417,678,099</b>
<b>Deposits and Other Accounts</b>	<b>11.a</b>	<b>166,700,989,966</b>	<b>152,237,789,659</b>
Current Deposits & Other Accounts		14,092,056,274	14,652,730,381
Bills Payable		1,703,433,803	2,100,804,374
Savings Bank Deposits		28,239,575,869	27,479,479,774
Special Notice Deposits		13,302,730,320	12,183,058,012
Fixed Deposits		77,143,035,120	67,113,942,085
Deposit Products		32,220,158,580	28,707,775,033
<b>Other Liabilities</b>	<b>12.a</b>	<b>15,054,620,612</b>	<b>12,954,514,527</b>
<b>Subordinated Debts</b>	<b>13.a</b>	<b>7,400,000,000</b>	<b>8,000,000,000</b>
<b>Total Liabilities</b>		<b>208,796,433,627</b>	<b>189,609,982,285</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	<b>14.a</b>	5,733,630,380	5,096,560,340
Statutory Reserve	<b>15.a</b>	4,096,004,358	3,622,224,031
Revaluation Reserve on Investment in Securities		480,328,680	696,384,694
Foreign Currency Translation gain/(loss)		375,279	3,111,876
General Reserve	<b>16.a</b>	786,777,324	616,777,324
Retained Earnings	<b>17.a</b>	1,934,032,472	1,632,481,854
<b>Total Shareholders' Equity</b>		<b>13,031,148,494</b>	<b>11,667,540,119</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>221,827,582,120</b>	<b>201,277,522,404</b>
<b>Net Asset Value (NAV) per share</b>		<b>22.73</b>	<b>20.35</b>

# MUTUAL TRUST BANK LIMITED

## BALANCE SHEET

As at December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>OFF-BALANCE SHEET ITEMS</b>	<b>18.a</b>		
<b>Contingent Liabilities</b>			
Acceptances and endorsements		28,001,688,309	22,516,719,682
Letter of guarantee		19,295,388,283	11,602,039,974
Irrevocable letters of credit		16,622,625,028	16,740,167,351
Bills for collection		1,712,416,910	2,443,518,092
Other contingent liabilities		-	-
<b>Total Off- Balance Sheet Items</b>		<b>65,632,118,530</b>	<b>53,302,445,099</b>
<b>Other Commitments</b>			
Documentary credits and short term trade related transactions		-	-
Forward asset purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claim against the bank not acknowledged as debt		-	-
Litigation pending against Bank		-	-
		-	-
<b>Other Memorandum Items</b>			
Value of Travellers' Cheque on Hand		-	-
Value of Bangladesh Sanchoy Patra on Hand		-	-
		-	-
<b>Total Off-Balance Sheet Items including Contingent Liabilities</b>		<b>65,632,118,530</b>	<b>53,302,445,099</b>

The annexed accounting policies and other notes form an integral part of these financial statements

			
_____ Managing Director & CEO	_____ Director	_____ Vice Chairman	_____ Chairman

Signed as per our annexed report of the same date

Dated, Dhaka  
April 29, 2019

  
**A. Qasem & Co.**  
Chartered Accountants

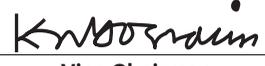
# MUTUAL TRUST BANK LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
Interest Income	20.a	15,542,079,435	12,102,826,598
Less: Interest Paid on Deposits and Borrowings etc.	21.a	10,451,237,159	7,856,055,015
<b>Net Interest Income</b>		<b>5,090,842,276</b>	<b>4,246,771,583</b>
Investment Income	22.a	2,239,089,134	2,056,350,696
Commission, Exchange and Brokerage	23.a	1,548,324,674	1,342,690,897
Other Operating Income	24.a	512,611,672	426,679,745
		<b>4,300,025,480</b>	<b>3,825,721,338</b>
<b>Total Operating Income</b>		<b>9,390,867,756</b>	<b>8,072,492,921</b>
<b>Less: Operating Expenses:</b>			
Salary and Allowances	25.a	2,621,504,314	2,314,039,862
Rent, Taxes, Insurance and Electricity etc.	26.a	659,362,862	624,713,881
Legal Expenses	27.a	3,369,120	3,535,580
Postage, Stamps and Telecommunication etc.	28.a	13,658,948	10,285,798
Stationery, Printing and Advertisements etc.	29.a	123,118,858	107,113,138
Managing Director's Remuneration	25.a.1	19,235,333	18,275,334
Directors' Fees	30.a	1,996,400	1,876,800
Auditors' Fees	31.a	1,334,000	1,341,500
Depreciation and Repair of Bank's Properties	32.a	455,800,221	420,129,234
Other Expenses	33.a	883,127,014	898,140,284
<b>Total Operating Expenses</b>		<b>4,782,507,070</b>	<b>4,399,451,411</b>
<b>Profit Before Provision</b>		<b>4,608,360,686</b>	<b>3,673,041,510</b>
<b>Less: Provision for Loans, Investment &amp; Other</b>	34.a		
Specific Provision for Loans & Advances		2,223,526,000	444,645,646
General Provision for Loans & Advances		591,000	908,809,835
Provision for Off Balance Sheet Items		5,342,050	137,300,000
Provision for Investment in Shares		-	-
Provision for Other Asset		10,000,000	10,000,000
<b>Total Provision</b>		<b>2,239,459,050</b>	<b>1,500,755,481</b>
<b>Profit Before Tax</b>		<b>2,368,901,636</b>	<b>2,172,286,029</b>
<b>Less: Income Tax Expenses</b>		<b>786,500,651</b>	<b>256,062,440</b>
Current Tax Expenses	35.a	1,027,312,331	1,157,322,844
Deferred Tax Expenses/(Income)	35.a.1	(240,811,680)	(901,260,404)
<b>Net Profit After Tax</b>		<b>1,582,400,985</b>	<b>1,916,223,589</b>
<b>Retained Surplus Brought Forward</b>		<b>1,632,481,854</b>	<b>815,484,211</b>
		<b>3,214,882,840</b>	<b>2,731,707,800</b>
<b>Appropriations:</b>			
Bonus Shares Issued during the year		637,070,040	664,768,740
Transferred to Statutory Reserve		473,780,327	434,457,206
Transferred to General Reserve		170,000,000	-
		<b>1,280,850,367</b>	<b>1,099,225,946</b>
<b>Retained Surplus, Carried Forward</b>		<b>1,934,032,472</b>	<b>1,632,481,854</b>
<b>Earnings Per Share (EPS) (2017 Restated)</b>	36.a	<b>2.76</b>	<b>3.34</b>

The annexed accounting policies and other notes form an integral part of these financial statements

			
_____ Managing Director & CEO	_____ Director	_____ Vice Chairman	_____ Chairman

Signed as per our annexed report of the same date

Dated, Dhaka  
April 29, 2019

  
**A. Qasem & Co.**  
Chartered Accountants

# MUTUAL TRUST BANK LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the Year ended December 31, 2018

Particulars	Amount in BDT						
	Paid-up Capital	Statutory Reserve	Revaluation Reserve on Investment in Securities	Foreign Currency Translation Gain/(Loss)	General Reserve	Retained Earnings	Total
<b>Balance as at January 01, 2018</b>	<b>5,096,560,340</b>	<b>3,622,224,031</b>	<b>696,384,694</b>	<b>3,111,876</b>	<b>616,777,324</b>	<b>1,632,481,854</b>	<b>11,667,540,119</b>
Bonus Share Issued during the year	637,070,040	-	-	-	-	(637,070,040)	-
Currency translation differences	-	-	-	(2,736,597)	-	-	(2,736,597)
Revaluation Reserve transferred during the year	-	-	(216,056,014)	-	-	-	(216,056,014)
Net Profit for the year after tax	-	-	-	-	-	1,582,400,985	1,582,400,985
Appropriation made during the year	-	473,780,327	-	-	170,000,000	(643,780,327)	-
<b>Balance as at December 31, 2018</b>	<b>5,733,630,380</b>	<b>4,096,004,358</b>	<b>480,328,680</b>	<b>375,279</b>	<b>786,777,324</b>	<b>1,934,032,472</b>	<b>13,031,148,494</b>
<b>Balance as at December 31, 2017</b>	<b>5,096,560,340</b>	<b>3,622,224,031</b>	<b>696,384,694</b>	<b>3,111,876</b>	<b>616,777,324</b>	<b>1,632,481,854</b>	<b>11,667,540,119</b>

The annexed accounting policies and other notes form an integral part of these financial statements

  
**Managing Director & CEO**

  
**Director**

  
**Vice Chairman**

  
**Chairman**

Dated, Dhaka  
 April 29, 2019

  
**A. Qasem & Co.**  
 Chartered Accountants

# MUTUAL TRUST BANK LIMITED

## STATEMENT OF CASH FLOW

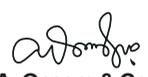
For the year ended December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>A) Cash Flows From Operating Activities:</b>			
Interest Received		17,701,417,341	13,840,114,713
Interest Paid on Deposits, Borrowings etc.		(9,905,323,861)	(7,751,879,794)
Dividend Income		60,799,645	155,943,572
Fees & Commission Income		1,548,324,674	1,342,690,897
Recoveries of Loans previously written off		964,000	1,238,700
Cash Paid to Employees as Salaries and Allowances		(2,640,739,647)	(2,332,315,196)
Cash Paid to Suppliers		(123,118,858)	(107,113,138)
Advance Income Tax Paid		(962,335,238)	(983,243,898)
Cash Received from Other Operational Income	37.a	617,373,561	421,334,526
Cash Paid for Other Operational Expenses	38.a	(1,682,487,722)	(1,627,287,680)
<b>Cash Flow from Operating Activities before Changes in Net Current Assets</b>		<b>4,614,873,894</b>	<b>2,959,482,702</b>
<b>Changes in Net Current Assets:</b>			
Loans & Advances		(20,484,190,051)	(31,958,169,596)
Other Assets		(474,147,705)	128,425,385
Bank Deposits		750,050,000	10,149,625,000
Customers' Deposits		13,154,155,463	10,512,123,733
Borrowing from Other Banks, Financial Institutions & Agents		3,223,144,950	7,786,218,649
Other Liabilities		(968,918,350)	131,743,187
		<b>(4,799,905,694)</b>	<b>(3,250,033,642)</b>
<b>Net Cash Flows from Operating Activities</b>		<b>(185,031,800)</b>	<b>(290,550,940)</b>
<b>B) Cash Flow from Investing Activities:</b>			
Investments in T. Bills, T. Bonds and other		(1,933,719,494)	(3,111,093,401)
Investments in Shares & Bonds		(293,391,702)	(79,463,883)
Purchase of Fixed Assets (Net)		(258,175,167)	(418,353,175)
<b>Net Cash Flow from Investing Activities</b>		<b>(2,485,286,364)</b>	<b>(3,608,910,459)</b>
<b>C) Cash Flow from Financing Activities:</b>			
Subordinated debts		(600,000,000)	3,750,000,000
<b>Net Cash Flow from Financing Activities</b>		<b>(600,000,000)</b>	<b>3,750,000,000</b>
<b>D) Net Increase in Cash and Cash Equivalents</b>		<b>(3,270,318,163)</b>	<b>(149,461,399)</b>
<b>E) Effect of Changes of Exchange Rates on Cash and Cash Equivalents</b>		<b>(2,736,597)</b>	<b>3,006,974</b>
<b>F) Opening Cash and Cash Equivalents</b>		<b>20,112,106,377</b>	<b>20,258,560,803</b>
<b>Closing Cash and Cash Equivalents (D+E+F)</b>		<b>16,839,051,617</b>	<b>20,112,106,377</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand		2,512,940,881	2,179,317,124
Balance with Bangladesh Bank and its Agent Bank		9,780,479,058	10,885,959,265
Balance with Other Banks & Financial Institutions		2,963,786,778	2,355,053,788
Money at Call and Short Notice		1,580,000,000	4,690,000,000
Prize Bond		1,844,900	1,776,200
		<b>16,839,051,617</b>	<b>20,112,106,377</b>
<b>Net Operating Cash Flows Per Share</b>		<b>(0.32)</b>	<b>(0.51)</b>

The annexed accounting policies and other notes form an integral part of these financial statements

			
Managing Director & CEO	Director	Vice Chairman	Chairman

Dated, Dhaka  
April 29, 2019

  
**A. Qasem & Co.**  
Chartered Accountants

# MUTUAL TRUST BANK LIMITED

## LIQUIDITY STATEMENT

As at December 31, 2018

Particulars	Amount in BDT					
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
<b>ASSETS :</b>						
Cash	3,443,291,939	-	-	-	8,850,128,000	12,293,419,939
Balance with Other banks and financial institutions	1,939,713,028	760,354,120	235,687,023	28,032,607	-	2,963,786,778
Money at Call & Short notice	1,580,000,000	-	-	-	-	1,580,000,000
Investments	1,591,991,704	642,327,950	4,314,052,981	11,776,180,850	8,264,950,081	26,589,503,566
Loans and Advances	17,618,096,490	39,250,266,700	58,667,118,340	38,439,170,835	9,307,057,460	163,281,709,826
Premises and Fixed Assets	29,371,418	58,742,836	264,342,762	1,409,828,064	1,287,398,632	3,049,683,712
Other Assets	1,080,098,506	248,056,084	1,238,107,835	5,964,235,648	3,538,980,226	12,069,478,300
Non-Banking Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>27,282,563,086</b>	<b>40,959,747,690</b>	<b>64,719,308,941</b>	<b>57,617,448,004</b>	<b>31,248,514,400</b>	<b>221,827,582,120</b>
<b>LIABILITIES :</b>						
Borrowing From Other Banks, Financial Institutions & Agents	2,193,653,968	3,329,859,718	9,396,406,674	3,970,818,517	750,084,172	19,640,823,048
Deposit and Other Account	24,044,367,339	36,000,812,473	55,443,884,477	44,790,036,760	6,421,888,917	166,700,989,966
Provision & Other Liabilities	45,088,187	330,645,309	1,522,343,514	7,442,258,074	5,714,285,529	15,054,620,612
Subordinated Debts	-	-	600,000,000	5,400,000,000	1,400,000,000	7,400,000,000
<b>Total Liabilities</b>	<b>26,283,109,494</b>	<b>39,661,317,501</b>	<b>66,962,634,665</b>	<b>61,603,113,350</b>	<b>14,286,258,618</b>	<b>208,796,433,627</b>
<b>Net Liabilities</b>	<b>999,453,592</b>	<b>1,298,430,189</b>	<b>(2,243,325,723)</b>	<b>(3,985,665,345)</b>	<b>16,962,255,782</b>	<b>13,031,148,494</b>

The annexed accounting policies and other notes form an integral part of these financial statements



Managing Director & CEO



Director



Vice Chairman



Chairman

# MUTUAL TRUST BANK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### Corporate Profile and Significant Accounting Policies

#### 1.00 The bank and its activities

#### 1.01 Legal form of Mutual Trust Bank Limited

Mutual Trust Bank Limited (MTBL) 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 24 October 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 fourteen) Branches including 14 (Fourteen) SME/Agri Branches all over Bangladesh, 100 (Hundred) Agent Banking Centre, 02 (Two) Air Lounge and 02 (Two) Booth located at Hazrat Shahjalal International Airport, Dhaka.

#### 1.02 Principal activities and nature of operation of Mutual Trust Bank Limited

The principal activities of the bank are to provide all kinds of commercial banking and related services such as accepting deposits, providing loans to customers, issuing debit and credit cards, sms banking, internet banking, call centre, trade and services, treasury functions, cash management, securities and custody services, remittance services, privilege banking services, dealing in government securities etc.

#### 1.03 Off-Shore Banking Unit (OBU)

The Bank obtained the Off-shore Banking Unit Permission vide Letter # BRPD (P-3)744(105)/2009-4470, dated 03 December 2009. The Bank commenced operation of this unit from 07 December 2009. This 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. Separate Financial Statements of Off-shore Banking Unit has been drawn up in Annexure G.

#### 1.04 Subsidiaries

#### 1.4.1 MTB Securities Limited (MTBSL)

MTB Securities Limited was incorporated in Bangladesh as a private limited company on 01 March 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 23 September 2010 after getting approval from the Bangladesh Securities and Exchange Commission (BSEC) as a separate entity. The Brokerage registration is REG 3.1/DSE-197/2010/427 and Dealer registration is REG 3.1/DSE-197/2010/428.

MTBSL is engaged in buying and selling of securities for its customers and margin loan is extended to the customers against their margin for investment in the listed companies. The required margin level is monitored daily and margin loan is provided as per established guidelines. Separate Financial Statements of MTB Securities Limited has been drawn up in the reports.

#### 1.4.2 MTB Exchange (UK) Limited (MTB UK)

Bangladesh Bank vide their letter # BRPD (M)204/25/2010-289, dated 19 August 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 14 June 2010 under the Companies Acts 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.

The main activities of the exchange house are to carry on the remittance business and to undertake and participate in transactions, activities and operations commonly carried on or undertaken by remittance and exchange houses. Separate Financial Statements of MTB Exchange (UK) Limited has been drawn up in the reports.

#### 1.4.3 MTB Capital Limited (MTBCL)

The Bank obtained permission to embark upon Merchant Banking from the Bangladesh Securities and Exchange Commission (BSEC) vide its certificate No.MB-55/2010, dated 06 December 2010 under the Securities and Exchange Commission Act, 1993. The operation has started as on 17 April 2011. Separate financial statements has been drawn up in the reports.

**MTBCL offers the following services to the market:**

- a. Discretionary and Non-Discretionary Portfolio Management services to both the retail and institutional investors under different product lines.
- b. Issue Management services to medium and large corporate houses to manage their Initial Public Offering (IPO), secondary offering, debt issuance and rights issuance.
- c. **Underwriting services for both debt and equity issues.**

**Besides, MTBCL develops various investment schemes suiting varying objectives and constraints of different investor classes.**

## **2.0 Significant accounting policies and basis of preparation of financial statements**

### **2.01 Statement of Compliance**

The consolidated financial statements of the Group and separate financial statements of the Bank and its subsidiaries as at and for the year ended 31 December 2018 have been prepared under the historical cost convention and in accordance with the "First Schedule" (section-38) of the Bank Companies Act, 1991 (amended in 2013 & 2018), International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) approved by the institute of Chartered Accountants of Bangladesh (ICAB) as the financial reporting council is yet to issue any financial reporting standards, the Companies Act, 1994, the Bangladesh Securities and Exchange Rules, 1987, Dhaka and Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh. Where the requirement of provisions and circulars issued by Bangladesh Bank differ with those of the regulatory authorities and accounting standards, the provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from those contradictory requirements of IFRS in order to comply with the rules and regulation of Bangladesh Bank which are disclosed below:

#### **2.01.01 Investment in shares and securities**

IFRS: As per requirements of "IFRS 9: classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per Banking Regulation & Policy Department (BRPD) Circular # 14, dated 25 June 2003 of Bangladesh Bank, Investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investments; otherwise investments are recognized at cost. As such Mutual Trust Bank Limited measures and recognizes Investment in Quoted and Unquoted shares at cost if the year-end Market value (for Quoted shares) and book value (Unquoted shares) are higher than the cost.

#### **2.01.02 Revaluation gain/loss on Government securities**

IFRS: As per requirement of IFRS 9: Financial Instruments, where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognized through the profit and loss account. Securities designated as amortized cost are measured at effective interest rate method and interest income is recognized through the profit and loss account.

Bangladesh Bank: According to Department of Offsite Supervision (DOS) Circular # 05, dated 26 May 2008 and subsequent clarification in DOS Circular # 05, dated 28 January 2009 of Bangladesh Bank, loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through Income accounts, but any gain on such revaluation should be recorded under revaluation reserve accounts. However, at the year-end if there is any revaluation gain for any particular held for trading T-bill/T-bond, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bill/T-bond. T-bill/T-bond designated as held to maturity are measured at amortized cost method but interest income/gain should be recognized through revaluation reserve.

#### **2.01.03 Provision on loans and advances**

IFRS: As per IFRS 9: Financial Instruments, an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance

at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD Circular # 14, dated 23 September 2012, BRPD Circular # 19, dated 27 December 2012, BRPD Circular # 05, dated 29 May 2013, BRPD Circular # 16, dated 18 November 2014, BRPD Circular # 08, dated 02 August 2015, BRPD Circular # 15, dated 27 September 2017 and BRPD Circular # 01, dated 20 February 2018 a general provision at 0.25% to 5% under different categories of unclassified loans (standard and SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses, should be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD Circular # 10, dated 18 September 2007 and BRPD Circular # 01, dated 03 January 2018, a general provision at 1% should be provided for all off-balance sheet exposures except general provision against the LC for First Track Power Supply Projects.

#### **2.01.04 Recognition of interest in suspense**

IFRS: Loans and advances to customers are generally classified at amortized cost as per IFRS 9: Financial Instruments and interest income is recognized by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost of these loans and advances.

Bangladesh Bank: As per BRPD circular # 14, dated 23 September 2012, once a loan is classified as impaired, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as a liability in the balance sheet.

#### **2.01.05 Other comprehensive income**

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank neither include other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. However, elements of OCI, if any, are shown in the statement of changes in equity.

#### **2.01.06 Financial instruments - presentation and disclosure**

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9: Financial Instruments. As such full disclosure and presentation requirements of "IFRS 7: Financial Instrument- Disclosures" and "IAS 32: Financial Instruments-Presentation" cannot be made in the accounts.

#### **2.01.07 Repo and reverse repo transactions**

IFRS: As per IFRS 9: Financial Instruments, When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO), the arrangement is treated as a loan and the underlying asset continues to be recognized at amortized cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

#### **2.01.08 Financial guarantees**

IFRS: As per IFRS 9: Financial Instruments, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value plus transaction cost that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognized less, income recognized in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD circular # 14, dated 25 June 2003 a financial guarantees such as L/C, L/G will be treated as off balance sheet items. No liability is recognized for the guarantee except the cash margin.

### 2.01.09 Cash and cash equivalents

**IFRS:** Cash and cash equivalents items should be reported as cash item as per "IAS 7: Statement of Cash Flows".

**Bangladesh Bank:** Some cash and cash equivalent items such as money at call and on short notice, treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

### 2.01.10 Non-banking assets

**IFRS:** No indication of non-banking assets is found in any IFRS.

**Bangladesh Bank:** As per BRPD circular # 14, dated 25 June 2003, there should exist a face item named non-banking assets.

### 2.01.11 Cash flow statement

**IFRS:** Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD circular # 14, dated 25 June 2003, cash flow should be a mixture of direct and indirect method.

### 2.01.12 Balance with Bangladesh Bank: (CRR)

**IFRS: Balance with Bangladesh Bank should be treated as other assets as it is not available for use in day to day operations as per "IAS 7: Statement of Cash Flows."**

**Bangladesh Bank: Balance with Bangladesh Bank should be treated as cash and cash equivalents.**

### 2.01.13 Presentation of intangible assets

**IFRS: Intangible assets must be identified and recognized, and the disclosure must be given as per "IAS 38: Intangible Assets".**

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD circular # 14, dated 25 June 2003.

### 2.01.14 Off-balance sheet items

**IFRS:** As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular # 14, dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

### 2.01.15 Loans and advance net of provision

**IFRS:** Loans and advances should be presented net of provisions.

**Bangladesh Bank:** As per BRPD circular # 14, dated 25 June 2003, provision on loans and advances should be presented separately as liability and cannot be netted off against loans and advances.

[Also refer to Note 2.22 Compliance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)]

## 2.02 Basis of consolidation of operations of subsidiaries

The financial statements of the Company and its subsidiaries, as mentioned in note No. 2.01 has been consolidated in accordance with IAS 27: Separate Financial Statements and IFRS 10: Consolidated Financial Statements. The Consolidation of the Financial Statement has been made after eliminating all material intercompany balance, income and expenses arising from intercompany transactions.

The total profit of the Company and its subsidiaries are shown in the consolidated statement of comprehensive income with the proportion of profit after taxation. All assets and liabilities of the Company and of its subsidiaries are shown in the consolidated statements of financial position. The consolidated financial statements are prepared to a common financial year ended December 31, 2018.

## Conversion Policy

The conversion policy of Off-shore Banking unit (OBU) and MTB Exchange (UK) Limited is given below.

Details	Price	Rate of GBP for MTB UK	Rate of USD for OBU
For assets & liabilities	Closing price	106.2342	83.9000
For income & expenses	Average price	111.1681	83.5101

### Transactions eliminated on consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and losses resulting from transactions between groups are also eliminated on consolidation.

## 2.03 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain credited to revaluation reserve but loss charged to income statement.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept.
- Land & Buildings is recognized at cost at the time of acquisition and subsequently measured at fair value as per IAS 16: Property, Plant & Equipment.

The accounting policies, unless otherwise stated have been consistently applied by the company and consistent with those of the previous year.

## 2.04 Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

## 2.05 Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT) currency, which is the Bank's functional currency. All financial information presented in BDT has been rounded to the nearest BDT.

## 2.06 Use of estimates and judgments

The preparation of financial statements in conformity with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements.

The most perilous estimates and judgments are applied to the Provision for impairment of loans & investments and Employees benefits.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are reviewed on an ongoing basis and the revision is recognized in the period in which the estimates are revised.

## 2.07 Materiality, aggregation and off setting

Each material item as considered by management significant has been displayed separately in the financial statements. No amount has been set off unless the Bank has a legal right to set off the amounts and intends to settle on net basis. Income and expenses are presented on a net basis only when permitted by the relevant accounting standards.

The values of any asset or liability as shown in the balance sheet are not off-set by way of deduction from another liability or asset unless there exist a legal right therefore. No such incident existed during the period.

## **2.08 Comparative information**

The accounting policies have been consistently applied by the Bank and are consistent with those used in the previous year. Comparative information is reclassified and rearranged wherever necessary to conform to the current presentation.

## **2.09 Foreign currency transaction and Commitments**

### **a) Foreign currencies translation**

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS 21: The Effects of Changes in Foreign Exchange Rates. Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent. The resulting exchange transaction gains and losses are included in the profit and loss account.

### **b) Commitments**

Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date.

## **2.10 Statement of cash flows**

Statement of cash flows has been prepared in accordance with IAS 7: Statement of Cash Flows and under the guideline of Bangladesh Bank BRPD Circular # 14, dated 25 June 2003. The Statement shows the Structure of Changes in cash and cash equivalents during the financial period.

## **2.11 Statement of changes in equity**

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth. Statement of changes in equity has been prepared in accordance with IAS 1: Presentation of Financial Statements and relevant guidelines of Bangladesh Bank.

## **2.12 Liquidity statement**

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the period as per following basis.

- a) Balance with other banks and financial institutions, money at call and short notice etc. are on the basis of their maturity term.
- b) Investments are on the basis of their repayment schedule.
- c) Loans and advances/investments are on the basis of their repayment schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their realization/amortization.
- f) Borrowing from other banks, financial institutions and agents etc. are as per their maturity/repayment terms.
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Provision and other liabilities are on the basis of their payments/adjustments schedule.

## **2.13 Accounting for contingent liabilities and contingent assets**

The bank recognized provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the obligation can be made. No provision is recognized for:

- a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the bank; or
- b) Any present obligation that arises from past events but is not recognized because
  - ▶ It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ▶ A reliable estimate of the amount of obligation cannot be made.

## 2.14 Assets and basis of their valuation

### 2.14.01 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank management for its short-term commitments.

### 2.14.02 Investments

All investment in securities is initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accreted, using the effective yield method and are taken to discount income. The valuation methods of investments used are:

#### a) Held to maturity (HTM)

Investments which have 'fixed or determinable payments' and are intended to be 'held to maturity' other than those that meet the defined of 'held at amortized cost', are classified as held to maturity (HTM). These investments are subsequently measured at present value as per Bangladesh Bank guideline.

#### b) Held for trading (HFT)

Investments classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management. After initial recognition, investments are measured at fair value and any change in the fair value is recognized in the statement of income for the period in which it arises.

#### c) Revaluation

As per the DOS Circular letter # 05, dated 26 May 2008 & subsequent amendment DOS Circular # 05, dated 28 January 2009 and DOS Circular # 21, dated 27 October 2009. HFT securities are revalued on weekly basis and HTM securities are amortized on yearly basis. The HTM securities are also revalued if they are reclassified to HFT category with the Board's approval. Any gain or loss on revaluation of HTM securities is recognized in the statement of changes in equity. Gain/loss on revaluation of HFT securities is recognized in the income statement on weekly basis and gain on revaluation is transferred to statement of changes in equity on monthly basis.

Valuation of investments has been shown as under Government treasury bills and bonds (HTM) at present value (using amortization concept), Government treasury bills and bonds (HFT) at present value (using making to market concept).

#### d) Value of investments has been shown as under:

Investment class	Initial recognition	Measurement after recognition	Recording of change
Government treasury bills (HFT)	Cost	Marking to market/fair value	Loss transferred to profit and loss account and income transferred to revaluation reserve.
Government treasury bills (HTM)	Cost	Amortized cost	Loss transferred to profit and loss account and gain transferred to revaluation reserve.
Government treasury bonds (HFT)	Cost	Marking to market/fair value	Loss transferred to profit and loss account and income transferred to revaluation reserve.
Government treasury bonds (HTM)	Cost	Amortized cost	Amortized gain/loss transferred to revaluation reserve.
Zero coupon bond	Cost	Amortized cost	None
Prize bond	Cost	None	None
Debentures	Cost	At cost price	None
Unquoted shares and debenture	Cost	None	Loss transferred to profit and loss account but no unrealized gain recorded.
Quoted shares	Cost	Cost	Loss transferred to profit and loss account but no unrealized gain recorded.

### 2.14.03 Loans, advances and provisions

Loans and advances are stated at gross amount. General provisions on unclassified loans & off balance sheet exposures, specific provisions for classified loans and interest suspense account thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instruction contained in BRPD Circular # 14, 19, 5, 16, 8, 15, 01 & 07 dated 23 September 2012, 27 December 2012, 29 May 2013, 18 November 2014, 02 August 2015, 27 September 2017, 20 February 2018 & 21 June 2018.

### Interest on loans and advances

Interest is calculated on daily product basis but debited to the party's loan account quarterly. No interest is charged on loans and advances which are classified as bad and loss. Interest is calculated on unclassified loans and advances (only standard) and recognized as income during the period. Interest calculated on classified loans and advances (including special mention accounts) as per Bangladesh Bank circulars is kept in interest suspense account and credited to income on realization. Interest suspense and penal interest (if any) calculated on classified loans and advances are taken into income in the period of its receipt from the defaulting borrowers.

Commission and discounts on bills purchased and discounted are recognized at the time of realization. Recovery of written off loans and advances are taken into income in the period of its receipts from the defaulting borrowers.

### Provision for loans and advances

Provision for loans and advances are made on the basis of quarter as well as year-end review by the management following instructions contained in BRPD Circular # 14, dated 23 September 2012 and subsequent changes of Bangladesh Bank. The percentage of provision on loans and advance are given below:

#### Rate of provision

Particulars	Short term Agri. Credit	Consumer financing			SMEF	Loans to BHs/MBs/SDs	All other Credit	
		Other than HF, LP	HF	LP				
UC	Standard	1%	5%	1%	2%	0.25%	2%	1%
	SMA	0%	5%	1%	2%	0.25%	2%	1%
Classified	SS	5%	20%	20%	20%	20%	20%	20%
	DF	5%	50%	50%	50%	50%	50%	50%
	B/L	100%	100%	100%	100%	100%	100%	100%

### Presentation of loans and advances

Loans and advances are shown at gross amount as assets while interest suspense and loan loss provision against classified advances are shown as liabilities in the statement of financial position.

### Security against Loans:

- a) Project loan: Project land and building are taken as security in the form of mortgage and plant & machinery are taken in the form of hypothecation.
- b) Working Capital: Goods are taken as security in the form of hypothecation along with land and building mortgage. Listed securities, fixed deposits, assignments of receivables etc. are also taken as security

### Bills Purchased and Discounted

- a) Bills purchased and discounted do not include Government Treasury bills and have been classified into two sub-heads viz.:
  - i) Payable in Bangladesh; and
  - ii) Payable outside Bangladesh
- b) The bills purchased and discounted have been analyzed as per the maturity grouping.

### Written off loans and advances

Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery, (ii) and against which legal cases are filed and classified as bad loss more than five years as per guidelines of Bangladesh Bank and (iii) special permission of Bangladesh Bank. These write off however, will not undermine/affect that claim amount against the borrowers. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

#### 2.14.04 Property, plant and equipment

##### a) Recognition

The cost of an item of property, plant and equipments (Fixed assets) shall be recognized as an asset, if and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Property, plant and equipments have been accounted for at cost or revalued amount less accumulated depreciation (except land) as per IAS- 16: Property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent cost of enhancement of an existing asset is recognized as a separate asset, only when it is probable that future economic benefits associated with the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial periods which are incurred.

##### b) Depreciation

Category of Fixed Assets	Method of Depreciation	Rates of Depreciation
Land	N/A	N/A
Immovable Property	Reducing balance method	2.50%
Furniture & Fixtures	Reducing balance method	10%
Office Equipment	Reducing balance method	20%
Motor Vehicles	Straight line method	20%
Books & Periodicals	Reducing balance method	10%
Intangible Assets	Reducing balance method	20%

##### c) Disposal of fixed assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gains or losses on such disposal are reflected in the income statement as per provision of IAS 16: Property, Plant and Equipment.

##### d) Capital Work-in-Progress

Capital Work-in-Progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of building, system development, awaiting capitalization.

##### e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets have been capitalized as part of the cost of the assets.

##### f) Impairment

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets should be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss is recognized as an expense in the income statements.

#### 2.14.05 Other assets

Other assets include all assets not covered specifically in other areas of the supervisory activity and such accounts may be quite insignificant in the overall financial condition of the bank.

##### Provision for other assets

Other assets have been classified as per BRPD Circular # 14, dated 25 June 2001 of Bangladesh Bank and necessary provisions made thereon accordingly and for items not covered under the circular adequate provisions have been made considering their reliability.

#### 2.14.06 Receivables

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity.

#### **2.14.07 Leases**

Leases are classified as finance lease whenever the "Terms of the Lease" transfer substantially all the risks and rewards of ownership to the lessee as per "IAS- 17: Leases".

##### **The Bank as Lessor**

Amount due from lessees under finance leases are recorded as receivables at the amount of the Bank's net investment in the leases (Note-7.03). Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

##### **The Bank as Lessee**

Asset held under finance leases are recognized as assets of the Bank at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

#### **2.14.08 Non-Banking Assets**

Non-banking assets are acquired on account of the failure of a borrower to repay the loan in time after receiving the decree from the court regarding the right and title of the mortgaged property. However, the bank has no non-banking assets.

#### **2.14.09 Reconciliation of inter-bank/inter-branch account**

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly. Un-reconciled entries/balances in the case of inter-branch transactions as on the reporting date are not material.

#### **2.15 Liabilities and provision**

##### **2.15.01 Borrowings from other banks, financial institutions and agents**

Borrowings from other banks, financial institutions and agents include interest bearing borrowing redeemable at call, on-demand and short term deposits lodged for periods of less than 6 months. These items are brought to account at the gross value of the outstanding balance. Interest paid or payable on these borrowings is charged to the income statement.

##### **2.15.02 Deposits and other accounts**

Deposits and other accounts include non-interest bearing current deposit redeemable at call, interests bearing on demand and short term deposits, savings deposit, term deposit, margin, bills payable etc. These items are brought to account at the gross value of the outstanding balances.

##### **2.15.03 Other liability**

Other liability is recognized in the balance sheet according to the guideline of Bangladesh Bank and Income-tax Ordinance, 1984, IAS- 37 and internal policy of the banks. Provisions and accrued expenses are recognized in the financial statements when the bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### **2.15.04 Employee benefit scheme**

The retirement benefits accrued for the employees of the Bank as on reporting date have been accounted for in accordance with provisions of IAS 19, "Employee Benefits". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

###### **a) Provident Fund**

Provident fund benefits are given to the permanent employees' of the Bank in accordance with Bank's service rules. Accordingly a trust deed and provident fund rules were prepared. The Commissioner of Income Tax, Taxes Zone 3, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52), read with the provisions of part-B of the First Schedule of Income-tax Ordinance, 1984. The recognition took effect from 30 April 2001. The Fund is operated by a Board of Trustees consisting of 5 (five) members. All confirmed employees of the Bank contribute 10% of their basic salary as a subscription to the fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investment is credited to the members' account on yearly basis.

## b) Gratuity

The Bank operates a funded gratuity scheme approved by the National Board of Revenue. The Gratuity Fund is managed separately by "MTBL Employees Gratuity Fund" and any investment decision out of this fund is also made by this trust.

As per gratuity scheme every permanent employee will get gratuity benefit as per following policy that rendering their service without break:

Completed years of Service	Payment of Gratuity
8 years & above	2.00 basic for each year of service in MTB
7 years	1.70 basic for each year of service in MTB
6 years	1.35 basic for each year of service in MTB
5 years	1.00 basic for each year of service in MTB

## c) MTB Employees' Welfare Fund

The welfare fund is subscribed by monthly contribution of the employees. The Bank also contributes to the fund from time to time. The fund has been established to provide a token of appreciation or financial assistance to the employees and their family members for education, funeral function etc. The fund is governed and administered by the Board of trustees consisting of four (04) members.

## d) MTB Employees' Medical Assistance Fund

Medical Assistance fund is subscribed by monthly contribution of the employees as per policy. The Bank also contributes to the fund from time to time. The fund has been established to provide medical assistance to the employees with dependents. The fund is governed and administered by the Board of trustees consisting of four (04) members.

## e) MTB Employees' Hospitalization and Group Life Policy

The Bank, as an adherence to the best practice in the banking industry and to strengthen its corporate culture, introduced the Group Life and Hospitalization policy for its employees and their dependents (spouse and kids) effective from 01 January 2019.

## f) MTB Employees' Death Benefit Plan

The plan has been formed to provide financial benefit to the bereaved family of a deceased employee. The Bank contributes to the fund from the annual profit of the Bank on requirement basis. The fund is governed and administered by the Board of trustees consisting of four (04) members.

In case of death of an employee while in active service, financial benefit is paid to the nominee of the deceased employee at a prescribed amount ranging from 3 (three) lacs to 10 (ten) lacs.

## g) MTB Foundation

The Bank, as part of corporate social responsibility, has established MTB Foundation for the benefit of the community in which it operates and as part of its said responsibility it commits itself to human development, poverty alleviation and overall national economic development. The Bank contributes to the fund from the annual profit of the Bank on requirement basis. The fund is governed and administered by the Board of trustees consisting of four (04) members.

## h) Incentive Bonus

Mutual Trust Bank Limited has started an incentive bonus scheme for its employees. This bonus amount is distributed among the employees based on their performance. The bonus amount is paid annually and costs are accounted for the period to which it relates.

### 2.15.05 Taxation

#### a. Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other period or are never taxable or deductible. Bank's liability for current tax is calculated using tax rates that have been enacted the reporting period.

## **b. Deferred tax**

The Bank recognizes the current and deferred tax in the financial statements using the provisions of the prevailing tax laws applicable in Bangladesh and as per IAS- 12 Income Taxes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilized. Deferred Tax liabilities are also recognized for taxable temporary differences arising on investments and it is probable that temporary differences will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realized.

## **2.16 Capital and shareholders' equity**

### **2.16.01 Capital management**

The bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve four major objectives; exceed regulatory thresholds and meet longer-term internal capital targets, maintain strong credit rating, manage capital levels commensurate with the risk profile of the bank and provide the banks shareholders with acceptable returns.

Capital is managed in accordance with the board approved capital management planning from time to time. Senior management develops the capital strategy and oversees the capital management planning of the bank. The bank's finance and risk management department are key to implementing the bank's capital strategy and managing capital. Capital is managed using both regulatory control measure and internal matrix.

### **2.16.02 Paid-up capital**

Paid-up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meetings. In the event of a winding-up of the company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

### **2.16.03 Statutory reserve**

The Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act, 1991 as amended 2013.

## **2.17 Off Balance Sheet items**

Under general banking transactions, liabilities against acceptance, endorsements and other obligations and bills against which acceptance has been given and claims exists there against, have been shown as Off Balance Sheet items. Provision for off balance sheet items is made as per BRPD Circular # 14, dated 23 September 2012 and BRPD Circular # 01, dated 03 January 2018.

## **2.18 Provision for Nostro Accounts**

As per instructions contained in the circular Letter # FEPD (FEMO)/01/2005-677, dated 13 September 2005 issued by Foreign Exchange Policy Department of Bangladesh Bank, the Bank is not required to make a provision regarding the un-reconciled debit balance of Nostro accounts as on the reporting date in these financials as there are no un-reconciled entries which are outstanding more than 3 months.

## **2.19 Revenue recognition**

The Revenue during the period has been recognized according to the provision of IFRS- 15 Revenue from contracts with customers, as well as Bangladesh Bank guidelines.

### **2.19.01 Interest income**

In terms of the provisions of the IFRS- 15 Revenue from contracts with customers, the interest income is recognized on accrual basis. Interest on loans and advances ceases to be taken into income when such advances are classified.

- a) Interest on unclassified loans and advances (except SMA) has been accounted for as income on accrual basis and calculated on daily product basis but charged and accounted for quarterly and in some cases yearly;
- b) Interest on classified loans and advances has been credited to interest suspense account with actual receipt of interest there from having credited to income as and when received as per Instruction of Bangladesh Bank;
- c) No interest is charged on loans and advances on classified as bad/loss;
- d) Commission and discount on bills purchased and discounted are recognized at the time of realization; and

- e) Recovery of written off loans and advances are taken into income in the period of its receipts from the defaulting borrowers.

#### **2.19.02 Investment income**

Interest income on investments is recognized on accrual basis. Capital gain on investments in shares is also included in investment income. Capital gain is recognized when it is realized.

- ▶ Income on investment in treasury bills, bonds, preference shares and debenture etc. other than equity shares has been accounted for on accrual basis.
- ▶ Govt. securities (HTM) are revalued on accrual basis and effect of such revaluation gain has been credited to Asset Revaluation Reserve account.
- ▶ Dividend on equity shares is recognized during the period in which it is declared and duly approved.
- ▶ Net increase in securities held to maturity during the period due to the valuation at market to market basis has been credited to income statement.

#### **2.19.03 Fees and commission income**

- ▶ Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.
- ▶ Fees and Commissions on bills discounted, purchased & others are recognized at the time of realization.
- ▶ Foreign currency transactions are converted into BDT at prevailing on the dates of such transactions and exchange gains or losses arising out of such transactions are recognized as income or expense for the period and dealt with exchange account.

#### **2.19.04 Dividend Income on Shares**

Dividend income on shares is recognized during the period in which it is declared and ascertained.

#### **2.19.05 Other operating income**

Other operating income is recognized at the time when it is realized.

#### **2.19.06 Interest paid on deposits and borrowings**

Interest paid on deposits, borrowing and other expenses are recognized on accrual basis.

#### **2.19.07 Operating expenses**

Expenses incurred by the bank are recognized on accrual basis. Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per the Value Added Tax Act, 1991.

#### **2.19.08 Other comprehensive income**

Other comprehensive income is presented in financial statements in accordance with IAS- 1: Presentation of Financial Statements. No other comprehensive income is recognized during the period.

### **2.20 Earnings per share**

#### **Basic earnings per share**

Basic earnings per share has been calculated in accordance with IAS- 33: Earnings per Share which has been shown on the face of statement of profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

### **2.21 Reporting period**

These financial statements of the bank and its subsidiaries cover the period from January 01 to December 31, 2018.

### **2.22 Compliance report on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)**

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for approval of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as the financial reporting council is yet to issue any

financial reporting standards. Mutual Trust Bank Limited has applied all the applicable IAS and IFRS as approved by ICAB while preparing the financial statements. Details are given below:

Name of the International Accounting Standards (IAS)	IAS No.	Status
Presentation of Financial Statements	1	Applied*
Inventories	2	N/A
Statement of Cash Flows	7	Applied*
Accounting policies, Changes in accounting Estimates & Errors	8	Applied
Events after the Reporting Period	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Applied
Employees Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied
Investment in Associates	28	N/A
Interest in Joint Ventures	31	N/A
Financial Instruments: Presentation	32	Applied*
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied
Impairment of Assets	36	Applied
Provision, Contingent Liabilities and Contingent Assets	37	Applied*
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
<b>International Financial Reporting Standards (IFRS)</b>	<b>IFRS No.</b>	<b>Status</b>
First-time Adoption of Bangladesh Financial Reporting Standard	1	N/A
Shares Based Payment	2	N/A
Business Combination	3	N/A
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued Operation	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosures	7	Applied*
Operating Segments	8	Applied
Financial Instruments	9	Applied*
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	N/A
Fair Value Measurement	13	Applied*
Regulatory Deferral Accounts	14	N/A
Revenue from contracts with customers	15	Applied

\* Bangladesh Bank is the prime regulatory body for banks in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with the provision of IAS/IFRS as marked above and described in note 2.01. As such the bank has departed from those contradictory requirements of IAS/IFRS in order to comply with the rules and regulations of Bangladesh Bank.

### **2.23 Regulatory & legal compliance**

The bank has complied with the requirements of following regulatory & legal authority:

- a) The Bank Companies Act, 1991 (as amended up to date)
- b) The Companies Act, 1994
- c) Rules & regulations issued by Bangladesh Bank
- d) The Securities & Exchange Rules, 1987
- e) The Securities & Exchange Ordinance, 1969
- f) The Securities & Exchange Act, 1993
- g) The Public Issue Rules, 2015
- h) The Income-tax Ordinance, 1984
- i) The Value Added Tax Act, 1991
- j) Dhaka Stock Exchange (listing) regulation, 2015

### **2.24 Proposed dividend**

Proposed dividend has not been recognized as a liability in the statement of financial position in accordance with IAS 10: Events after the Reporting Period.

### **2.25 Events after the reporting period**

Where necessary, all the material events after the reporting period have been considered and appropriate adjustment/disclosures have been made in the financial statements.

### **2.26 Operating segment**

As per IFRS- 8: Operating Segments the bank has five reportable business segment and the five business segments are comprised of Main operation (On shore- conventional banking), Off-shore Banking Unit, MTB Securities Ltd., MTB Capital Ltd. and MTB Exchange (UK) Ltd.

### **2.27 Litigation**

The bank is not a party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loans repayment and against various level of tax authority regarding some disputed tax issues. The bank, however, provides adequate provisions as per guidelines of IAS- 37: Provisions, Contingent Liabilities and Contingent Assets.

### **2.28 Written Off**

Write-off describes a reduction in recognized value. It refers to recognition of the reduced or zero value of an asset. Generally, it refers to loan for which a return on the loan is now impossible or unlikely. The item's potential return is thus canceled and removed from ("written off") the bank's statement of financial position. Recovery against debts written off/ provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable.

### **2.29 Risk Management**

Risk is an integral part of banking business, and MTB aims at delivering superior shareholder value by achieving an appropriate trade-off between risks and return. The policies and procedures established for this purpose are continuously reviewed in our quest to benefit from a blend of local and international practices. MTB conducts its risk management activities following six core risk guidelines of Bangladesh Bank and Basel norms. At the directives of Bangladesh Bank, MTB has established a separate Risk Management Division (RMD) to identify, measure, monitor and manage risks more effectively and efficiently. MTB's Risk management process is accomplished at strategic level, managerial level and at operational level. At strategic level, MTB Board of Directors (BOD), through Board Risk Management Committee (BRMC) & senior management, sets up risk governance structure & risk philosophy, endorses risk strategies, reviews & approves risk policies as well as the threshold limits of risks that may be taken in line with bank's risk appetite. These limits are continuously monitored by an experienced risk management team and overseen by BRMC. At managerial level, policies and strategies formulated by BOD are implemented by middle management or divisions/departments/units devoted to risk reviews. RMD reports high-risk related matters, identified by the management-level risk committee to the BRMC. RMD also submits periodic stress testing results to the BOD as well. Operational level encompasses on-the-line risk management, where risks are actually created at front office or at credit desk of the bank.

MTB's risk management in the following areas, among others, is mentioned briefly:

#### **(a) Credit Risk Management**

Credit risk is the risk due to a borrower's inability to meet its financial obligations to the lender. The credit risk is generally made up of transaction risk or default risk and portfolio risk. We have standardized credit approval processes. Credit risk is controlled through segmental exposure limits to various industries and sectors, prudential exposure and substantial exposure ceiling and risk mitigation by obtaining collateral and guarantees.

The Bank has put in place a well-structured Credit Risk Management Policy duly approved by the Board. In addition to Credit Risk Management Policy, the Bank has also framed Board approved credit policy and ensures compliance with regulatory requirements, more particularly in respect of Exposures norms, Assets Classification guidelines, Capital Adequacy guideline, etc of Bangladesh Bank/other Statutory Authorities.

Credit Risk is monitored by the Bank account wise and compliance with the risk limits/exposure cap approved by the Board is ensured. The quality of internal control system is also monitored and in-house expertise has been built up to tackle all the facets of Credit Risk.

The Bank follows a well-defined multi layered discretionary power structure for sanction of loans. Credit Grid has been constituted at Head office level for considering fresh/enhancements proposals. The Bank assesses various risk factors for new products prior to its introduction.

#### **(b) Market Risk**

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, equity and commodity prices.

##### **i. Foreign Exchange Risk Management**

Foreign Exchange Risk is a measure by the variance of the domestic currency value of an asset, liability or operating income that is attributable to unanticipated change in the exchange rates. Simply, it is the risk that relates to gains/losses that arise due to fluctuations in the exchange rates.

In view of the significance of the market risk and in order to aggregate all such risks at a single department and to bring expertise in such functions, the concept of treasury has evolved. Today's financial institutions engage in activities from import, export and remittance to complex derivatives involving basic foreign exchange and money market to complex structured products. All these require a high degree of expertise that is difficult to achieve in the transactions originating from departments and as such the expertise is housed in a separate department i.e. Treasury.

MTB has already segregated Treasury functions in three separate wings i.e. Front office, Back office and Mid office.

In compliance with the requirement of Bangladesh Bank's Foreign Exchange Risk Management guidelines, Treasury department is performing the foreign exchange dealing in an appropriate manner and managing risks of the organization's overall balance sheet as well as the capital of the Bank.

##### **ii. Interest Rate Risk**

MTB's focus is mainly on interest rate risk arising from conduct of normal business. Failure to identify the risks associated with business and failure to take timely measures in giving a sense of direction threatens the very existence of the institutions. It is therefore, imperative for the bank to form a "Asset Liability Management Committee (ALCO)" with the senior management as its members to control and better manage its Balance Sheet Risk.

In compliance with the requirement of Bangladesh Bank's Asset Liability Management guidelines, MTB has formed "Asset Liability Management Committee" (ALCO) with the senior executives. The Committee meets once every month to set and review strategies on Asset Liability Management (ALM).

MTB ALM desk performs Money Market activities, manages liquidity and interest rate risk of the bank and understands market dynamics i.e. competition, potential target markets etc., updates the balance sheet movements and complies with the statutory obligations as well as the risk elements involved with the business.

##### **iii. Equity Risk**

Equity risk arises from movement in market value of securities. The investment committee monitors the risks under a well-designed policy framework.

### **(c) Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risks in the Bank are managed through a comprehensive and well-articulated internal control framework. Material losses are regularly analyzed by cause and actions are taken to improve system and controls to prevent recurrence in the future.

MTB has restructured Internal Control and Compliance Division (ICC) headed by a senior level executive in light of Core Risk guidelines of Bangladesh Bank. The Division is comprised of three departments; Audit and Inspection Department, ICC Compliance Unit and ICC Monitoring Unit. The Bank has developed an Internal Control and Compliance Policy duly approved by the Board of Directors.

As a tool of Internal Control, the Audit and inspection teams undertake periodic and special audit and inspection on the branches and departments/divisions of Head Office in order to sort out the weaknesses and defects in the control process and report to the management for taking corrective measures to protect the interests of the Bank.

The Compliance & Monitoring Units of this division ensure timely and proper compliance of all regulatory instructions and internal policies and procedures in the day-to-day operation of the Bank by way of using various control tools. They assess the operational risk and take appropriate measures to mitigate the same for smooth operation of the Bank. ICC Division reports serious non-compliances detected by internal and external auditors with up-to-date compliance position thereto, large financial risk exposures, control weaknesses etc. to the Audit Committee of the Board for review and taking appropriate measures.

The ICC division also ensures the clear definition of organizational structure, appropriate assignment, accountability and delegation of authorities to functional management to create control and compliance culture within organization with the active guidance and supervision of senior management and Board of Directors.

Business entities today exist in a highly competitive world. They are constantly innovating to meet their business objectives providing essential and unique services to their customers. Technology advances have enabled them to achieve their varied strategies. And yet, the threats of disaster, on account of business interruption, are not extinct. In fact, they have also evolved along with the technology. Keeping that in mind MTB has taken up its Business Continuity Planning (BCP) as the most significant challenges working out a way to prevent, if possible, and manage the consequences of a disaster, limiting it to the extent that a business can afford. Besides BCP, the Bank is also focusing on combating security threats as well. In keeping with our centralized management model, each branch within the Bank has its own ICT systems. Actions taken include the updating of software and analyzing new software, enhancing ICT related controls, training of staff in system knowledge and sharing of best practices between branch users.

### **(d) Money Laundering Risk**

Money Laundering risk of Financial Institutions lies with the involvement in any single transaction or series of transactions that assists a criminal in keeping, concealing or disposing of proceeds derived from illegal activities. So it is a major threat to the banks and non-bank financial institutions.

Mutual Trust Bank (MTB), as a compliant bank, is firmly determined not to let money launderers and terrorists or perpetrators to use it 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 which is designed considering the size & range of activities, complexity of operations and the nature & degree of Money Laundering & Terrorist Financing risks faced by the bank. Certainly, it is designed as per the prevailing laws (i.e. Money Laundering Prevention Act, 2012 (Amendment 2015), The Anti-Terrorism Act, 2009 (Amended- 2012 & 2013), rules (i.e. Money Laundering Prevention Rules, 2013, Anti-Terrorism Rules, 2013), BFIU guidelines (i.e. Money Laundering and Terrorist Financing Risk Management Guidelines), circulars & instruction and international standards. MTB applies risk sensitive Customer Due Diligence (CDD) measures, monitors business relationships and records suspicious transactions pursuant to the national regulations and international standards.

MTB has developed its own Money Laundering (ML) & Terrorist Financing (TF) Risk Management Guideline entailing the customer acceptance policy and the ML & TF Risk Assessment Guideline. The customer acceptance policy incorporates the detail customer due diligence procedure for acceptance/rejection of customer, procedures to open & operate different types of account. The ML & TF Risk Assessment Guideline incorporates the risk register in line with BFIU guideline. Department has been reformed as 'Central Compliance Unit (CCU)' under the direct supervision of the MD & CEO which consists of 8 (eight) members having expertise in the field of general banking and information technology. Every year, the MD & CEO of the bank makes statement of commitment in writing to all employees that clearly sets forth MTB's policy against Money Laundering, Terrorist Financing & Proliferation Financing.

### (e) Fraud and Forgeries

Fraud Detection and Management Process: Internal Audit (IA) team conducts surprise audit on all MTB branches and offices of the Head Office at least one in a year. While auditing branches and offices, the Internal Audit (IA) team thoroughly checks the operational activities of the branches/offices including transactions in various accounts and search for any irregularities occurred in those accounts. IA team also monitors the staff accounts and if necessary investigate the suspicious transactions and report the same to the management. IA team also conducts investigation into specific allegations and submits report to the management for action. Senior management of the bank also conduct regular visit to MTB branches and advise the branch officials to comply with all the regulatory instructions, policies and procedures of the bank.

### 2.30 Audit Committee

In compliance to Bangladesh Bank's circular, the Board of Directors has formed an Audit Committee comprising of the following 4 (Four) Directors of the Board.

Sl. No.	Name of the Director	Status with the Bank	Status with the Committee	Educational Qualification
01.	Mr. Anwarul Amin	Independent Director	Chairman	Graduated from Westminster Bank Institute of Banking, Oaken Holt, Oxford shire, UK
02.	Mrs. Khwaja Nargis Hossain	Vice Chairman	Member	MA in Islamic History from University of Dhaka
03.	Mr. Rashed Ahmed Chowdhury	Director (Former Chairman)	Member	Higher National Diploma in Business Studies from West London College, UK and Post Graduate Degree in Business Management from Kingston University, UK and also member of the Chartered Management Institute, UK
04	Dr. Sultan Hafeez Rahman	Independent Director	Member	Ph.D. and M.A from Stanford University, USA and M.A in Economics from Vanderbilt University, USA

During the period, 04 (Four) meetings of the audit committee were held.

Audit committee reviews various audit/inspection reports at regular intervals. Upon scrutiny of the audit objections and compliance, the committee advised the management to remain within the policy guidelines and directives of the regulatory authorities.

As per circular, the committee places their report regularly to the board meetings of the Bank mentioning their activities & recommendations of the internal control system, compliance of rules and regulations and establishment of good governance within the organization.

### 2.31 Directors responsibility on statements

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.

### 2.32 Approval of Financial Statements

The financial statements were approved by the Board of Directors on April 29, 2019.

### 2.33 General

- 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.
- The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the Bank.
- Figures of previous year have been rearranged whenever necessary to conform to current period's presentation.
- No Asset has been set off against any Liability except MTB General Account.

		Amount in BDT	
		2018	2017
<b>3.00</b>	<b>Consolidated cash</b>		
	<b>i. Cash in hand (Including foreign currency)</b>		
	Mutual Trust Bank Limited (Note-3.a.1)	2,512,940,881	2,179,317,124
	MTB Securities Limited	3,566,655	6,368,104
	MTB Capital Limited	3,316	4,414
	MTB Exchange (UK) Limited	4,096,285	5,474,610
		<b>2,520,607,136</b>	<b>2,191,164,253</b>
	<b>ii. Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)</b>		
	Mutual Trust Bank Limited (Note-3.a.2)	9,780,479,058	10,885,959,265
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		<b>9,780,479,058</b>	<b>10,885,959,265</b>
		<b>12,301,086,194</b>	<b>13,077,123,517</b>
<b>3.a</b>	<b>Cash</b>		
	In hand (Including foreign currency) (Note 3.a.1)	2,512,940,881	2,179,317,124
	With Bangladesh Bank and its agent Bank(s) (Including foreign currency) (Note 3.a.2)	9,780,479,058	10,885,959,265
		<b>12,293,419,939</b>	<b>13,065,276,389</b>
<b>3.a.1</b>	<b>In hand (Including foreign currency)</b>		
	Local Currency	2,482,543,141	2,163,641,045
	Foreign Currency	30,397,740	15,676,079
		<b>2,512,940,881</b>	<b>2,179,317,124</b>
<b>3.a.2</b>	<b>Balance with Bangladesh Bank and its agent Bank(s)</b>		
	With Bangladesh Bank		
	Local Currency	9,240,704,167	10,484,435,034
	Foreign Currency	200,898,371	251,477,799
	With Sonali Bank (As an agent of Bangladesh Bank-Local Currency)	338,876,521	150,046,432
		<b>9,780,479,058</b>	<b>10,885,959,265</b>

Bangladesh Bank Adjustment Account represents outstanding transactions(net) originated, but not yet to be responded at the Balance Sheet date. However, the status of unresponded entries as at 31 December 2018 is given below:

Period of Unreconciliation	Number of unresponded entry		Unresponded amount	
	Dr.	Cr.	Dr.	Cr.
Less than 3 months	70	9	59,240,868	22,975,524
3 months to Less than 6 months	52	1	39,612,676	7
6 months to Less than 12 months	26	2	28,203,574	110,395
12 months and more	-	-	-	-
<b>Total</b>	<b>148</b>	<b>12</b>	<b>127,057,119</b>	<b>23,085,925</b>

All unadjusted entries are subsequently adjusted on a regular basis.

### 3.a.3 Cash Reserve Requirement (CRR ) and Statutory Liquidity Ratio (SLR )

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Companies Act, 1991 (as amended in 2013) and Bangladesh Bank DOS circular # 01, dated 19 January 2014 and MPD circular # 01, dated 23 April 2018.

## A. Cash Reserve Requirement (CRR )

As per Bangladesh Bank DOS circular # 01, dated 19 January 2014 and MPD circular # 01, dated 23 April 2018; bank has to maintain CRR 5.00% on daily basis and 5.50% on bi-weekly basis based on weekly Average of Total Demand and Time Liabilities (ATDTL) of the base month which is two months prior to reporting month. The reserve maintained by MTB as at December 31, 2018 are as follows:

	2018		2017	
	Ratio in %	BDT Million	Ratio in %	BDT Million
<b>i. Daily Bank's CRR Maintenance</b>				
Required Reserve (5.00% of ATDTL)	5.00%	8,045.57	6.00%	8,660.01
Actual Reserve Maintained	5.68%	9,136.73	7.22%	10,426.33
<b>Surplus</b>	<b>0.68%</b>	<b>1,091.16</b>	<b>1.22%</b>	<b>1,766.32</b>
<b>ii. Bi-weekly Bank's CRR Maintenance</b>				
Required Reserve (5.50% of ATDTL)	5.50%	8,850.13	6.50%	9,381.68
Actual Reserve Maintained (Average)*	5.59%	8,996.40	6.72%	9,696.38
<b>Surplus</b>	<b>0.09%</b>	<b>146.27</b>	<b>0.22%</b>	<b>314.70</b>

\* Last bi-weekly average of December 2018

## B. Statutory Liquidity Ratio (SLR)

As per Section 33 of the Bank Companies Act, 1991 & MPD circular # 02, dated 10 December 2013 issued by Bangladesh Bank with effect from 01 February 2014, bank has to maintain SLR of minimum 13.00% based on weekly Average Total Demand and Time Liabilities (ATDTL) of the base month which is two months prior to reporting month. SLR maintained by the bank as at December 31, 2018 are as follows:

	2018		2017	
	Ratio in %	BDT Million	Ratio in %	BDT Million
Required Reserve (13% of ATDTL)	13.00%	20,918.48	13.00%	18,763.36
Actual Reserve Maintained	17.13%	27,559.65	18.07%	26,077.51
<b>Surplus</b>	<b>4.13%</b>	<b>6,641.17</b>	<b>5.07%</b>	<b>7,314.15</b>

### i. Components of Statutory Liquidity Ratio (SLR) (BDT Million)

	Amount in BDT	
	2018	2017
Cash in Hand	2,512.94	2,179.32
Excess Cash Reserve*	286.60	1,044.65
Balance with Agent Bank (Sonal Bank Ltd.)	338.88	150.05
Held to Maturity (HTM) Securities	20,109.51	16,263.41
Held for Trading (HFT) Securities	4,309.87	6,438.30
Other eligible securities	1.85	1.78
	<b>27,559.65</b>	<b>26,077.51</b>

\*As per Bangladesh Bank DOS circular # 01, dated 19 January 2014; Cash Reserve (if any) in excess of 5.5% of ATDTL calculated on bi-weekly average basis is considered as an eligible component of Statutory Liquidity Reserve for that particular day.

## 4.00 Consolidated Balance with other banks and financial institutions

### In Bangladesh

Mutual Trust Bank Limited (Note-4.a.1)	648,882,818	586,801,419
MTB Securities Limited	735,327,501	887,806,759
MTB Capital Limited	18,150,411	16,491,176
MTB Exchange (UK) Limited	-	-
Less: Intragroup Deposit	(540,699,541)	(461,095,059)
	<b>861,661,189</b>	<b>1,030,004,295</b>

### Outside Bangladesh

Mutual Trust Bank Limited (Note-4.a.2)	2,314,903,960	1,768,252,369
MTB Securities Limited	-	-
MTB Capital Limited	-	-
MTB Exchange (UK) Limited	-	-
	<b>2,314,903,960</b>	<b>1,768,252,369</b>
	<b>3,176,565,149</b>	<b>2,798,256,664</b>

		Amount in BDT	
		2018	2017
<b>4.a</b>	<b>Balance with other banks and financial institutions</b>		
	In Bangladesh (Note-4.a.1)	648,882,818	586,801,419
	Outside Bangladesh (Note- 4.a.2)	2,314,903,960	1,768,252,369
		<b>2,963,786,778</b>	<b>2,355,053,788</b>
<b>4.a.1</b>	<b>In Bangladesh</b>		
	<b>Fixed Deposit Receipt (FDR)</b>		
	Meridian Finance Limited	50,000,000	50,000,000
	International Leasing & Financial Services Limited	-	200,000,000
	BD Finance & Investment Company Limited	50,000,000	100,000,000
	Union Capital Limited	100,000,000	-
	Bay Leasing & Investment Limited	100,000,000	-
	IPDC Limited	100,000,000	-
	<b>Special Notice Deposit (SND)</b>		
	Dutch Bangla Bank Limited	67,404	66,132
	BASIC Bank Limited	11,844	14,099,907
	Sonali Bank Limited	10,191,991	8,976
	Agrani Bank Limited	6,769,702	14,463,105
	Janata Bank Limited	10,448,844	6,543,571
	Standard Chartered Bank	79,046,098	58,939,662
	State Bank of India	-	-
	<b>Current Deposit (CD)</b>		
	bkash Limited	29,032,004	24,168
	Arab Bangladesh Bank Limited	200,000	200,000
	Southeast Bank Limited	1,197,841	511,637
	Islami Bank Bangladesh Limited	13,130	9,432
	Janata Bank Limited	32,177	112,021
	Agrani Bank Limited	111,871,784	141,822,809
	<b>Sub Total</b>	<b>648,882,818</b>	<b>586,801,419</b>
<b>4.a.2</b>	<b>Outside Bangladesh (NOSTRO Accounts) - Current Account</b>		
	Mashreq Bank Psc, New York	517,622,372	52,345,475
	Standard Chartered Bank, New York	82,187,926	426,412,919
	Habib American Bank, New York	181,519,504	110,048,836
	ICICI Bank Ltd., Hong Kong	3,123,086	19,410,576
	Commerz Bank AG, Germany	44,586,987	10,573,988
	KB Kookmin Bnak, South Korea	37,166,899	6,298,714
	Standard Chartered Bank, Singapore	3,439,664	950,745
	Standard Chartered Bank, Colombo	4,254,223	5,792,242
	Mashreq Bank Psc, London	24,037,784	3,593,850
	Standard Chartered Bank, London	84,450,986	2,786,077
	Sonali Bank (UK) Ltd., London	-	654,799
	Habib American Bank, Zurich	4,679,372	2,329,581
	Standard Chartered Bank, Tokyo	5,408,649	2,552,407
	UBAF, Tokyo	2,044,022	1,045,114
	Mashreq Bank Psc, London	5,260,343	266,274
	Standard Chartered Bank, Germany	2,347,155	746,587

		Amount in BDT	
		2018	2017
	Sonali Bank Ltd., Kolkata	11,871,432	12,805,414
	ICICI Bank Ltd., Mumbai	588,774	607,168
	Unicredit Bank AG, Germany	374,614	1,811,388
	Commerze Bank AG, Germany	26,309,047	33,657,782
	Standard Chartered Bank, Mumbai	20,181,751	575,960
	Standard Chartered Bank, Kolkata	41,990,479	41,389,900
	Standard Chartered Bank, Karachi	8,298,417	5,242,484
	United Bank of India, Kolkata	15,613,811	10,803,342
	United Bank of India, Kolkata	403,590	416,199
	Mashreq Bank Psc, Mumbai	49,954,929	7,136,944
	AB Bank Ltd., Mumbai	3,799,575	52,535,622
	ICICI Bank Ltd., Mumbai	7,809,184	31,408,674
	HDFC Bank Ltd., Mumbai	40,051,377	23,651,275
	Himalayan Bank Ltd., Kathmandu	9,186,211	9,054,823
	Bank Al Bilad KSA (SAR)	11,322,967	-
	Nepal Bangladesh Bank Ltd.	11,072,627	10,914,258
	Commerz Bank AG, Germany (AUD)	12,055,773	-
	Habib Metropolitan Bank Ltd., Karachi	4,047,559	15,036,887
	Axis Bank Ltd., Mumbai	20,484,459	4,439,023
	Mashreq Bank Psc, UAE	316,445,588	106,110,127
		<b>1,613,991,137</b>	<b>1,013,405,453</b>
	ICICI Bank Ltd., Mumbai - <b>Term Deposit</b>	28,032,607	28,032,607
		<b>1,642,023,744</b>	<b>1,041,438,060</b>
	<b>Offshore Banking Unit (Annexure-G)</b>	672,880,217	726,814,309
	<b>Sub Total</b>	<b>2,314,903,960</b>	<b>1,768,252,369</b>
	<b>Total</b>	<b>2,963,786,778</b>	<b>2,355,053,788</b>
	Details of NOSTRO accounts are shown in <b>Annexure-A</b>		
<b>4.a.3</b>	<b>Maturity grouping of Balance with other banks and financial institutions</b>		
	On Demand	1,939,713,028	1,187,309,749
	Less than three months	760,354,120	888,388,916
	More than three months but less than one year	235,687,023	271,123,028
	More than one year but less than five years	28,032,607	8,232,095
	More than five years	-	-
		<b>2,963,786,778</b>	<b>2,355,053,788</b>
<b>5.a</b>	<b>Money at Call on short notice</b>		
	<b>Call Money</b>		
	With Banking Companies ( Note 5.a.1)	120,000,000	3,760,000,000
	With Non-Banking Financial Institutions (Note 5.a.2)	1,460,000,000	930,000,000
		<b>1,580,000,000</b>	<b>4,690,000,000</b>

		Amount in BDT	
		2018	2017
<b>5.a.1</b>	<b>Call Money-with Banking Companies</b>		
	National Bank Limited	120,000,000	-
	The Premier Bank Limited		490,000,000
	The City Bank Limited	-	600,000,000
	Bank Al- Falah Limited	-	300,000,000
	AB Bank Limited	-	600,000,000
	Habib Bank Limited	-	200,000,000
	Standard Bank Limited	-	400,000,000
	National Credit & Commerce Bank Limited	-	550,000,000
	Dhaka Bank Limited	-	300,000,000
	Pubali Bank Limited	-	200,000,000
	Commercial Bank of Ceylon	-	120,000,000
		<b>120,000,000</b>	<b>3,760,000,000</b>
<b>5.a.2</b>	<b>Call Money-with Non-Banking Financial Institutions</b>		
	Bangladesh Finance and Investment Company Limited	150,000,000	100,000,000
	Fareast Finance and Investment Limited	-	140,000,000
	International Leasing and Financial Services Limited	-	200,000,000
	Phoenix Finance and Investments Limited	120,000,000	150,000,000
	Industrial and Infrastructure Development Finance Company Limited	170,000,000	100,000,000
	Lanka Bangla Finance Limited	240,000,000	240,000,000
	National Finance Limited	90,000,000	-
	Delta Brac Housing Finance Corporation Limited	150,000,000	-
	IDLC Finance Limited	200,000,000	-
	Union Capital Limited	200,000,000	-
	GSP Finance Company Bangladesh Limited	140,000,000	-
		<b>1,460,000,000</b>	<b>930,000,000</b>
<b>6.00</b>	<b>Consolidated Investments</b>		
	<b>Government Investment</b>		
	Mutual Trust Bank Limited (Note-6.a.1)	24,421,226,713	22,703,494,533
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		<b>24,421,226,713</b>	<b>22,703,494,533</b>
	<b>Other Investments</b>		
	Mutual Trust Bank Limited (Note-6.a.2)	2,168,276,853	1,874,885,151
	MTB Securities Limited	642,146,376	419,261,304
	MTB Capital Limited	156,745,140	108,161,146
	MTB Exchange (UK) Limited	-	-
		<b>2,967,168,369</b>	<b>2,402,307,601</b>
		<b>27,388,395,082</b>	<b>25,105,802,134</b>
<b>6.a</b>	<b>Investments</b>		
	Government (Note 6.a.1)	24,421,226,713	22,703,494,533
	Others (Note 6.a.2)	2,168,276,853	1,874,885,151
		<b>26,589,503,566</b>	<b>24,578,379,684</b>

		Amount in BDT	
		2018	2017
<b>6.a.1</b>	<b>Government ( Investment in Govt. securities)</b>		
	Treasury Bills (Note 6.a.1.1)	2,116,299,392	1,955,044,655
	Treasury Bonds (Note 6.a.1.2)	22,303,082,421	20,746,673,678
	Prize Bonds	1,844,900	1,776,200
		<b>24,421,226,713</b>	<b>22,703,494,533</b>
<b>6.a.1.1</b>	<b>Treasury Bills ( At present value )</b>		
	<b>Un-encumbered</b>		
	28 days	-	-
	91 days	-	596,025,705
	182 days	497,327,950	1,359,018,950
	364 days	1,618,971,443	-
	<b>Sub-total</b>	<b>2,116,299,392</b>	<b>1,955,044,655</b>
	<b>Encumbered</b>		
	91 days	-	-
	182 days	-	-
	364 days	-	-
	<b>Sub-total</b>	<b>-</b>	<b>-</b>
		<b>2,116,299,392</b>	<b>1,955,044,655</b>
<b>6.a.1.2</b>	<b>Treasury Bonds</b>		
	<b>Un-encumbered</b>		
	2 Years	5,554,604,210	2,241,764,351
	5 Years	1,334,618,232	1,801,253,418
	10 Years	7,878,003,603	9,657,244,065
	15 Years	4,781,146,470	4,799,493,532
	20 Years	2,754,709,906	2,246,918,311
	<b>Sub-total</b>	<b>22,303,082,421</b>	<b>20,746,673,678</b>
	<b>Encumbered</b>		
	2 Years	-	-
	5 Years	-	-
	10 Years	-	-
	15 Years	-	-
	20 Years	-	-
	<b>Sub-total</b>	<b>-</b>	<b>-</b>
		<b>22,303,082,421</b>	<b>20,746,673,678</b>
<b>6.a.2</b>	<b>Others (Investment in other securities)</b>		
	<b>Shares and Mutual Fund in quoted companies</b>		
	Shares in Quoted companies	137,160,611	136,840,327
	Mutual Fund in Quoted companies	403,136,051	403,381,073
	<b>(Details are shown in Annexure-B )</b>	<b>540,296,663</b>	<b>540,221,401</b>

	Amount in BDT	
	2018	2017
<b>Shares in unquoted companies ( At face value)</b>		
Industrial & Infrastructure Development Finance Company Limited	71,770,260	42,453,820
Central Depository (BD) Limited	15,694,430	15,694,430
Energypac Power Generation Limited	50,000,000	50,000,000
The Bangladesh Rating Agency Limited	4,915,500	4,915,500
BD Venture Limited	20,000,000	20,000,000
LIC Bangladesh Limited	30,000,000	30,000,000
	<b>192,380,190</b>	<b>163,063,750</b>
<b>Funds:</b>		
MTB Unit Fund	217,600,000	217,600,000
	<b>217,600,000</b>	<b>217,600,000</b>
<b>Bonds :</b>		
Uttara Finance & Investment Limited -Zero Coupon Bond ( Note 6.a.2.1)	20,000,000	40,000,000
AB Bank Subordinated Bond (Note 6.a.2.2)	48,000,000	64,000,000
One Bank Subordinated Bond	100,000,000	100,000,000
Trust Bank Subordinated Bond	100,000,000	100,000,000
UCB Subordinated Bond	250,000,000	250,000,000
Jamuna Bank Subordinated Bond	150,000,000	150,000,000
NBL Subordinated Bond	250,000,000	250,000,000
AILB Second Mudaraba Bond	100,000,000	-
IPDC Subordinated Bond	200,000,000	-
	<b>1,218,000,000</b>	<b>954,000,000</b>
	<b>2,168,276,853</b>	<b>1,874,885,151</b>
<b>6.a.2.1 Uttara Finance &amp; Investment Limited- Zero Coupon Bond</b>		
Principal	40,000,000	60,000,000
Less: Redeemed upto 31.12.18	(20,000,000)	(20,000,000)
Redeemable Value	<b>20,000,000</b>	<b>40,000,000</b>
<b>6.a.2.2 AB Bank Subordinated Bond</b>		
Principal	64,000,000	80,000,000
Less: Redeemed upto 31.12.18	(16,000,000)	(16,000,000)
Redeemable Value	<b>48,000,000</b>	<b>64,000,000</b>

**6.a.3** There are no Assets pledged as security for liabilities as at December 31, 2018 of Treasury Bill and Bond against Re-Purchase Agreement. Details are as under:

**(a) i. Disclosure regarding outstanding Repo as at December 31, 2018**

Counter Party Name	Agreement Date	Reversal Date	Amount
A. Bangladesh Bank (Liquidity Support)	-	-	-
B. Bangladesh Bank (Repo)	-	-	-
Total	-	-	-

ii. There was no Reverse Repo as at December 31, 2018.

**(b) Disclosure regarding overall transaction of Repo for the year 2018**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
<b>Securities sold under Repo:</b>			
i) with Bangladesh Bank	-	-	-
ii) with Other Banks & Financial Institutions	319,772,160	3,004,473,415	509,930,620
<b>Securities purchased under Reverse Repo:</b>			
i) with Bangladesh Bank	-	-	-
ii) with Other Banks & Financial Institutions	-	504,307,382	1,381,664

		Amount in BDT	
		2018	2017
<b>6.a.4</b>	<b>Maturity grouping of Investment as follows</b>		
	On Demand	1,591,991,704	1,524,578,279
	Less than three months	642,327,950	797,400,639
	More than three months but less than one year	4,314,052,981	4,497,950,359
	More than one year but less than five years	11,776,180,850	7,720,604,208
	More than five years	8,264,950,081	10,037,846,198
		<b>26,589,503,566</b>	<b>24,578,379,684</b>
<b>7.00</b>	<b>Consolidated loans, advances and leases</b>		
	Mutual Trust Bank Limited (Note-7.a)	160,530,922,931	140,641,723,806
	MTB Securities Limited	2,648,201,456	2,766,452,177
	MTB Capital Limited	215,207,848	221,038,805
	MTB Exchange (UK) Limited	-	-
		<b>163,394,332,234</b>	<b>143,629,214,788</b>
	Less: Inter-company loan (MTB Securities Limited)	-	(200,000,000)
		<b>163,394,332,234</b>	<b>143,429,214,788</b>
	<b>Consolidated bills purchased and discounted</b>		
	Mutual Trust Bank Limited (Note-7.a)	2,750,786,895	2,177,778,994
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		<b>2,750,786,895</b>	<b>2,177,778,994</b>
		<b>166,145,119,129</b>	<b>145,606,993,782</b>
<b>7.01</b>	<b>Significant concentration wise grouping of Consolidated Loans &amp; advances</b>		
	a) Directors		
	Credit Cards (Note - 43)	<b>484,772</b>	<b>1,663,876</b>
	b) Chief Executive & other Senior Executives	<b>734,221,107</b>	<b>632,707,007</b>
	i) Managing Director	-	-
	ii) Other Senior Executives	734,221,107	632,707,007
	c) Advances to Industries		
	Agriculture	1,339,427,204	3,545,368,157
	RMG	25,005,760,090	19,016,650,232
	Textile	15,409,389,754	13,446,170,835
	Ship Building	2,251,728,826	2,106,337,996
	Ship Breaking	3,514,693,745	3,673,620,349
	Other Manufacturing industry	37,717,741,967	22,918,180,821
	SME loans	16,520,278,142	19,576,939,152
	Construction	10,038,926,212	1,242,960,734
	Power & Gas	2,426,914,555	2,216,057,968
	Transport, Storage and Communication	923,341,929	1,270,278,523

		Amount in BDT	
		2018	2017
	Trade Service	14,258,595,262	33,143,233,198
	Commercial real estate financing	5,019,345,677	4,561,338,770
	Residential real estate financing	856,736,890	685,504,287
	Consumer credit	10,250,163,328	7,446,554,413
	Capital Market (Loan provided for brokerage or merchant banking, to stock dealer or any kind of capital market activities)	2,863,409,303	2,987,490,982
	NBFIs	3,568,557,256	4,027,289,724
	Others	13,445,403,108	3,108,646,758
		<b>165,410,413,250</b>	<b>144,972,622,899</b>
		<b>166,145,119,129</b>	<b>145,606,993,782</b>
<b>7.02</b>	<b>Classification of Consolidated Loans and Advances</b>		
	<b>Consolidated Unclassified Loans and Advances (UC)</b>		
	Standard	153,226,820,129	135,901,052,782
	Special Mention Account (SMA)	3,966,898,255	3,437,584,000
	<b>Sub total</b>	<b>157,193,718,384</b>	<b>139,338,636,782</b>
	<b>Consolidated Classified Loans &amp; Advances</b>		
	Substandard	534,891,945	166,108,000
	Doubtful	360,656,648	133,943,000
	Bad & Loss	8,055,852,152	5,968,306,000
	<b>Sub total</b>	<b>8,951,400,745</b>	<b>6,268,357,000</b>
		<b>166,145,119,129</b>	<b>145,606,993,782</b>
<b>7.03</b>	<b>Consolidated list of Asset pledged as collateral</b>		
	Collateral of movable/immovable assets	93,780,245,715	85,124,049,125
	Commodities and Export documents	11,109,948,489	14,330,952,146
	Fixed deposit receipts	7,772,003,772	7,527,115,338
	Other securities	35,333,602,299	26,968,545,853
	Personal guarantees	18,149,318,854	11,656,331,320
		<b>166,145,119,129</b>	<b>145,606,993,782</b>
<b>7.04</b>	<b>Maturity grouping of Consolidated Loans and Advances</b>		
	On Demand	17,761,266,955	15,281,244,353
	Not more than three months	39,449,339,444	35,656,989,191
	More than three months but less than one year	59,096,629,736	48,606,866,548
	More than one year but less than five years	39,471,364,091	36,900,160,812
	More than five years	10,366,518,902	9,161,732,878
		<b>166,145,119,129</b>	<b>145,606,993,782</b>
<b>7.a</b>	<b>Loans and Advances</b>		
	<b>In Bangladesh</b>		
	Loans (Note-7.a.1)	115,216,371,197	100,138,685,309
	Cash Credits	27,105,036,490	26,045,442,610
	Packing Credits	440,652,236	435,280,155
	Overdrafts	17,768,863,007	14,022,315,733
		<b>160,530,922,931</b>	<b>140,641,723,806</b>
	Bills Purchased and Discounted (Note-7.a.1.2)	2,750,786,895	2,177,778,994
		<b>163,281,709,826</b>	<b>142,819,502,800</b>
	<b>Outside Bangladesh</b>	-	-
		<b>163,281,709,826</b>	<b>142,819,502,800</b>

		Amount in BDT	
		2018	2017
<b>7.a.1</b>	<b>Loans</b>		
	Term Loan	44,660,186,039	38,044,472,369
	Small and Medium Enterprise Financing	17,896,468,908	18,019,404,459
	Consumer Financing	147,486,834	213,394,897
	Retail Financing	7,735,469,920	5,337,753,758
	General Loans	5,314,937,477	4,200,638,761
	Demand Loan	3,298,630,175	3,509,299,124
	Payment Against Documents (PAD)	1,182,366,920	459,938,418
	Trust Receipts	10,897,188,806	9,563,977,177
	Lease Finance (Note-7.a.3)	313,529,800	433,457,049
	Export Development Fund Loan	6,463,903,950	5,925,194,797
	House Building Loan	5,309,183,720	4,562,343,472
	Staff/Employee Loan	734,221,107	632,707,007
	Loan to MTB Securities Limited	-	200,000,000
		<b>103,953,573,656</b>	<b>91,102,581,288</b>
	<b>Offshore Banking Unit (Annexure-G)</b>	11,262,797,541	9,036,104,020
		<b>115,216,371,197</b>	<b>100,138,685,309</b>
<b>7.a.1.2</b>	<b>Bill Purchased and Discounted</b>		
	Payable in Bangladesh	2,131,340,699	1,829,861,118
	Payable outside Bangladesh	388,228,955	146,261,810
		<b>2,519,569,654</b>	<b>1,976,122,929</b>
	<b>Offshore Banking Unit (Annexure-G)</b>	231,217,241	201,656,065
		<b>2,750,786,895</b>	<b>2,177,778,994</b>
<b>7.a.2</b>	<b>Net Loans &amp; Advances</b>		
	Gross Loans & Advances (Note- 7.a)	<b>163,281,709,826</b>	<b>142,819,502,800</b>
	Less:		
	Interest Suspense (Note- 12.a.5)	1,433,525,546	1,062,187,946
	Provision for Loans & Advances (Note -12.a.1)	5,200,397,350	4,414,765,000
	<b>Net Loans &amp; Advances</b>	<b>156,647,786,929</b>	<b>137,342,549,854</b>
<b>7.a.3</b>	<b>Gross Lease Rent Receivable</b>		
	Within 1 year	893,807	96,149,980
	Within 5 years	380,493,239	441,933,362
	After 5 years	-	-
		<b>381,387,046</b>	<b>538,083,342</b>
	Less: Unearned Lease Rent	67,857,246	104,626,293
		<b>313,529,800</b>	<b>433,457,049</b>
<b>7.a.4</b>	<b>Residual Maturity grouping of Loans and Advances</b>		
	On Demand	17,618,096,490	15,281,244,353
	Not more than three months	39,250,266,700	35,656,989,191
	More than three months but less than one year	58,667,118,340	48,606,866,548
	More than one year but less than five years	38,439,170,835	36,900,160,812
	More than five years	9,307,057,460	6,374,241,896
		<b>163,281,709,826</b>	<b>142,819,502,800</b>

### 7.a.5 Significant concentration wise grouping of Loans & Advances

	Amount in BDT	
	2018	2017
a) Directors		
Credit Cards (Note - 43)	484,772	1,663,876
b) Chief Executive & other Senior Executives	734,221,107	632,707,007
i) Managing Director	-	-
ii) Other Senior Executives	734,221,107	632,707,007
c) Advances to Industries		
Agriculture	1,339,427,204	3,545,368,157
RMG	25,005,760,090	19,016,650,232
Textile	15,409,389,754	13,446,170,835
Ship Building	2,251,728,826	2,106,337,996
Ship Breaking	3,514,693,745	3,673,620,349
Other Manufacturing industry	37,717,741,967	22,918,180,821
SME loans	16,520,278,142	19,576,939,152
Construction	10,038,926,212	1,242,960,734
Power, Gas	2,426,914,555	2,216,057,968
Transport, Storage and Communication	923,341,929	1,270,278,523
Trade Service	14,258,595,262	33,143,233,198
Commercial real estate financing	5,019,345,677	4,561,338,770
Residential real estate financing	856,736,890	685,504,287
Consumer credit	10,250,163,328	7,446,554,413
Capital Market (Loan provided for brokerage/merchant banking, to stock dealer/any kind of capital market activities)	-	200,000,000
NBFIs	3,568,557,256	4,027,289,725
Others	13,445,403,108	3,108,646,758
	<b>162,547,003,947</b>	<b>142,185,131,917</b>
	<b>163,281,709,826</b>	<b>142,819,502,800</b>

### 7.a.6 Details of Large Loan

Number of borrowers with outstanding amount of loans exceeding 10% of total capital of the Bank and classification status thereof. Total capital of the Bank is BDT 20,800.01 million as at December 31, 2018 (BDT 18,846.47 million in 2017)

Number of Clients	34	43
Outstanding Advances (BDT Million)	77,956	71,301

Client wise details are given below:

BDT Million

Name of the clients	Sanction limit	Outstanding		Total	Classification Status
		Funded	Non - Funded		
MSA Group	3,530.00	2,101.70	942.30	3,044.00	UC
City Group	6,050.00	1,498.70	2,220.30	3,719.00	UC
City Seed Crushing Industries Ltd. & its allied concerns	6,100.00	1,498.70	1,631.30	3,130.00	UC
Ctg. Denim & its allied concerns	4,235.90	252.10	1,702.80	1,954.90	UC
Bengal Group	2,635.50	1,332.00	466.40	1,798.40	UC
Walton	2,500.00	297.40	485.50	782.90	UC
Meghna Group	6,529.40	33.60	6,149.40	6,183.00	UC
Karnafuly Ship Builders Ltd. & its allied concerns	6,745.50	1,270.50	2,027.40	3,297.90	UC
Energypac Engineering Ltd.	3,250.00	905.20	1,796.70	2,701.90	UC
Confidence Group	2,200.00	869.10	1,054.80	1,923.90	UC
BBS Cables Ltd. & its allied concerns	2,100.00	1,000.70	283.80	1,284.50	UC
ASR Group	2,340.00	1,625.80	202.80	1,828.60	UC

Name of the clients	Sanction limit	Outstanding		Total	Classification Status
		Funded	Non - Funded		
Rahmat Group	2,435.90	1,621.50	344.60	1,966.10	UC
Dekko Group	3,306.20	1,585.20	200.30	1,785.50	UC
AJI Group	2,852.00	987.70	1,329.20	2,316.90	UC
Ahsan Composite Ltd. & its allied concerns	2,097.00	367.30	573.70	941.00	UC
EON Group	3,115.00	2,144.50	585.90	2,730.40	UC
Oxford Shirt Limited & its allied concerns	2,860.00	1,883.40	404.20	2,287.60	UC
Summit Corporation Limited & its allied concerns	10,400.00	253.80	3,850.90	4,104.70	UC
PRAN - RFL	4,200.00	1,167.00	1,772.20	2,939.20	UC
Bashundhara Food & Beverage industries Ltd. & its allied concerns	5,990.00	1,095.30	2,320.30	3,415.60	UC
Epyllion Fabrics Limited & its allied concerns	2,645.00	1,498.90	438.80	1,937.70	UC
SQ Celsius Limited & its allied concerns	4,224.00	2,264.60	674.60	2,939.20	UC
Pride Group	2,080.00	772.40	537.50	1,309.90	UC
Arkay Knit Dyeing Mills Ltd.	3,640.20	572.20	1,125.90	1,698.10	UC
BRB Cable industries Ltd.	2,550.00	422.20	1,094.20	1,516.40	UC
Abul Khair Group	3,740.00	1,303.40	624.40	1,927.80	UC
Kabir Steel Ltd. & its allied concerns	2,750.00	730.30	1,707.40	2,437.70	UC
Saad Musa Group	2,800.00	1,767.70	708.60	2,476.30	UC
Modern Poly industries Ltd. & its allied concerns	2,200.00	-	1,044.50	1,044.50	UC
Asadi Group	2,200.00	-	839.40	839.40	UC
Sheema Automatic Re-Rolling Mills Ltd. & its allied concerns	2,801.00	1,419.70	1,026.10	2,445.80	UC
KDS Group	3,420.00	772.60	883.80	1,656.40	UC
Jahangir & Others Ltd.	2,800.00	1,590.40	-	1,590.40	UC
<b>Total</b>	<b>123,322.60</b>	<b>36,905.60</b>	<b>41,050.00</b>	<b>77,955.60</b>	

#### 7.a.6.1 Large Loan Restructuring

- i) The Term Loan (Non-Industrial) liabilities for BDT 93.24 Million against Jamuna Denims Ltd. and BDT 817.91 Million against Jamuna Builders Ltd. where both the companies are sister concern of Jamuna Group, have been restructured vide Bangladesh Bank approval dated 02 September 2015 for a period of 12 years (including 12 months moratorium period) as per BRPD circular # 04, dated 29 January 2015 on "Large Loan Restructuring".
- ii) The Term Loan (Industrial) liabilities for BDT 404.41 Million against Abdul Monem Ltd. and BDT 762.45 Million against Abdul Monem Sugar Refinery Ltd. have been restructured vide Bangladesh Bank approval dated 31 August 2015 for a period of 12 years (including 09 months moratorium period) as per BRPD circular # 04, dated 29 January 2015 on "Large Loan Restructuring".

#### 7.a.7 Classification of Loans and Advances

##### Unclassified (UC)

Standard

Special Mention Account (SMA)

##### Sub total

##### Classified

Substandard

Doubtful

Bad & Loss

##### Sub total

##### Total

Amount in BDT	
2018	2017
150,363,410,826	133,113,561,800
3,966,898,255	3,437,584,000
<b>154,330,309,081</b>	<b>136,551,145,800</b>
534,891,945	166,108,000
360,656,648	133,943,000
8,055,852,152	5,968,306,000
<b>8,951,400,745</b>	<b>6,268,357,000</b>
<b>163,281,709,826</b>	<b>142,819,502,800</b>

**7.a.8 Details of Required Provision for Loans and Advances**

Particulars	Base for Provision	Rate	Provision	
			Required	Maintained
<b>Unclassified (UC):</b>				
Standard	149,629,189,719	0%, 0.25%, 1% 2% & 5%	1,839,668,571	1,839,668,852
Standard- <b>Offshore Banking Unit</b>			114,940,148	114,940,148
Special Mention Account (SMA)			62,406,303	62,407,000
<b>Sub total</b>	<b>153,596,087,974</b>		<b>2,017,015,022</b>	<b>2,017,016,000</b>
<b>Classified:</b>				
Substandard	336,981,925	5% & 20%	67,396,385	67,397,000
Doubtful	144,262,659	5% & 50%	56,613,377	56,614,000
Bad loan	4,576,764,566	100%	4,576,764,565	3,059,370,350
<b>Sub total</b>	<b>5,058,009,150</b>		<b>4,700,774,327</b>	<b>3,183,381,350</b>
<b>Total</b>	<b>158,654,097,124</b>		<b>6,717,789,350</b>	<b>5,200,397,350</b>
<b>Excess/(short) Provision as at 31 December 2018*</b>				<b>(1,517,392,000)</b>

\*As per Bangladesh Bank letter (reference # DBI-1/119/2019-419, dated 28 April 2019) the provision of BDT 151.74 crore deferred which is equivalent to the shortfall amount. The deferred provision will be maintained in next 3 years i. e. 2019, 2020 & 2021 equily as per the said letter of Bangladesh Bank.

**7.a.9 Details of Required Provision for Off Balance Sheet Items**

Required Provision for Off- Balance Sheet Exposures

Total Provision maintained (Note -12.a.2)

**Excess/(Short) Provision**

Amount in BDT	
2018	2017
594,641,692	589,226,564
594,642,050	589,300,000
<b>358</b>	<b>73,436</b>

**7.a.10 Geographical Location wise Loans and Advances**
**Inside Bangladesh**
**Urban**

Dhaka Division

Chattogram Division

Sylhet Division

Mymensingh Division

Rajshahi Division

Khulna Division

Rangpur Division

Barisal Division

**Rural**

Dhaka Division

Chattogram Division

Sylhet Division

Mymensingh Division

Rajshahi Division

Khulna Division

Rangpur Division

Barisal Division

**Outside Bangladesh**

120,532,571,834	101,049,391,578
26,857,543,307	25,754,190,653
1,129,484,479	1,075,366,732
637,549,237	691,921,411
4,523,031,184	4,716,804,055
1,612,715,735	1,632,445,333
2,768,876,084	2,898,119,496
216,880,869	436,166,243
<b>158,278,652,730</b>	<b>138,254,405,500</b>
2,787,702,271	2,665,640,514
1,657,638,866	1,548,763,979
82,226,224	131,360,048
157,038,046	122,006,566
-	-
-	-
318,451,691	97,326,193
-	-
<b>5,003,057,097</b>	<b>4,565,097,300</b>
-	-
<b>163,281,709,826</b>	<b>142,819,502,799</b>

		Amount in BDT	
		2018	2017
<b>7.a.11</b>	<b>Sector-wise Loans (Including Bill Purchased and Discounted)</b>		
	Public sector	-	-
	Co-Operative sector	-	-
	Private sector	163,281,709,826	142,819,502,800
		<b>163,281,709,826</b>	<b>142,819,502,800</b>
<b>7.a.12</b>	<b>Particulars of Loans and Advances</b>		
	I) Debts considered good in respect of which the bank company is fully secured.	126,990,601,791	111,928,071,080
	II) Debts considered good for which the bank holds no other security than the debtor's personal security.	1,560,281,628	1,052,521,606
	III) Debts considered good secured by the personal undertakings of one or more parties in addition to the personal security of the debtors.	25,779,425,662	23,570,553,114
	IV) Debts considered doubtful or bad, provision not provided for.	-	-
	V) Debts due by directors or officers of the bank or any of them either severally or jointly with any other person.	734,221,107	632,707,007
	VI) Debts due by companies or firms in which the Directors of the bank are interested as partners or managing agents or in case of private companies, as members.	-	-
	VII) Maximum total amount of advances, including temporary advances, made at any time during the year to Directors or Managers or Officers of the bank or any of them either severally or jointly with any other person.	734,221,107	632,707,007
	VIII) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the bank are interested as partners or managing agents or in case of private companies, as member.	-	-
	IX) Due from banking companies;	-	-
	<b>X) Amount of classified loan on which interest has not been charged, should be mentioned as follows:</b>		
	a. i) (Decrease)/Increase in provision;	2,229,459,050	1,490,755,481
	ii) amount of loan written off;	1,572,021,531	116,190,000
	iii) amount realized against loan previously written off.	964,000	1,238,700
	b. Amount of provision kept against loan classified as ' bad/loss' on the date of preparing the balance sheet;	3,059,370,350	2,339,774,193
	c. Interest creditable to the interest suspense A/c.	1,433,525,546	1,062,187,946
	<b>XI) Cumulative amount of loans written off;</b>		
	Opening Balance	1,595,850,000	1,479,660,000
	Amount Written off during the year	1,572,021,531	116,190,000
	<b>Balance of Written off Loans &amp; Advances</b>	<b>3,167,871,531</b>	<b>1,595,850,000</b>
	XII) The amount of written off loan for which law suit has been filed	<b>3,167,871,531</b>	<b>1,595,850,000</b>
<b>7.a.13</b>	<b>Maturity grouping of Bill Purchased and Discounted</b>		
	Payable within one month	812,307,370	603,703,516
	More than one month but less than three months	1,447,739,143	1,169,265,574
	More than three months but less than six months	490,740,382	404,809,904
	More than or equal to six months	-	-
		<b>2,750,786,895</b>	<b>2,177,778,994</b>

		Amount in BDT	
		2018	2017
<b>7.a.14</b>	<b>List of Asset pledged as collaterals</b>		
	Collateral of movable/immovable assets	93,780,245,715	85,124,049,125
	Commodities and Export documents	11,109,948,489	14,330,952,146
	Fixed deposit receipts	7,772,003,772	7,527,115,338
	Other securities	32,470,192,996	26,968,545,853
	Personal guarantee	18,149,318,854	11,656,331,320
		<b>163,281,709,826</b>	<b>145,606,993,782</b>
<b>8.00</b>	<b>Consolidated fixed assets including premises, furniture and fixtures</b>		
	Mutual Trust Bank Limited (Note-8.a)	3,049,683,712	3,127,669,387
	MTB Securities Limited	71,839,795	75,782,247
	MTB Capital Limited	4,889,249	5,670,802
	MTB Exchange (UK) Limited	1,763,506	2,142,929
	<b>Consolidated net book value at the end of the year</b>	<b>3,128,176,263</b>	<b>3,211,265,364</b>
	<b>Details are shown in Annexure- C</b>		
<b>8.a</b>	<b>Fixed Asset including Premises, Furniture &amp; Fixtures</b>		
	<b>Cost</b>		
	Land	104,253,000	104,253,000
	Immovable Property	1,455,740,795	1,455,740,795
	Furniture & Fixtures	1,414,493,141	1,346,987,053
	Office Equipments	1,853,124,095	1,725,443,429
	Motor Vehicles	178,164,087	171,730,597
	Books & Periodicals	-	423,974
	Intangible Assets	204,627,340	199,696,090
	<b>Total Cost</b>	<b>5,210,402,458</b>	<b>5,004,274,938</b>
	Less: Accumulated Depreciation	2,160,718,745	1,876,605,551
	<b>Book value at the end of the year</b>	<b>3,049,683,712</b>	<b>3,127,669,387</b>
	<b>Details are shown in Annexure- C(i)</b>		
<b>9.00</b>	<b>Consolidated other assets</b>		
	Mutual Trust Bank Limited (Note-9.a)	12,069,478,300	10,641,640,357
	Less: Investment in subsidiary	(3,528,395,800)	(3,528,395,800)
		<b>8,541,082,500</b>	<b>7,113,244,557</b>
	MTB Securities Limited	166,619,192	145,182,788
	MTB Capital Limited	53,699,049	45,699,342
	MTB Exchange (UK) Limited	4,834,400	1,045,153
	Less: Intragroup receivable & payable	(40,679,107)	(40,679,107)
		<b>184,473,534</b>	<b>151,248,176</b>
		<b>8,725,556,034</b>	<b>7,264,492,733</b>
<b>9.01</b>	<b>Consolidated Advance Income Tax</b>		
	Mutual Trust Bank Limited (Note-9.a.3.1)	5,923,556,541	5,146,850,703
	MTB Securities Limited	87,580,057	58,771,987
	MTB Capital Limited	29,677,469	24,745,303
	MTB Exchange (UK) Limited	-	-
		<b>6,040,814,067</b>	<b>5,230,367,992</b>

		Amount in BDT	
		2018	2017
<b>9.02</b>	<b>Consolidated Deferred Tax Assets/ (Liabilities)</b>		
	Mutual Trust Bank limited (Note-9.a.3.2)	962,138,373	721,326,693
	MTB Securities Limited	(4,835,728)	(4,514,310)
	MTB Capital Limited	(156,372)	(179,580)
	MTB Exchange (UK) Limited	-	-
		<b>957,146,273</b>	<b>716,632,803</b>
<b>9.a</b>	<b>Other Assets</b>		
	<b>Classification of Other Assets</b>		
	A) Income generating Other Assets		
	i) Investment in Shares of Subsidiary Companies (Note-9.a.1)	3,528,395,800	3,528,395,800
	B) Non-Income generating Other Assets		
	i) Stationery, Stamps, Printing materials in stock etc.	19,102,595	22,686,331
	ii) Advance Rent and Advertisement	233,728,607	245,011,577
	iii) Interest Accrued on Investment but not collected & other income receivable	27,506,740	24,171,624
	iv) Security Deposit	10,584,426	10,590,161
	v) Suspense Account (Note- 9.a.2)	481,872,970	218,501,990
	vi) Others (Note- 9.a.3)	7,768,287,161	6,592,282,873
		<b>12,069,478,300</b>	<b>10,641,640,356</b>
<b>9.a.1</b>	<b>Investment in Shares of Subsidiary Companies</b>		
	MTB Securities Limited	3,250,000,000	3,250,000,000
	MTB Capital Limited	250,000,000	250,000,000
	MTB Exchange (UK) Limited	28,395,800	28,395,800
		<b>3,528,395,800</b>	<b>3,528,395,800</b>
<b>9.a.2</b>	<b>Suspense Account</b>		
	Sundry Debtors	31,834,355	31,548,171
	Advance against TA/DA	46,000	19,000
	Legal Expenses	17,507,996	8,551,087
	Sanchay Patra	428,446,690	174,414,235
	Others	4,037,929	3,969,497
		<b>481,872,970</b>	<b>218,501,990</b>
<b>9.a.3</b>	<b>Others</b>		
	Advance Income Tax ( Note-9.a.3.1)	5,923,556,541	5,146,850,703
	Stock of Commemorative Coins	217,820	218,320
	Deferred Tax Assets (Note-9.a.3.2)	962,138,373	721,326,693
	Advance Against Interior Decoration	2,630,000	4,600,000
	Advance to Employee	32,058,233	5,644,025
	Advance to Suppliers/Parties	245,426,084	68,554,889
	Placement to Off-Shore Banking Unit	1,437,065,928	1,616,516,543
	Receivables from Off-Shore Banking Unit	80,753,871	124,102,942
	Receivables from MTBUK	40,679,107	40,679,107
	Interest Receivable on Treasury Bond	508,787,995	574,868,100
	Interest Receivable on Call Money	1,088,889	2,136,111
	Interest Receivable on Balance with Other Bank	9,463,264	9,498,333
		<b>9,243,866,105</b>	<b>8,314,995,767</b>
	<b>Offshore Banking Unit (Annexure-G)</b>	42,240,855	17,906,592
	Less: Inter transaction with Offshore Banking Unit	(1,517,819,799)	(1,740,619,486)
		<b>7,768,287,161</b>	<b>6,592,282,873</b>

		Amount in BDT	
		2018	2017
<b>9.a.3.1</b>	<b>Advance Income Tax</b>		
	Opening Balance	5,146,850,703	4,163,606,805
	Less: Adjustment made during the year:	(185,629,400)	-
	Add: Payment during the year	962,335,238	983,243,898
		<b>5,923,556,541</b>	<b>5,146,850,703</b>
<b>9.a.3.2</b>	<b>Deferred Tax Assets/ (Liabilities)</b>		
	Opening Balance	721,326,693	(179,933,711)
	Add: Deferred Tax Income/(Expense) during the year (Note-9.a.3.2.1)	240,811,680	901,260,404
		<b>962,138,373</b>	<b>721,326,693</b>
<b>9.a.3.2.1</b>	<b>Computation of deferred tax</b>		
	<b>Fixed Assets</b>		
	Accounting written down value	3,010,159,375	3,069,836,937
	Tax base written down value	2,392,480,352	2,533,379,475
	<b>Deductable/(Taxable) temporary difference</b>	<b>(617,679,023)</b>	<b>(536,457,462)</b>
	Effective Tax Rate	37.50%	40.00%
	<b>Deferred Tax Assets/(Liabilities)</b>	<b>(231,629,634)</b>	<b>(214,582,985)</b>
	<b>Loan Loss Provision</b>		
	Provision made against classified loans	3,183,381,350	2,339,774,193
	Less: Tax Base	-	-
	<b>Deductable/(Taxable) temporary difference</b>	<b>3,183,381,350</b>	<b>2,339,774,193</b>
	Effective Tax Rate	37.50%	40.00%
	<b>Deferred Tax Assets/(Liabilities) *</b>	<b>1,193,768,006</b>	<b>935,909,677</b>
	Closing Deferred Tax Assets/(Liabilities)	962,138,373	721,326,693
	Opening Deferred Tax Assets/(Liabilities)	721,326,693	(179,933,711)
	<b>Deferred Tax Income/(Expense)</b>	<b>240,811,680</b>	<b>901,260,404</b>
	*Retained earnings includes deferred tax income of BDT 1,193,768,006 which has been created with the specific provision of classified loan. As per Bangladesh Bank BRPD circular # 11, dated 12 December 2011 the tax income amount is not permissible to distribute as dividend.		
<b>9.a.4</b>	<b>Classification of Other Asset</b>		
	Unclassified	12,056,914,300	10,636,496,356
	Substandard	-	-
	Doubtful	667,000	-
	Bad/Loss	11,897,000	5,144,000
		<b>12,069,478,300</b>	<b>10,641,640,356</b>
<b>10.00</b>	<b>Consolidated borrowing from other banks, financial institutions and agents</b>		
	Mutual Trust Bank Limited (Note-10.a)	19,640,823,048	16,417,678,099
	MTB Securities Limited	-	200,000,000
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Borrowings	-	(200,000,000)
		<b>19,640,823,048</b>	<b>16,417,678,099</b>

		Amount in BDT	
		2018	2017
<b>10.a</b>	<b>Borrowing from Other Banks, Financial Institutions &amp; Agents In Bangladesh</b>		
	Mutual Trust Bank Limited (Note 10.a.1)	9,088,572,939	8,240,467,272
	<b>Offshore Banking Unit (Annexure-G)</b>	2,466,122,788	2,648,676,566
		<b>11,554,695,728</b>	<b>10,889,143,838</b>
	<b>Outside Bangladesh</b>		
	Mutual Trust Bank Limited	-	-
	<b>Offshore Banking Unit (Annexure-G)</b>	9,523,193,249	7,145,050,804
		<b>9,523,193,249</b>	<b>7,145,050,804</b>
		<b>21,077,888,977</b>	<b>18,034,194,642</b>
	Less: Inter transaction with Offshore Banking Unit	(1,437,065,928)	(1,616,516,543)
		<b>19,640,823,048</b>	<b>16,417,678,099</b>
<b>10.a.1</b>	<b>In Bangladesh</b>		
	<b>Borrowing from Bank:</b>	<b>251,700,000</b>	<b>246,900,000</b>
	<b>Foreign Currency Borrowing</b>	<b>251,700,000</b>	<b>246,900,000</b>
	Agrani Bank Limited	-	246,900,000
	Southeast Bank Limited	251,700,000	-
	<b>Borrowing from Bangladesh Bank</b>	<b>8,797,210,763</b>	<b>7,940,751,155</b>
	SME Refinance	337,564,929	460,869,882
	Investment Promotion and Financing Facility (IPFF)	1,052,557,850	1,162,193,184
	Long Term Financing Facility (LTFF) under FSSP	1,031,613,283	405,194,044
	Export Development Fund	6,375,474,701	5,912,494,045
	<b>Borrowing from Other Institutes:</b>	<b>39,662,177</b>	<b>52,816,117</b>
	SME Foundation	39,662,177	52,816,117
	<b>Total</b>	<b>9,088,572,939</b>	<b>8,240,467,272</b>
<b>10.a.2</b>	<b>Security against Borrowing from Other Banks, Financial Institutions and Agents</b>		
	Secured (Treasury Bill)	-	-
	Unsecured	19,640,823,048	16,417,678,099
		<b>19,640,823,048</b>	<b>16,417,678,099</b>
<b>10.a.3</b>	<b>Maturity Grouping of Borrowing from Other Banks, Financial Institutions &amp; Agents</b>		
	On Demand	405,825,985	2,187,104,634
	Repayable within one month	1,787,827,983	1,002,565,000
	More than one month but within six months	6,148,781,720	4,462,650,653
	More than six months but within one year	6,577,484,672	1,002,665,059
	More than one year but within five years	3,970,818,517	1,500,026,825
	More than five year but within ten years	750,084,172	6,262,665,928
		<b>19,640,823,048</b>	<b>16,417,678,099</b>



## 11.a.1

**Deposit and Other Accounts****Current Deposit & Other Accounts**

Current Deposit	9,405,309,807	10,027,340,123
Foreign Currency Deposit	1,755,544,307	1,634,616,293
Non-Resident Taka account	117,224,680	49,720,618
Sundry Deposit	2,805,088,392	2,940,424,248

**14,083,167,186****14,652,101,282****Offshore Banking Unit (Annexure-G)****8,889,088****629,099****14,092,056,274****14,652,730,381****Bills Payable**

Payment Order Issued	1,696,167,488	2,095,092,071
Pay Slip Issued	1,285,595	574,677
Demand Draft Payable	5,980,720	5,137,626

**1,703,433,803****2,100,804,374****Savings Bank Deposit****28,239,575,869****27,479,479,774****Special Noticed Deposit****13,302,730,320****12,183,058,012****Fixed Deposits****77,143,035,120****67,113,942,085**

From Customers

66,243,360,120

56,964,317,085

**From Banks (Note 11.a)**

Sonali Bank Limited	999,975,000	1,799,975,000
Dutch Bangla Bank Limited	-	999,950,000
Pubali Bank Limited	-	799,925,000
Bank Asia Limited	999,975,000	-
Agrani Bank Limited	3,999,925,000	2,549,925,000
The Premier Bank Limited	399,975,000	-
South Bangla Agriculture & Commerce Bank Limited	499,975,000	-
Eastern Bank Limited	-	299,975,000
Southeast Bank Limited	-	399,975,000
Rupali Bank Limited	1,999,925,000	1,499,975,000
United Commercial Bank Limited	1,499,950,000	799,950,000
Bank Alfalah Limited	499,975,000	399,975,000
Trust Bank Limited	-	600,000,000

**10,899,675,000****10,149,625,000****Deposit-Products :**

Brick by Brick	11,757,373,974	10,767,910,811
MTB Double Saver Plan	7,763,525,857	7,336,344,863
MTB Monthly Benefit Plan	4,861,043,710	4,101,145,064
MTB Millionaire Plan	4,264,335,236	3,668,919,988
MTB Kotipati	2,968,111,806	2,176,584,527
MTB Education Plan	290,585,029	248,138,955
MTB Triple Saver Plan	134,578,242	233,687,160
NRB Deposit Pension Scheme	153,974,246	155,238,263
Children Education Deposit Scheme	14,600,838	8,830,042
MTB Gift Cheque	10,005,054	8,250,285
Festival Savings Plan	796,965	1,492,240
Best invest Deposit	690,112	689,352
Save Everyday Deposit	521,245	521,545
MTB Quarterly Benefit Plan	16,268	16,268
Unique Savings Plan	-	5,670

**32,220,158,580****28,707,775,033****Total****166,700,989,966****152,237,789,659**

		Amount in BDT	
		2018	2017
<b>11.a.2</b>	<b>Maturity grouping of Deposit and Other Accounts</b>		
	On Demand	6,008,196,035	5,723,168,156
	Repayable within one month	18,036,171,304	16,593,635,077
	More than one month but within six months	42,852,694,438	35,573,026,339
	More than six months but within one year	48,592,002,512	46,758,901,461
	More than one year but within five years	44,790,036,760	41,820,944,230
	More than five year but within ten years	5,438,353,077	4,899,345,278
	More than ten years	983,535,840	868,769,118
		<b>166,700,989,966</b>	<b>152,237,789,659</b>
<b>11.a.3</b>	<b>Demand &amp; Time Deposit</b>		
	<b>a) Demand Deposit</b>	<b>18,337,051,905</b>	<b>19,226,687,934</b>
	Current Deposit	9,405,309,807	10,027,340,123
	Savings Deposit (9%)	2,541,561,828	2,473,153,180
	Foreign Currency Deposit (Non interest bearing)	1,755,544,307	1,634,616,293
	Non Resident Taka Deposit	117,224,680	49,720,618
	Sundry Deposit	2,813,977,479	2,941,053,347
	Bills Payable	1,703,433,803	2,100,804,374
	<b>b) Time Deposits</b>	<b>148,363,938,062</b>	<b>133,011,101,725</b>
	Saving Deposit (91%)	25,698,014,041	25,006,326,595
	Fixed Deposit	66,243,360,120	56,964,317,085
	Deposit from Banks	10,899,675,000	10,149,625,000
	Short Term Deposit	13,302,730,320	12,183,058,012
	Deposit Under Scheme	32,220,158,580	28,707,775,033
	<b>Total Demand &amp; Time Deposits</b>	<b>166,700,989,966</b>	<b>152,237,789,659</b>
<b>11.a.4</b>	<b>Sector wise Deposit</b>		
	Government	614,272,138	502,266,000
	Autonomus & Semi-Autonomous Bodies	796,831,000	361,671,000
	Public Non- Financial Organisation	4,428,392,860	2,378,162,000
	Other Public	791,303,000	601,498,000
	Foreign Currency	1,755,544,307	1,634,616,293
	Private	147,414,971,661	136,609,951,366
	Deposit from Banks	10,899,675,000	10,149,625,000
		<b>166,700,989,966</b>	<b>152,237,789,659</b>
<b>12.00</b>	<b>Consolidated other liabilities</b>		
	Mutual Trust Bank limited (Note-12.a)	15,054,620,612	12,954,514,527
	MTB Securities Limited	825,884,283	768,781,867
	MTB Capital Limited	88,849,606	76,463,315
	MTB Exchange (UK) Limited	36,152,561	38,394,138
	Less: Intragroup receivable & payable	(40,679,107)	(40,679,107)
		<b>15,964,827,954</b>	<b>13,797,474,740</b>
<b>12.01</b>	<b>Consolidated Provision for Loans and Advances</b>		
	Mutual Trust Bank limited (Note-12.a.1)	5,200,397,350	4,414,765,000
	MTB Securities Limited	318,463,876	280,920,087
	MTB Capital Limited	15,000,000	12,500,000
	MTB Exchange (UK) Limited	-	-
		<b>5,533,861,226</b>	<b>4,708,185,087</b>

		Amount in BDT	
		2018	2017
<b>12.02</b>	<b>Consolidated Provision for Current Income Tax*</b>		
	Mutual Trust Bank limited (Note-12.a.6)	6,980,049,674	6,138,366,743
	MTB Securities Limited	39,864,523	39,864,523
	MTB Capital Limited	38,504,784	37,097,664
	MTB Exchange (UK) Limited	-	-
		<b>7,058,418,981</b>	<b>6,215,328,929</b>

\*Income Tax provision has been made as per the Income Tax Ordinance, 1984 (as amended up to date).

<b>12.a</b>	<b>Other Liabilities</b>		
	Provision for Loans and Advances (Note-12.a.1)	5,200,397,350	4,414,765,000
	Provision for Off Balance Sheet Items (Note-12.a.2)	594,642,050	589,300,000
	Provision against Shares in quoted companies (Note- 12.a.3)	55,267,667	55,267,667
	Provision for Other Assets (Note-12.a.4)	41,000,000	31,000,000
	Provision for Income Tax (Note-12.a.6)	6,980,049,674	6,138,366,743
	Provision for Good Borrower	14,301,000	14,301,000
	Interest Suspense (Note- 12.a.5)	1,433,525,546	1,062,187,946
	Incentive Bonus Payable	275,377,642	234,574,583
	Contribution to MTB Foundation	15,000,000	15,000,000
	Contribution to MTB Employees Welfare Fund	2,175	5,675
	Contribution to MTB Employees Medical Assistance Fund	-	10,000,000
	Accrued Expenses	30,088,187	27,850,330
	Interest Payable on Subordinated debt	244,639,728	283,350,555
	Interest Payable on Borrowing	39,460,725	13,831,444
	Liabilities Under Finance Lease	692,009	692,009
		<b>14,924,443,753</b>	<b>12,890,492,952</b>
	<b>Offshore Banking Unit (Annexure-G)</b>	<b>210,930,730</b>	<b>188,124,518</b>
	Less: Inter transaction with Offshore Banking Unit	(80,753,871)	(124,102,942)
		<b>15,054,620,612</b>	<b>12,954,514,527</b>
<b>12.a.1</b>	<b>Provision for Loans and Advances</b>		
	<b>For Unclassified</b>		
	Opening Balance	2,016,425,000	1,107,615,165
	Add: Provision made during the year	591,000	908,809,835
		<b>2,017,016,000</b>	<b>2,016,425,000</b>
	<b>For Classified</b>		
	Opening Balance	2,398,340,000	2,050,919,363
	Add: Provision made during the year	2,223,526,000	444,645,646
	Add: Recoveries of amounts previously written off	964,000	1,238,700
	Less: Adjustment for Loan written off during the year	(1,439,448,649)	(98,463,709)
		<b>3,183,381,350</b>	<b>2,398,340,000</b>
		<b>5,200,397,350</b>	<b>4,414,765,000</b>
<b>12.a.2</b>	<b>Provision for Off Balance Sheet Items</b>		
	Opening Balance	589,300,000	452,000,000
	Add: Provision made during the year	5,342,050	137,300,000
		<b>594,642,050</b>	<b>589,300,000</b>

		Amount in BDT	
		2018	2017
<b>12.a.3</b>	<b>Provision against Shares in quoted companies</b>		
	Opening Balance	55,267,667	55,267,667
	Add: Provision made during the year	-	-
		<b>55,267,667</b>	<b>55,267,667</b>
<b>12.a.4</b>	<b>Provision for Other Assets</b>		
	Opening Balance	31,000,000	21,000,000
	Add: Provision made during the year	10,000,000	10,000,000
	Closing Balance	<b>41,000,000</b>	<b>31,000,000</b>
<b>12.a.5</b>	<b>Interest suspense account</b>		
	Opening Balance	1,062,187,946	905,633,141
	Add: Addition during the year	874,620,633	501,528,857
	Less: Adjustment made during the year	(503,283,033)	(344,974,052)
		<b>1,433,525,546</b>	<b>1,062,187,946</b>
<b>12.a.6</b>	<b>Provision for Income Tax*</b>		
	Opening Balance	6,138,366,743	4,981,043,899
	Less: Adjustment made during the year:	(185,629,400)	-
	Add: Provision made during the year	1,027,312,331	1,157,322,844
		<b>6,980,049,674</b>	<b>6,138,366,743</b>

\*Income tax provision has been made as per Income Tax Ordinance 1984 as amended upto date.

### 13.a Subordinated Debts

#### 12% Partially Convertible Subordinated Debt

Opening Balance	-	1,250,000,000
Less: Payment during the year	-	(1,250,000,000)
	-	-

#### MTB 2nd Subordinated Debt

Opening Balance	3,000,000,000	3,000,000,000
Less: Payment during the year	600,000,000	-
	<b>2,400,000,000</b>	<b>3,000,000,000</b>

#### MTB 3rd Subordinated Debt

	5,000,000,000	5,000,000,000
	<b>7,400,000,000</b>	<b>8,000,000,000</b>

The Bank floated 12% partially Convertible Subordinated Debt through private placement for BDT 1,250 million, date of issue 10 October 2010. Interest on the 12% partially convertible subordinated debt is payable half yearly from the date of Issue i.e. March and September of each year.

The Bank floated MTB 2nd Non-convertible Subordinated Debt through private placement for BDT 3,000 million, date of issue 20 October 2015. Interest on the 10.50% to 13.50% non convertible subordinated debt is payable half yearly from the date of Issue i.e. April and October of each year.

The Bank floated MTB 3rd Non-convertible Subordinated Debt through private placement for BDT 5,000 million, date of issue 16 February 2017. Interest on the 7.00% to 10.50% non convertible subordinated debt is payable half yearly from the date of Issue i.e. February and August of each year.

**Detail list of subordinated debt holders are shown in Annexure-D**

		Amount in BDT	
		2018	2017
<b>14.a</b>	<b>Capital</b>		
<b>14.a.1</b>	<b>Authorized Capital</b>		
	1,000,000,000 ordinary shares of BDT 10 each	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>14.a.1.1</b>	<b>Issued, subscribed and Paid-up Capital</b>		
	509,656,034 ordinary shares @ BDT 10 each	5,096,560,340	4,431,791,600
	63,707,004 ordinary shares @ BDT 10 each issued as bonus	637,070,040	664,768,740
		<b>5,733,630,380</b>	<b>5,096,560,340</b>

The Board of Directors of the Bank approved in its 226th meeting held on 19 September 2018 to issue 63,707,004 number of shares or 10% of the total outstanding shares, whichever is higher (on the date of issuance) in favor of Norfund - The Norwegian Investment Fund for Developing Countries at the rate of BDT 27.19 each including a premium of BDT 17.19 and the total value will be BDT 1,732,374,818. It is also been approved by the shareholders at the 16th Extraordinary General Meeting held on 1 November 2018. Clearance of Bangladesh Bank have also been received on 6 December 2018. Now bank's are waiting for the clearance of Bangladesh Securities & Exchange Commission (BSEC).

#### 14.a.1.2 Raising of Share Capital

Given below the history of raising of Share Capital of the Bank:

Accounting Year	Declaration	No. of Share	Value of Capital	Cumulative
Up to 2002	Initial Paid-up capital	20,000,000	200,000,000	200,000,000
2003	IPO & Pre-IPO	40,000,000	400,000,000	600,000,000
2003-Bonus	20%	12,000,000	120,000,000	720,000,000
2004-Bonus	20%	14,400,000	144,000,000	864,000,000
2005-Bonus	10%	8,640,000	86,400,000	950,400,000
2006-Bonus	5%	4,752,000	47,520,000	997,920,000
2007-Bonus	25%	24,948,000	249,480,000	1,247,400,000
2008-Right	20%	24,948,000	249,480,000	1,496,880,000
2008-Bonus	18%	26,943,840	269,438,400	1,766,318,400
2009-Bonus	20%	35,326,360	353,263,600	2,119,582,000
2010-Bonus	20%	42,391,640	423,916,400	2,543,498,400
2012-Bonus	10%	25,434,984	254,349,840	2,797,848,240
2013-Bonus	10%	27,978,482	279,784,820	3,077,633,060
2014-Bonus	20%	61,552,661	615,526,610	3,693,159,670
2015-Bonus	20%	73,863,193	738,631,930	4,431,791,600
2016-Bonus	15%	66,476,874	664,768,740	5,096,560,340
2017-Bonus	12.50%	63,707,004	637,070,040	5,733,630,380
<b>Total</b>		<b>573,363,038</b>	<b>5,733,630,380</b>	

#### 14.a.1.3 Percentage of shareholdings at the closing date:

Particulars	No. of shares	Value of shares BDT	December 31, 2018
			% of holding
Sponsors/Directors	217,982,863	2,179,828,630	38.02%
Institutions	132,489,532	1,324,895,320	23.11%
General	222,890,643	2,228,906,430	38.87%
<b>Total</b>	<b>573,363,038</b>	<b>5,733,630,380</b>	<b>100.00%</b>

**14.a.1.4 Classification of Shareholders by holdings as at 31 December 2018**

Holdings	No. of Shareholders	No. of Shares	Value of shares BDT	Total Holdings %
Less than 499 shares	2,496	401,621	4,016,210	0.07%
500 to 5,000 shares	2,821	5,310,772	53,107,720	0.93%
5,001 to 10,000 shares	458	3,175,572	31,755,720	0.55%
10,001 to 20,000 shares	298	4,174,978	41,749,780	0.73%
20,001 to 30,000 shares	115	2,845,504	28,455,040	0.50%
30,001 to 40,000 shares	41	1,480,715	14,807,150	0.26%
40,001 to 50,000 shares	44	1,969,703	19,697,030	0.34%
50,001 to 100,000 shares	78	5,518,953	55,189,530	0.96%
100,001 to 1,000,000 shares	116	33,593,567	335,935,670	5.86%
Over 1,000,000 shares	66	514,891,653	5,148,916,530	89.80%
<b>Total</b>	<b>6,533</b>	<b>573,363,038</b>	<b>5,733,630,380</b>	<b>100.00%</b>

**14.a.1.5 Name of Directors and their shareholdings as at 31 December 2018**

Name	Status	December 2018		
		No. of Shares held	BDT	Holding %
Mr. Md. Hedayetullah	Chairman	12,873,848	128,738,480	2.2453%
Mrs. Khwaja Nargis Hossain	Vice Chairman	12,767,604	127,676,040	2.2268%
Mr. Syed Manzur Elahi	Director (Founding Chairman)	21,142,387	211,423,870	3.6874%
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	19,112,060	191,120,600	3.3333%
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	28,668,123	286,681,230	5.0000%
Mr. M. A. Rouf, JP	Director	12,768,429	127,684,290	2.2269%
Mr. Md. Abdul Malek	Director	12,866,833	128,668,330	2.2441%
Mr. Md. Wakiluddin	Director	12,777,724	127,777,240	2.2286%
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	14,334,015	143,340,150	2.5000%
Mr. Md. Manirul Islam (Representing Pioneer Insurance Company Ltd.)	Director	39,978,973	399,789,730	6.9727%
Mr. Anwarul Amin	Independent Director	-	-	0.0000%
Dr. Sultan Hafeez Rahman	Independent Director	-	-	0.0000%
<b>Total</b>		<b>187,289,996</b>	<b>1,872,899,960</b>	<b>32.6652%</b>

		Amount in BDT	
		2018	2017
<b>14.a.1.6</b>	<b>Consolidated Capital to Risk-weighted Assets Ratios (CRAR) as defined by the Basel Capital Accord</b>		
	<b>Common Equity Tier-1 (Going-Concern Capital)</b>		
	Paid-up Capital	5,733,630,380	5,096,560,340
	Statutory Reserve	4,096,004,358	3,622,224,031
	General Reserve	786,777,324	616,777,324
	Minority Interest	128,451	124,686
	Retained Earnings	2,175,943,964	1,722,348,545
		<b>12,792,484,477</b>	<b>11,058,034,926</b>
	<b>Regulatory Adjustments:</b>		
	Goodwill and all other Intangible Assets	80,043,823	101,344,815
	Deferred Tax Assets (95% of DTA as per BB Guideline)	1,134,079,606	889,114,193
	Reciprocal Cross holdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	98,048
		<b>1,214,123,429</b>	<b>990,557,056</b>
	<b>Total Common Equity Tier -1 (Going-Concern Capital)</b>	<b>11,578,361,048</b>	<b>10,067,477,870</b>
	Additional Tier-1 Capital	-	-
	<b>Total Tier-1 Capital</b>	<b>11,578,361,048</b>	<b>10,067,477,870</b>
	<b>Tier-2 Capital (Gone-Concern Capital)</b>		
	General Provision including Off Balance Sheet items (Maximum 1.25% of CRWA)	2,611,658,050	2,605,725,000
	Revaluation Reserve on Investment in Securities	260,138,133	260,138,133
	Subordinated debt	6,800,000,000	6,239,200,826
		<b>9,671,796,183</b>	<b>9,105,063,959</b>
	<b>Regulatory Adjustments</b>		
	Revaluation Reserve for Fixed Assets , Securities & Equity Securities	208,110,506	156,082,880
	<b>Total Tier-2 Capital (Gone-Concern Capital)</b>	<b>9,463,685,677</b>	<b>8,948,981,080</b>
	<b>A. Total Regulatory Capital (Tier-1+Tier-2)</b>	<b>21,042,046,724</b>	<b>19,016,458,950</b>
	<b>B. Risk Weighted Assets</b>		
	<b>Credit Risk on</b>		
	Balance Sheet Exposure	124,703,905,312	104,821,694,921
	Off Balance Sheet Exposure	21,805,515,608	18,490,970,895
		<b>146,509,420,920</b>	<b>123,312,665,816</b>
	<b>Market Risk</b>	5,131,035,002	4,495,137,086
	<b>Operational Risk</b>	12,003,976,744	10,416,690,392
	<b>Total Risk Weighted Assets</b>	<b>163,644,432,666</b>	<b>138,224,493,294</b>
	<b>C. Required Capital on Risk Weighted Assets</b>	<b>16,364,443,267</b>	<b>13,822,449,329</b>
	<b>D. Capital Surplus/(Shortfall) (A-C)</b>	<b>4,677,603,458</b>	<b>5,194,009,620</b>
	<b>E. Capital Requirement</b>		
		<b>2018</b>	<b>2017</b>
		Required	Held
	<b>Capital to Risk-weighted assets Ratios (CRAR)</b>	<b>10%</b>	<b>12.86%</b>
	Common Equity Tier-1	4.50%	7.28%
	Tier- 1 Capital	5.50%	7.28%
	Tier- 2 Capital	0%	6.47%

The calculation of CRAR under Basel III has been made as per " Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD circular # 18, dated 21 December 2014.

**14.a.1.7 Capital to Risk-weighted Assets Ratios (CRAR) as defined by the Basel Capital Accord**

**Common Equity Tier-1 (Going-Concern Capital)**

	Amount in BDT	
	2018	2017
Paid-up Capital	5,733,630,380	5,096,560,340
Statutory Reserve	4,096,004,358	3,622,224,031
General Reserve	786,777,324	616,777,324
Retained Earnings	1,934,032,472	1,632,481,854
	<b>12,550,444,534</b>	<b>10,968,043,549</b>

**Regulatory Adjustments**

Goodwill and all other Intangible Assets	80,043,823	101,344,815
Deferred Tax Assets (95% of DTA as per BB Guideline)	1,134,079,606	889,114,193
Reciprocal Cross holdings in the CET-1 Capital of Banking, Financial and Insurance Entities	-	98,048
	<b>1,214,123,429</b>	<b>990,557,056</b>

**Total Common Equity Tier -1 (Going-Concern Capital)**

Additional Tier-1 Capital	-	-
	<b>11,336,321,106</b>	<b>9,977,486,493</b>

**Total Tier-1 Capital**

**Tier-2 Capital (Gone-Concern Capital)**

General Provision including Off Balance Sheet items (Maximum 1.25% of CRWA)	2,611,658,050	2,605,725,000
Revaluation Reserve on Investment in Securities	260,138,133	260,138,133
Subordinated debt	6,800,000,000	6,159,207,490
	<b>9,671,796,183</b>	<b>9,025,070,623</b>

**Regulatory Adjustments**

Revaluation Reserve for Fixed Assets , Securities & Equity Securities	208,110,506	156,082,880
	<b>9,463,685,677</b>	<b>8,868,987,743</b>

**Total Tier-2 Capital (Gone-Concern Capital)**

**A. Total Regulatory Capital (Tier-1+Tier-2)**

**B. Risk Weighted Assets**

**Credit Risk on**

Balance Sheet Exposure	125,033,706,066	104,533,265,967
Off Balance Sheet Exposure	21,805,515,608	18,490,970,895
	<b>146,839,221,674</b>	<b>123,024,236,862</b>

**Market Risk**

**Operational Risk**

	4,013,842,283	3,774,475,429
	11,443,587,821	9,798,391,582
	<b>162,296,651,778</b>	<b>136,597,103,873</b>

**C. Required Capital on Risk Weighted Assets**

**D. Capital Surplus/(Shortfall) (A-C)**

**E. Capital Requirement**

	2018		2017	
	Required	Held	Required	Held
<b>Capital to Risk-weighted assets Ratios (CRAR)</b>	<b>10%</b>	<b>12.82%</b>	<b>10%</b>	<b>13.80%</b>
Common Equity Tier-1	4.50%	6.98%	4.50%	7.30%
Tier- 1 Capital	5.50%	6.98%	5.50%	7.30%
Tier- 2 Capital	0%	5.83%	0%	6.49%

The calculation of CRAR under Basel III has been made as per " Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued by Bangladesh Bank vide its BRPD circular # 18, dated 21 December 2014.

		Amount in BDT	
		2018	2017
<b>15.a</b>	<b>Statutory Reserve</b>		
	Opening Balance	3,622,224,031	3,187,766,825
	Add: Transferred during the year (20% of pretax profit )	473,780,327	434,457,206
		<b>4,096,004,358</b>	<b>3,622,224,031</b>
<b>16.a</b>	<b>General Reserve</b>		
	Opening Balance	616,777,324	616,777,324
	Add: Transferred from Retained Earnings	170,000,000	-
		<b>786,777,324</b>	<b>616,777,324</b>
<b>17.00</b>	<b>Consolidated Retained Earnings</b>		
	Opening Balance	1,722,348,545	841,239,233
	Add: Consolidated Profit made during the year	1,734,445,786	1,980,335,258
	Less: Bonus Share Issued during the year	(637,070,040)	(664,768,740)
	Less: Bonus Share Issued by MTB Capital Limited	(28,088,880)	(15,899,364)
	Less: Transferred to Statutory Reserve	(473,780,327)	(434,457,206)
	Less: Transferred to General Reserve	(170,000,000)	-
		<b>2,147,855,084</b>	<b>1,706,449,181</b>
	Add: Capitalized Profit Reserve (Bonus Share Issued by MTB Capital Limited)	28,088,880	15,899,364
		<b>2,175,943,964</b>	<b>1,722,348,545</b>
<b>17.a</b>	<b>Retained Earnings</b>		
	Opening Balance	1,632,481,854	815,484,211
	Add: Profit made during the year *	1,582,400,985	1,916,223,589
	Less: Bonus Share Issued during the year	(637,070,040)	(664,768,740)
	Less: Transferred to Statutory Reserve	(473,780,327)	(434,457,206)
	Less: Transferred to General Reserve	(170,000,000)	-
	<b>Closing Balance</b>	<b>1,934,032,472</b>	<b>1,632,481,854</b>
	<b>*Retained earnings includes deferred tax income of BDT 1,193,768,006 which has been created with the specific provision of classified loan. As per Bangladesh Bank BRPD circular # 11, dated 12 December 2011 the tax income amount is not permissible to distribute as dividend.</b>		
<b>17.01</b>	<b>Minority Interest</b>		
	Opening balance	124,686	122,139
	Add: Profit made during the year	3,764	2,547
		<b>128,451</b>	<b>124,686</b>
<b>18.a</b>	<b>Contingent Liabilities &amp; Commitments</b>		
	<b>Acceptances and endorsements</b>		
	Accepted Bill (Inland)	3,771,718,487	3,294,386,560
	Accepted Bill (Foreign)	34,428,937,606	26,724,985,589
		38,200,656,093	30,019,372,149
	Less: Inter transaction with Off-shore Banking Unit	10,198,967,784	7,502,652,467
		<b>28,001,688,309</b>	<b>22,516,719,682</b>
	<b>Letter of Guarantee (Note 18.a.1)</b>		
	Offshore Banking Unit (Annexure G)	19,218,500,645	11,597,904,974
		76,887,638	4,135,000
		<b>19,295,388,283</b>	<b>11,602,039,974</b>

		Amount in BDT	
		2018	2017
<b>Letter of Credit</b>			
Letter of Credit (Cash)		2,791,398,183	4,226,884,309
Letter of Credit (Back to Back)		2,657,188,069	2,580,254,591
Letter of Credit (EDF)		230,784,280	299,350,966
Letter of Credit (Deferred)		9,864,455,861	8,822,272,760
Letter of Credit (Inland)		1,078,798,635	811,404,725
		<b>16,622,625,028</b>	<b>16,740,167,351</b>
<b>Bills for collection</b>			
Inland		1,186,305,817	1,318,541,928
Foreign		523,952,492	1,123,804,217
IFDBC (Back to Back)		1,109,000	1,109,000
Foreign Contract		1,049,601	62,947
		<b>1,712,416,910</b>	<b>2,443,518,092</b>
<b>Other Contingent Liabilities</b>		-	-
<b>Other Commitments</b>			
Undrawn formal standby facilities, credit lines and other commitments		-	-
		<b>65,632,118,530</b>	<b>53,302,445,099</b>
<b>18.a.1 Letter of Guarantee</b>			
i) Claims against the Bank not acknowledged as debts		-	-
ii) Money for which the bank is contingently liable in respect of guarantees given favoring :			
Directors		-	-
Government		-	-
Bank and other Financial Institutions		114,135,198	49,616,688
Others		19,104,365,447	11,552,423,286
		<b>19,218,500,645</b>	<b>11,602,039,974</b>
Less: Margin		(725,423,287)	(1,212,841,544)
		<b>18,493,077,358</b>	<b>10,389,198,430</b>
iii) Liability on Account of Bills Re-Discounted		-	-
iv) Liability on Account of Outstanding Forward Exchange Contract		-	-
		<b>18,493,077,358</b>	<b>10,389,198,430</b>
<b>18.a.1.1 Segregation of Commitment by Type</b>			
Documentary Credit and Short Term Business Related Transaction		16,622,625,028	16,740,167,351
Forward Asset Purchased and Forward Deposit		-	-
Endorsed formal standby facilities, Credit facilities and other commitments:			
Less than one year		47,297,076,592	34,118,759,655.77
One year and above		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Spot and Forward Foreign Exchange Rate Contract		-	-
Other Exchange Contract		-	-
Others		1,712,416,910	2,443,518,092
		<b>65,632,118,530</b>	<b>53,302,445,099</b>

		Amount in BDT	
		2018	2017
<b>19.00</b>	<b>Income Statement</b>		
	<b>Income</b>		
	Interest, Discount and Similar Income	17,615,607,035	14,008,578,941
	Dividend income	60,799,645	155,943,572
	Fees, Commission and Brokerage	764,934,272	721,380,636
	Exchange Gain	783,390,402	621,310,261
	Other Operating Income	617,373,561	421,334,526
		<b>19,842,104,915</b>	<b>15,928,547,936</b>
	<b>Expenses</b>		
	Interest, Fees and Commission	10,451,237,159	7,856,055,015
	Administrative expenses	3,443,579,836	3,081,181,893
	Other operating expenses	1,010,103,938	989,897,504
	Depreciation on Banking Assets	328,823,296	328,372,014
		<b>15,233,744,229</b>	<b>12,255,506,426</b>
	<b>Operating profit</b>	<b>4,608,360,686</b>	<b>3,673,041,510</b>
<b>20.00</b>	<b>Consolidated Interest Income</b>		
	Mutual Trust Bank Limited (Note-20.a)	15,542,079,435	12,102,826,598
	MTB Securities Limited	127,652,385	126,853,097
	MTB Capital Limited	32,719,525	40,924,378
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Interest Income (Loans)	-	(100,000,000)
	Less: Intragroup Interest Income (Bank balance)	(15,174,190)	(10,061,111)
		<b>15,687,277,155</b>	<b>12,160,542,962</b>
<b>20.a</b>	<b>Interest Income</b>		
	Loans and Advances (Note-20.a.1)	15,415,636,030	11,743,866,029
	Money at Call and Short Notice	33,977,777	62,548,028
	Balance with Other Banks and Financial Institutions (Note-20.a.2)	70,851,091	287,356,016
	Foreign Currency Lending	61,742,533	16,540,767
		<b>15,582,207,432</b>	<b>12,110,310,840</b>
	Less: Inter transaction with Offshore Banking Unit	(40,127,997)	(7,484,242)
		<b>15,542,079,435</b>	<b>12,102,826,598</b>
<b>20.a.1</b>	<b>Interest on Loans and Advances</b>		
	Term Loan	3,382,063,788	2,902,297,886
	Small and Medium Enterprise Financing	2,183,044,636	1,633,529,996
	Retail/Consumer Financing	731,728,300	572,538,809
	General Loans	590,009,852	336,767,846
	Demand Loan	604,095,863	294,465,503
	Payment Against Documents (PAD)	49,048,521	52,864,592
	Trust Receipts	1,422,434,591	962,262,774
	Lease Finance	45,887,150	40,020,062
	Export Development Fund	102,987,454	57,957,350
	House Building Loan	581,651,252	458,290,265
	Cash Credit	2,931,778,078	2,288,467,350
	Packing Credit	31,724,029	18,553,357
	Secured Overdraft	1,946,613,376	1,416,611,505
	Bills Purchased and Discounted	251,113,984	228,791,639
	Interest on Loans from Subsidiaries	-	100,000,000
		<b>14,854,180,875</b>	<b>11,363,418,934</b>
	<b>Offshore Banking Unit (Annexure G)</b>	561,455,155	380,447,095
		<b>15,415,636,030</b>	<b>11,743,866,029</b>

		Amount in BDT	
		2018	2017
<b>20.a.2</b>	<b>Interest on Balance with other Bank and Financial Institution</b>		
	Interest on balance with other banks in Bangladesh	70,851,091	287,356,016
	Interest on balance held with outside Bangladesh	-	-
		<b>70,851,091</b>	<b>287,356,016</b>
<b>21.00</b>	<b>Consolidated Interest Paid on Deposits &amp; Borrowings etc.</b>		
	Mutual Trust Bank Limited (Note-21.a)	10,451,237,159	7,856,055,015
	MTB Securities Limited	-	100,000,000
	MTB Capital Limited	-	6,873,767
	MTB Exchange (UK) Limited	-	-
	Less: Intragroup Interest Expense (Borrowings)	-	(100,000,000)
	Less: Intragroup Interest Expense (Deposits)	(15,174,190)	(10,061,111)
		<b>10,436,062,969</b>	<b>7,852,867,671</b>
<b>21.a</b>	<b>Interest on Deposit &amp; Borrowing etc.</b>		
	Interest on Deposit and Other Accounts (Note-21.a.1)	9,858,280,412	7,468,056,369
	Interest on Borrowing from other Banks and Financial Institutions	142,260,539	126,607,105
		<b>10,000,540,951</b>	<b>7,594,663,474</b>
	<b>Offshore Banking Unit (Annexure G)</b>		
	Less: Inter transaction with Offshore Banking Unit	490,824,205	268,875,783
		(40,127,997)	(7,484,242)
		<b>10,451,237,159</b>	<b>7,856,055,015</b>
<b>21.a.1</b>	<b>Interest on Deposits and Other Accounts</b>		
	Savings Deposits	886,423,605	683,848,521
	Short Term Deposits	426,322,011	333,149,318
	Fixed Deposits	4,976,706,273	2,963,195,204
	Deposit-Products	2,808,981,944	2,716,316,993
	Interest on Subordinated Debt	759,846,578	771,546,333
		<b>9,858,280,412</b>	<b>7,468,056,369</b>
<b>22.00</b>	<b>Consolidated Income From Investments</b>		
	Mutual Trust Bank Limited (Note-22.a)	2,239,089,134	2,056,350,696
	MTB Securities Limited	80,744,916	51,390,151
	MTB Capital Limited	23,333,684	19,472,487
	MTB Exchange (UK) Limited	-	-
	Dividend paid by MTB Securities & Capital	-	-
	Interim Dividend paid by MTB Securities Limited	-	-
		<b>2,343,167,734</b>	<b>2,127,213,334</b>
<b>22.a</b>	<b>Investment Income</b>		
	Interest on Treasury Bond	1,957,307,231	1,858,875,310
	Interest on reverse REPO	55,266	879,127
	Interest on other Investment	116,165,103	45,997,906
	Discount on Treasury Bill	28,767,187	38,388,510
	Capital Gain from Trading in Govt. Securities	462,637,401	225,045,738
	Capital Gain/(Loss) on Investment in shares of quoted companies	75,268	49,150,813
	Dividend on Investment in Shares	17,847,193	30,910,540
	Dividend from Mutual and Unit Fund	42,952,451	125,033,032
		<b>2,625,807,101</b>	<b>2,374,280,976</b>
	Loss from Government Securities	(53,154,886)	(52,234,556)
	Loss on revaluation of Government Securities	(333,563,081)	(265,695,724)
		<b>2,239,089,134</b>	<b>2,056,350,696</b>

		Amount in BDT	
		2018	2017
<b>23.00</b>	<b>Consolidated Commission, Exchange and Brokerage</b>		
	Mutual Trust Bank Limited (Note-23.a)	1,548,324,674	1,342,690,897
	MTB Securities Limited	116,309,986	222,335,661
	MTB Capital Limited	1,538,818	175,000
	MTB Exchange (UK) Limited	16,632,082	12,807,559
		<b>1,682,805,559</b>	<b>1,578,009,117</b>
<b>23.a</b>	<b>Commission, Exchange and Brokerage</b>		
	Commission (Note-23.a.1)	764,934,272	721,380,636
	Exchange	783,390,402	621,310,261
	Brokerage	-	-
		<b>1,548,324,674</b>	<b>1,342,690,897</b>
<b>23.a.1</b>	<b>Commission</b>		
	Commission on Letter of Guarantee	120,642,802	104,768,942
	Commission on Letter of Credit	269,532,164	261,414,416
	Commission on Acceptance of Bills	288,725,170	269,871,843
	Commission on LC Advising	12,390,302	12,200,566
	Commission on PO, DD & TT	4,318,659	4,394,548
	Exchange houses commission	33,613,625	23,112,492
	On-line service commission	12,549,088	14,323,953
	Commission on IBC	420,580	433,701
	Underwriting Commission regarding Treasury Bill/Bond	10,153,456	17,805,371
	Commission on IPO collection	-	44,591
	Commission on POS	10,907,282	12,210,121
	Commission on RTGS	1,303,295	779,935
		<b>764,556,422</b>	<b>721,360,479</b>
	<b>Offshore Banking Unit (Annexure G)</b>	377,850	20,157
		<b>764,934,272</b>	<b>721,380,636</b>
<b>24.00</b>	<b>Consolidated other operating income</b>		
	Mutual Trust Bank Limited (Note-24.a)	512,611,672	426,679,745
	MTB Securities Limited	11,943,742	12,747,982
	MTB Capital Limited	25,041,683	31,600,091
	MTB Exchange (UK) Limited	3,335,043	3,138,159
	Less: Intragroup other operating income	(1,000,000)	-
		<b>551,932,140</b>	<b>474,165,978</b>
<b>24.a</b>	<b>Other Operating Income</b>		
	Handling Charges	1,868,249	3,925,344
	VISA Card	26,431,477	16,128,692
	Service Charges	141,946,091	116,625,595
	Telephone & SMS Charge Recoveries	10,767,503	4,257,442
	SWIFT Charge Recoveries	23,981,170	29,126,832
	SME Fees and Charges	380,213	766,996
	Management fees	20,239,137	16,711,800
	Early Settlement Fee	4,727,762	4,912,375
	Loan Processing Fee	35,841,722	28,647,758
	Partial Payment Fee	215,448	259,263
	Charges against cards	139,199,919	101,462,726
	NPSB Acquire Income	10,188,970	7,985,334
	Locker Rent	4,440,779	4,051,361
	Miscellaneous Earnings	79,453,362	79,389,683
		<b>499,681,803</b>	<b>414,251,201</b>
	<b>Offshore Banking Unit (Annexure G)</b>	12,929,869	12,428,544
		<b>512,611,672</b>	<b>426,679,745</b>

		Amount in BDT	
		2018	2017
<b>25.00</b>	<b>Consolidated salaries and allowances</b>		
	Mutual Trust Bank Limited (Note-25.a)	2,621,504,314	2,314,039,862
	MTB Securities Limited	74,110,832	74,454,836
	MTB Capital Limited	11,074,769	9,656,626
	MTB Exchange (UK) Limited	4,832,811	4,532,861
		<b>2,711,522,726</b>	<b>2,402,684,185</b>
<b>25.a</b>	<b>Salary &amp; Allowances</b>		
	Basic Pay	1,118,502,793	986,461,643
	Allowances	772,214,821	720,255,608
	Bonus	426,904,209	372,303,969
	Gratuity	116,400,000	62,700,000
	Leave Fare Assistance	89,206,147	84,177,889
	Provident Fund	98,276,345	88,140,753
		<b>2,621,504,314</b>	<b>2,314,039,862</b>
<b>25.a.1</b>	<b>Managing Director's Remuneration</b>		
	Basic Pay	8,826,667	8,226,667
	House Rent	1,980,000	1,980,000
	House Maintenance	1,320,000	1,320,000
	Entertainment	216,000	216,000
	Festival Bonus	2,250,000	2,100,000
	Incentive Bonus	1,000,000	1,000,000
	Leave Fare Assistance	2,100,000	1,950,000
	Security and personal wages	660,000	660,000
	Provident Fund	882,666	822,667
		<b>19,235,333</b>	<b>18,275,334</b>
<b>26.00</b>	<b>Consolidated Rent, Taxes, Insurance and Electricity etc.</b>		
	Mutual Trust Bank Limited (Note-26.a)	659,362,862	624,713,881
	MTB Securities Limited	27,365,030	30,457,378
	MTB Capital Limited	3,631,437	3,624,578
	MTB Exchange (UK) Limited	6,093,679	5,672,327
		<b>696,453,008</b>	<b>664,468,164</b>
<b>26.a</b>	<b>Rent, Taxes, Insurance and Utilities etc.</b>		
	Rent	384,325,967	374,643,641
	VAT on Rent	53,728,522	52,897,345
	Rates & taxes	6,300,019	3,841,406
	Insurance	107,204,490	95,852,033
	Electricity & Utilities	107,803,864	97,479,456
		<b>659,362,862</b>	<b>624,713,881</b>
<b>27.00</b>	<b>Consolidated Legal Expenses</b>		
	Mutual Trust Bank Limited (Note-27.a)	3,369,120	3,535,580
	MTB Securities Limited	-	-
	MTB Capital Limited	-	-
	MTB Exchange (UK) Limited	-	-
		<b>3,369,120</b>	<b>3,535,580</b>

		Amount in BDT	
		2018	2017
<b>27.a</b>	<b>Legal Expenses</b>		
	Legal Expense	3,369,120	3,535,580
		<b>3,369,120</b>	<b>3,535,580</b>
<b>28.00</b>	<b>Consolidated Postage, Stamps &amp; Telephone etc.</b>		
	Mutual Trust Bank Limited (Note-28.a)	13,658,948	10,285,798
	MTB Securities Limited	746,806	809,236
	MTB Capital Limited	113,358	89,604
	MTB Exchange (UK) Limited	116,504	148,958
		<b>14,635,616</b>	<b>11,333,596</b>
<b>28.a</b>	<b>Postage, Stamps &amp; Telephone etc.</b>		
	Postage/Courier Service	4,562,830	1,311,075
	Telephone	9,096,118	8,974,723
		<b>13,658,948</b>	<b>10,285,798</b>
<b>29.00</b>	<b>Consolidated Printing, Stationery and Advertisements etc.</b>		
	Mutual Trust Bank Limited (Note-29.a)	123,118,858	107,113,138
	MTB Securities Limited	1,071,163	1,325,433
	MTB Capital Limited	279,660	254,488
	MTB Exchange (UK) Limited	248,127	275,217
		<b>124,717,809</b>	<b>108,968,276</b>
<b>29.a</b>	<b>Printing, Stationery and Advertisement etc.</b>		
	Printing Stationery	32,309,568	28,305,363
	Security Stationery	3,826,916	8,373,777
	Computer Stationery	13,883,920	15,978,162
	Petty & Table Stationery	14,753,718	14,755,719
	Publicity & Advertisement	58,344,737	39,700,117
		<b>123,118,858</b>	<b>107,113,138</b>
<b>30.00</b>	<b>Consolidated Directors' Fees</b>		
	Mutual Trust Bank Limited (Note-30.a)	1,996,400	1,876,800
	MTB Securities Limited	669,300	823,400
	MTB Capital Limited	675,000	741,000
	MTB Exchange (UK) Limited	-	-
		<b>3,340,700</b>	<b>3,441,200</b>
<b>30.a</b>	<b>Directors' Fees</b>		
	Meeting fee	1,996,400	1,876,800
		<b>1,996,400</b>	<b>1,876,800</b>
	Bank has paid BDT 8,000 as honorarium according to the BRPD circular letter # 11, dated 04 October 2015.		
<b>31.00</b>	<b>Consolidated Audit Fee</b>		
	Mutual Trust Bank Limited (Note-31.a)	1,334,000	1,341,500
	MTB Securities Limited	69,000	57,500
	MTB Capital Limited	68,750	63,250
	MTB Exchange (UK) Limited	366,855	313,816
		<b>1,838,605</b>	<b>1,776,066</b>
<b>31.a</b>	<b>Audit Fee</b>		
	Annual Account	1,150,000	1,169,000
	NOSTRO Account	69,000	57,500
	IPFF Account	57,500	57,500
	Corporate Governance	57,500	57,500
		<b>1,334,000</b>	<b>1,341,500</b>

		Amount in BDT	
		2018	2017
<b>32.00</b>	<b>Consolidated depreciation and repair of assets</b>		
	Mutual Trust Bank Limited (Note-32.a)	455,800,221	420,129,234
	MTB Securities Limited	7,371,775	7,795,608
	MTB Capital Limited	829,027	1,216,867
	MTB Exchange (UK) Limited	481,024	611,732
		<b>464,482,047</b>	<b>429,753,440</b>
<b>32.01</b>	<b>Consolidated depreciation of assets</b>		
	Mutual Trust Bank Limited (Note-32.a)	328,823,296	328,372,014
	MTB Securities Limited	6,908,513	7,323,979
	MTB Capital Limited	805,766	955,615
	MTB Exchange (UK) Limited	405,986	508,382
		<b>336,943,561</b>	<b>337,159,990</b>
<b>32.01.1</b>	<b>Consolidated Repair &amp; Maintenance of assets</b>		
	Mutual Trust Bank Limited (Note-32.a)	126,976,925	91,757,220
	MTB Securities Limited	463,262	471,629
	MTB Capital Limited	23,261	261,252
	MTB Exchange (UK) Limited	75,038	103,350
		<b>127,538,486</b>	<b>92,593,451</b>
<b>32.a</b>	<b>Depreciation on &amp; Repairs to Bank's property</b>		
	<b>Depreciation:</b>		
	Immovable Property	32,301,194	33,129,429
	Furniture & Fixture	78,473,926	79,606,330
	Office Equipments	195,915,806	198,060,868
	Motor Vehicles	22,132,370	17,575,387
		<b>328,823,296</b>	<b>328,372,014</b>
	Repairs on Bank's property	126,976,925	91,757,220
		<b>455,800,221</b>	<b>420,129,234</b>
<b>33.00</b>	<b>Consolidated other expenses</b>		
	Mutual Trust Bank Limited (Note-33.a)	883,127,014	898,140,284
	MTB Securities Limited	15,180,525	21,445,932
	MTB Capital Limited	3,204,101	3,645,860
	MTB Exchange (UK) Limited	4,685,068	3,876,149
	Less: Intragroup other expenses	(1,000,000)	-
		<b>905,196,708</b>	<b>927,108,226</b>
<b>33.a</b>	<b>Other Expenses</b>		
	Security & Auxiliary Service	180,471,454	172,901,674
	Office Cleaning	47,362,080	43,805,915
	Office Maintenance	21,312,861	25,480,323
	Car Expense	209,864,380	193,482,212
	Entertainment	49,599,459	33,229,179
	Newspaper & Periodicals	1,417,404	1,461,173
	Clearing House Expense	460,226	452,816
	Traveling & Conveyance	57,942,081	48,644,654
	Bank Charge	7,620,395	6,003,674
	Training Expense	11,744,999	8,533,027
	Professional Fees	15,053,070	38,733,912

	Amount in BDT	
	2018	2017
AGM Expense	636,485	282,052
Subscription & Donation	62,105,006	158,287,163
Reuters Charge	2,423,288	2,308,171
CDBL Charges	503,181	54,500
Fees & Registration	9,257,777	7,463,748
Business Development Expense	101,311,551	52,692,374
Contribution to MTB Foundation	15,000,000	15,000,000
Employees Medical Assistance Fund	-	10,000,000
Honorarium	729,400	1,138,332
Cash Carrying Expense	22,085,318	23,522,603
Contact Point Verification (CPV) Charges	3,234,129	2,741,556
Site Maintenance & Support Service	2,324,100	3,066,578
On-line and connectivity charges	36,746,362	37,002,041
NID Verification Charge	763,073	947,546
Agent Banking Float Sharing Commission	12,261,309	3,512,730
Loss on Sale of Fixed Assets	7,337,546	4,363,383
	<b>879,566,936</b>	<b>895,111,336</b>
<b>Offshore Banking Unit</b>	3,560,077	3,028,948
	<b>883,127,014</b>	<b>898,140,284</b>

Expenses incurred by the bank shown in these financial statements are inclusive of VAT where applicable as per the Value Added Tax Act, 1991.

**34.00 Consolidated Provision for Loans, Investment & Others**

Provision for Classified Loans & Advances	2,223,526,000	444,645,646
Provision for Unclassified Loans and Advances	591,000	908,809,835
Provision for Off Balance Sheet Items	5,342,050	137,300,000
Provision for Margin Loan & Investment in Shares	103,000,000	155,492,999
Provision for Other Asset	10,000,000	10,000,000
	<b>2,342,459,050</b>	<b>1,656,248,480</b>

**34.a Provision for Loans, Investment & Others**

Provision for Classified Loans & Advances	2,223,526,000	444,645,646
Provision for Unclassified Loans and Advances	591,000	908,809,835
Provision for Off Balance Sheet Items	5,342,050	137,300,000
Provision for Investment in Shares	-	-
Provision for Other Asset	10,000,000	10,000,000
	<b>2,239,459,050</b>	<b>1,500,755,481</b>

**35.00 Consolidated Provision for Current Tax**

Mutual Trust Bank Limited (Note-35.a)	1,027,312,331	1,157,322,844
MTB Securities Limited	-	-
MTB Capital Limited	20,537,776	22,605,246
MTB Exchange (UK) Limited	82,709	78,872
	<b>1,047,932,817</b>	<b>1,180,006,962</b>

**35.a Provision for Current Tax**

Current tax	1,027,312,331	1,157,322,844
<b>Total</b>	<b>1,027,312,331</b>	<b>1,157,322,844</b>

		Amount in BDT	
		2018	2017
<b>35.01</b>	<b>Consolidated Deferred Tax (Income)/Expenses</b>		
	Mutual Trust Bank limited (Note-35.a.1)	(240,811,680)	(901,260,404)
	MTB Securities Limited	321,418	413,316
	MTB Capital Limited	(23,208)	(26,507)
	MTB Exchange (UK) Limited	-	-
		<b>(240,513,470)</b>	<b>(900,873,595)</b>
<b>35.a.1</b>	<b>Provision for Deferred Tax</b>		
	Deferred Tax (Note-9.a.3.2.1)	(240,811,680)	(901,260,404)
	<b>Total</b>	<b>(240,811,680)</b>	<b>(901,260,404)</b>
	* Deferred tax has been calculated as per "IAS- 12 Income Taxes" and it is the timing differences arising from the carrying value of fixed assets.		
<b>36.00</b>	<b>Consolidated Earning Per Share (EPS)*</b>		
	Consolidated Net Profit After Tax	1,734,445,786	1,980,335,258
	Number of Ordinary Shares outstanding	<b>573,363,038</b>	<b>573,363,038</b>
	<b>Earning Per Share (EPS)</b>	<b>3.03</b>	<b>3.45</b>
	*Earnings per share has been calculated in accordance with IAS-33: Earnings Per Share (EPS).		
<b>36.a</b>	<b>Earning Per Share (EPS)*</b>		
	Net Profit After Tax	1,582,400,985	1,916,223,589
	Number of Ordinary Shares outstanding	<b>573,363,038</b>	<b>573,363,038</b>
	<b>Earning Per Share (EPS)</b>	<b>2.76</b>	<b>3.34</b>
	*Earnings per share has been calculated in accordance with IAS- 33: Earnings Per Share (EPS).		
<b>37.00</b>	<b>Consolidated Received from Other Operational Income</b>		
	Mutual Trust Bank Limited (Note-37.a)	617,373,561	421,334,526
	MTB Securities Limited	73,603,808	51,477,533
	MTB Capital Limited	44,737,012	46,917,267
	MTB Exchange (UK) Limited	3,335,043	3,138,159
	Less: Intragroup other operating income	(1,000,000)	-
		<b>738,049,425</b>	<b>522,867,485</b>
<b>37.a</b>	<b>Received from Other Operational Income</b>		
	Handling charge	1,868,249	3,925,344
	VISA	26,431,477	16,128,692
	Service charge	141,946,091	116,625,595
	Telephone & SMS Charge Recoveries	10,767,503	4,257,442
	SWIFT charge recovery	23,981,170	29,126,832
	SME Fees and Charges	380,213	766,996
	Management fees	20,239,137	16,711,800
	Early settlement and Loan processing fees	40,784,932	33,819,397
	Charges against cards	139,199,919	101,462,726
	NPSB Acquirer Income	10,188,970	7,985,334
	Locker rent	4,440,779	4,051,361
	Discount on Treasury Bill	28,767,187	38,388,510
	Gain( net off loss) from Trading in Govt. Securities	409,482,515	172,811,182
	Loss on revaluation of treasury securities	(333,563,081)	(265,695,724)
	Gain/(Loss) on Investment in shares of quoted companies	75,268	49,150,813
	Miscellaneous income	79,453,362	79,389,683
	Offshore Banking Unit (Annexure G)	12,929,869	12,428,544
		<b>617,373,561</b>	<b>421,334,526</b>

		Amount in BDT	
		2018	2017
<b>38.00</b>	<b>Consolidated Payment for Other Operational Expenses</b>		
	Rent, Tax, Insurance & Electricity	696,453,008	664,468,164
	Legal Expense	3,369,120	3,535,580
	Postage, Stamps, Telegram & Telephone	14,635,616	11,333,596
	Directors' fees	3,340,700	3,441,200
	Auditors' fees	1,838,605	1,776,066
	Repair & Maintenance	127,538,486	92,593,451
	Other Expenditure	897,859,162	920,580,281
		<b>1,745,034,697</b>	<b>1,697,728,338</b>
<b>38.a</b>	<b>Payment for Other Operational Expenses</b>		
	Rent, Tax, Insurance & Electricity	659,362,862	624,713,881
	Legal Expense	3,369,120	3,535,580
	Postage, Stamps, Telegram & Telephone	13,658,948	10,285,798
	Directors' fees	1,996,400	1,876,800
	Auditors' fees	1,334,000	1,341,500
	Repair & Maintenance	126,976,925	91,757,220
	Other Expenditure	875,789,468	893,776,901
		<b>1,682,487,722</b>	<b>1,627,287,680</b>
<b>39.00</b>	<b>Number of Employees</b>		
	The number of employees engaged for the whole year or part thereof who received a total remuneration of BDT 36,000 or above were 2,120.		
<b>40.00</b>	<b>Number of Branch</b>	114	111
<b>41.00</b>	<b>Number of Meeting</b>		
	Board Meeting	16	15
	Executive Committee Meeting	8	8
	Audit Committee Meeting	4	4
	Risk Management Committee Meeting	5	4
<b>42.00</b>	<b>Auditors Work Hour</b>		
	The external auditors of the bank, A. Qasem & Co., Chartered Accountants, a member firm of Ernst & Young Global Limited, covered 80% of the Bank's Risk Weighted Asset and has spent around 1,600 man-hours to complete the audit as per International Standards on Auditing (ISA).		
<b>43.00</b>	<b>Related Party Disclosures of the Bank</b>		
	<b>i) Name of the Directors together with a list of entities in which they have interest</b>		<b>Annexure-E</b>

**ii) Significant contracts where Bank is a party and wherein Directors have Interest during the year 2018**

Name of Directors	Relationship with the Bank	Nature of transaction	Approve limit	Outstanding amount	
				BDT	USD
Mr. Md. Hedayetullah	Chairman	Credit Card (Secured)	USD 20,000	-	1,763
Mrs. Khwaja Nargis Hossain	Vice Chairman	Credit Card	BDT 500,000	-	-
Mr. Syed Manzur Elahi	Director (Founding Chairman)	Credit Card (Secured)	USD 20,000	-	290
Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	Credit Card	BDT 500,000	-	-
Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Director	Credit Card (Secured)	USD 6,000 USD 2,500	-	150
Mr. M. A. Rouf, JP	Director	Credit Card	BDT 1000,000	574	-
Mr. Md. Abdul Malek	Director	Credit Card	BDT 1000,000	31,599	1,302
Mr. Md. Wakiluddin	Director	Credit Card	BDT 900,000	12,144	-
		Credit Card	BDT 100,000	-	-
Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	Credit Card	BDT 490,000	-	-
Mr. Q.A.F.M Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	Credit Card	BDT 200,000	4,037	-
		Credit Card	BDT 500,000	142,348	-
Mr. Anwarul Amin	Independent Director	Credit Card	-	-	-
Dr. Sultan Hafeez Rahman	Independent Director	Credit Card	-	-	-

**iii) Shares issued to Directors and Executives without consideration or exercisable at a discount Nil**

**iv) Related Party Transactions**

Name of party	Related with	Transactions nature	Outstanding balance BDT Million	Nature of Security
Mrs. Banesa Khatun	Mr. Md. Wakiluddin Director	House Building Loan (General)	0.656	Registered Mortgage (RM) of Land and Building
Sunbeams School Ltd. (1.Mrs Nilufer Manzur,Chairman, 2. Mr. Sayed Nasim Manzur, 3.Ms. Munize Manzur)	Mr. Syed Manzur Elahi Director (Founding Chairman)	SOD (General)	22.269	RM of Land and Building
Sunbeams School Ltd. (1.Mrs Nilufer Manzur,Chairman, 2.Mr. Sayed Nasim Manzur, 3.Ms. Munize Manzur)	Mr. Syed Manzur Elahi Director (Founding Chairman)	Term Loan	11.541	RM of Land and Building

**v) Lending policies in respect of related party**

Lending to related parties is effected as per requirements of Section 27(1) of the Bank Companies Act, 1991.

**vi) Business other than banking business with any relation concern to the Directors as per Section 18(2) of the Bank Companies Act, 1991**

a) Lease agreement made with the Directors

Nature of contract	Purpose	Name of Director and Related by	Remarks
Lease agreement	Pabna Branch	Mr. Anjan Chowdhury	Approved by Bangladesh Bank
	Pabna Branch ATM Booth		Approved by Board of MTB
	Square Textile ATM Booth		
	Square Pharmaceuticals ATM Booth		
	Square Hospital ATM Booth		
	Square Fashions ATM Booth		
Lease agreement	Bilquis Tower ATM Booth	Mr. Rashed Ahmed Chowdhury	Approved by Board of MTB
	ABC House ATM Booth		
	ABC Heritage ATM Booth		
	ABC BPL ATM Booth		
Lease agreement	Pragati Sarani Branch	Mr. Md. Wakiluddin	Approved by Bangladesh Bank
	Pragati Sarani Branch ATM Booth		
Lease agreement	Apex Adelchi Footwear Ltd. ATM Booth	Syed Manzur Elahi	Approved by Board of MTB

**vii) Business with subsidiaries**

Name of party	Relationship	Nature of transaction	Outstanding balance BDT Million
MTB Securities Limited	Subsidiary Company	Loan facility	-
MTB Exchange (UK) Limited	Subsidiary Company	Receivable from MTB Exchange (UK)	40.68

**44.00 Events after the Balance Sheet Date**

Subsequent to the Balance Sheet date, the Board of Directors recommended Stock Dividend @ 11% for the year 2018 which will be recognized in the accounts as and when approved by the Shareholders in the Annual General Meeting (AGM).

**45.00 Financial Highlights as at December 31, 2018 are shown in Annexure-F**

# MUTUAL TRUST BANK LIMITED

Annexure- A

## BALANCE WITH OTHER BANKS - OUTSIDE BANGLADESH (NOSTRO ACCOUNT)

Currency wise position and Exchange rate applied for conversion of Balance with other Banks in Foreign Currency into Local Currency as at December 31, 2018

Name of the Bank	Currency	2018			2017		
		Foreign Currency Amount	Exchange Rate	BDT	Foreign Currency Amount	Exchange Rate	BDT
Mashreq Bank PSC, New York	US\$	6,169,516	83.90	517,622,372	632,956	82.70	52,345,475
Standard Chartered Bank, New York	US\$	979,594	83.90	82,187,926	5,156,142	82.70	426,412,919
Habib American Bank, New York	US\$	2,163,522	83.90	181,519,504	1,330,699	82.70	110,048,836
Commerz Bank AG, Germany	US\$	531,430	83.90	44,586,987	127,860	82.70	10,573,988
ICICI Bank Ltd., Hong Kong	US\$	37,224	83.90	3,123,086	234,711	82.70	19,410,576
National Commercial Bank, Jeddha	US\$	-	82.70	-	-	82.70	-
KB Kookmin Bank, South Korea	US\$	442,990	83.90	37,166,899	76,163	82.70	6,298,714
Standard Chartered Bank, Singapore	SGD	56,281	61.12	3,439,664	15,399	61.74	950,745
Standard Chartered Bank, Colombo	ACU	50,706	83.90	4,254,223	70,039	82.70	5,792,242
Mashreq Bank PSC, London	GBP	226,272	106.23	24,037,784	32,379	110.99	3,593,850
Standard Chartered Bank, London	GBP	794,951	106.23	84,450,986	25,102	110.99	2,786,077
Sonali Bank (UK) Ltd., London	GBP	-	-	-	5,900	110.99	654,799
Habib American Bank, Zurich	CHF	55,362	84.52	4,679,372	27,744	83.97	2,329,581
Standard Chartered Bank, Tokyo	JPY	7,150,513	0.76	5,408,649	3,492,507	0.73	2,552,407
UBAF, Tokyo	JPY	2,702,302	0.76	2,044,022	1,430,049	0.73	1,045,114
Mashreq Bank PSC, London	EUR	55,075	95.51	5,260,343	2,703	98.50	266,274
Standard Chartered Bank, Germany	EUR	24,575	95.51	2,347,155	7,580	98.50	746,587
ICICI Bank Ltd., Mumbai	EUR	6,164	95.51	588,774	6,164	98.50	607,168
Unicredit Bank, Germany	EUR	3,922	95.51	374,614	18,391	98.50	1,811,388
Commerz Bank AG, Germany	EUR	275,453	95.51	26,309,047	341,718	98.50	33,657,782
United Bank of India, Kolkata	EUR	4,226	95.51	403,590	4,226	98.50	416,199
Standard Chartered Bank, Mumbai	ACU	240,545	83.90	20,181,751	6,964	82.70	575,960
Standard Chartered Bank, Kolkata	ACU	500,482	83.90	41,990,479	500,482	82.70	41,389,900
Standard Chartered Bank, Karachi Pakistan	ACU	98,908	83.90	8,298,417	63,392	82.70	5,242,484
Habib Metropolitan Bank Ltd., Karachi	ACU	48,243	83.90	4,047,559	181,825	82.70	15,036,887
Mashreq Bank PSC, Mumbai	ACU	595,410	83.90	49,954,929	86,299	82.70	7,136,944
AB Bank Ltd., Mumbai	ACU	45,287	83.90	3,799,575	635,255	82.70	52,535,622
ICICI Bank Ltd., Mumbai	ACU	93,077	83.90	7,809,184	379,791	82.70	31,408,674
Himalayan Bank Ltd., Kathmandu	ACU	109,490	83.90	9,186,211	109,490	82.70	9,054,823
Nepal Bangladesh Bank Limited	ACU	131,974	83.90	11,072,627	131,974	82.70	10,914,258
United Bank of India, Kolkata	ACU	186,100	83.90	15,613,811	130,633	82.70	10,803,342
HDFC Bank Ltd., Mumbai	ACU	477,370	83.90	40,051,377	285,989	82.70	23,651,275
Axis Bank Ltd., Mumbai	ACU	244,153	83.90	20,484,459	53,676	82.70	4,439,023
Sonali Bank Ltd., Kolkata	ACU	141,495	83.90	11,871,432	154,842	82.70	12,805,414
Mashreq Bank PSC, UAE	AED	13,854,218	22.84	316,445,588	4,712,727	22.52	106,110,127
Commerz Bank AG, Germany	AUD	203,559	59.23	12,055,773	-	-	-
Bank Al Bilad KSA (SAR)	SAR	506,376	22.36	11,322,967	-	-	-
ICICI, Mumbai	ACU	-	-	28,032,607	-	-	28,032,607
<b>Total</b>		<b>39,206,768.02</b>		<b>1,642,023,744</b>	<b>20,471,771</b>		<b>1,041,438,060</b>

# MUTUAL TRUST BANK LIMITED

## INVESTMENT IN SHARES

As at December 31, 2018

### Annexure- B

Sl. No.	Name of the Company	Face Value	No. of Share Held	Cost Holding	Average Cost	Quoted Rate Per Share 31 December 2018	Total Market Value as at 31 December 2018	Amount in BDT	
								Unrealised Gain/ Loss	
<b>A. Quoted Share</b>									
1	Active Fine Chemicals Ltd	10	1,466.40	57,162	38.98	28.20	41,352	(15,810)	
2	BRAC Bank Ltd.	10	4,481	326,637	72.89	72.70	325,769	(868)	
3	Bangladesh Submarine Cable Company Limited	10	55,000	9,348,350	169.97	96.70	5,318,500	(4,029,850)	
4	The City Bank Ltd.	10	1,935	80,639	41.67	30.20	58,437	(22,202)	
5	Confidence Cement	10	2,392	432,490	180.84	179.40	429,053	(3,437)	
6	Nahee Aluminium Comp.	10	1,475	103,840	70.40	58.40	86,146	(17,694)	
7	Singer BD Ltd	10	1,537	332,444	216.29	221.20	339,984	7,540	
8	Dhaka Electric Supply Company Ltd.	10	28,638	2,907,903	101.54	40.30	1,154,111	(1,753,791)	
9	First Finance Limited	10	121,275	3,461,189	28.54	5.70	691,268	(2,769,921)	
10	Global Heavy Chemicals Limited	10	10,000	614,200	61.42	39.30	393,000	(221,200)	
11	Grameenphone Ltd.	10	1,307	520,085	397.92	367.30	480,061	(40,024)	
12	Jamuna Oil Company Limited	10	66,000	15,467,760	234.36	180.80	11,932,800	(3,534,960)	
13	Matin Spinning Mills Ltd.	10	100,000	4,733,000	47.33	39.40	3,940,000	(793,000)	
14	Meghna Petroleum Limited	10	32,670	7,510,506	229.89	188.70	6,164,829	(1,345,677)	
15	National Bank Ltd.	10	282,395	4,464,665	15.81	9.60	2,710,992	(1,753,673)	
16	Northern General Insurance Company Ltd.	10	30,719	967,956	31.51	18.30	562,158	(405,798)	
17	Orion Pharma Ltd.	10	50,000	3,551,000	71.02	37.00	1,850,000	(1,701,000)	
18	Phoenix Insurance Company Ltd.	10	42,750	2,579,108	60.33	28.90	1,235,475	(1,343,633)	
19	Pragati Life Insurance Ltd.	10	148,648	25,524,348	171.71	113.00	16,797,224	(8,727,124)	
20	Premier Cement Mills Limited	10	25,000	2,940,500	117.62	72.20	1,805,000	(1,135,500)	
21	RAK Ceramics (Bangladesh) Limited	10	17,325	1,114,517	64.33	39.40	682,605	(431,912)	
22	R.N. Spinning Mills Limited	10	158,400	3,712,896	23.44	9.00	1,425,600	(2,287,296)	
23	Square Pharmaceuticals Ltd.	10	882	222,973	252.80	254.20	224,204	1,231	
24	Summit Power Limited	10	692,102	38,916,895	56.23	40.30	27,891,711	(11,025,185)	
25	United Airways (BD) Ltd.	10	338,800	7,006,384	20.68	3.10	1,050,280	(5,956,104)	
	Free Fund available			263,165			263,165	-	
<b>Sub-Total</b>				<b>2,215,197</b>	<b>137,160,611</b>		<b>87,853,724</b>	<b>(49,306,887)</b>	

# MUTUAL TRUST BANK LIMITED

## INVESTMENT IN SHARES

As at December 31, 2018

Annexure- B

							Amount in BDT	
SL. No.	No. of Share Held	Cost Holding	Average Cost	Quoted Rate Per Share 31 December 2018	85% NAV	Total Value as per 85% of NAV as at 31 December 2018	Provision Req. as per BB Guideline	
<b>B. Mutual Fund (Quoted)</b>								
1	10	59,608	7.05	8.10	9.27	78,289	-	
2	10	73,328	7.16	7.50	9.27	94,883	-	
3	10	219,643,027	6.44	4.30	9.21	313,909,437	-	
4	10	108,951,108	6.69	4.70	9.10	148,270,225	-	
5	10	41,600,000	10.00	7.20	9.45	39,320,320	(2,279,680)	
6	10	32,808,980	6.85	4.30	9.03	43,258,783	-	
<b>Sub-Total</b>						<b>544,931,937</b>	<b>(2,279,680)</b>	

							Amount in BDT	
SL. No.	Face Value	No. of Share Held	Cost Holding	Net Assets value as per Last audited Financial Statements	Total No. of Shares of Issuers	NAV	Value as per NAV as at 31 December 2018	Unrealized Gain/Loss
<b>C Unquoted Share</b>								
1	10	2,000,000	20,000,000	232,436,195	20,000,000	11.62	23,243,620	3,243,620
2	10	5,711,804	15,694,430	6,757,096,649	200,000,000	33.79	192,976,058	177,281,628
3	10	1,192,800	50,000,000	6,091,512,724	149,869,650	40.65	48,481,840	(1,518,160)
4	10	10,260,754	71,770,260	1,763,805,275	100,000,000	17.64	180,979,720	109,209,460
5	10	3,000,000	30,000,000	586,350,173	60,000,000	9.77	29,317,509	(682,491)
6	100	49,155	4,915,500	13,443,628	1,067,175	12.60	619,225	(4,296,275)
<b>Sub-Total</b>						<b>192,380,190</b>	<b>15,444,644,644</b>	<b>283,237,782</b>

# MUTUAL TRUST BANK LIMITED

## INVESTMENT IN SHARES

As at December 31, 2018

Annexure- B

Amount in BDT

SL. No.	Name of the Company	Face Value	No. of Share Held	Cost Holding	Value as per NAV as at December 31, 2018
<b>D</b>	<b>Fund (Unquoted)</b>				
1	MTB Unit Fund	10	21,760,000	217,600,000	217,600,000
	<b>Sub-Total</b>			<b>217,600,000</b>	<b>217,600,000</b>
<b>E</b>	<b>Bonds:</b>				
1	Uttara Finance & Investment Limited-Zero Coupon Bond			20,000,000	20,000,000
2	One Bank Subordinated Bond			100,000,000	100,000,000
3	Trust Bank Subordinated Bond			100,000,000	100,000,000
4	UCB 3rd Subordinated Bond			250,000,000	250,000,000
5	Jamuna Bank Subordinated Bond			150,000,000	150,000,000
6	AIBL Second Mudaraba Bond			100,000,000	100,000,000
7	IPDC Subordinated Bond			200,000,000	200,000,000
8	NBL Subordinated Bond			250,000,000	250,000,000
9	AB Bank Subordinate Bond			48,000,000	48,000,000
	<b>Sub-Total</b>			<b>1,218,000,000</b>	<b>1,218,000,000</b>
	<b>Total</b>			<b>2,168,276,853</b>	<b>2,544,003,633</b>
					<b>51,586,567</b>

Particulars	Provision Required	Provision Maintained	Excess/(Shortfall)
Quoted Shares	49,306,887		
Un-quoted Shares	-	55,267,667	3,681,100
Mutual Funds	2,279,680		
	<b>51,586,567</b>	<b>55,267,667</b>	<b>3,681,100</b>

## MUTUAL TRUST BANK LIMITED

### CONSOLIDATED FIXED ASSET SCHEDULE

As at December 31, 2018

Annexure-C

Particulars	Cost			Rate	Depreciation			Written down value as at 31.12.2018
	Balance as at 01.01.2018	Addition during the year	Disposal during the year		Balance as at 31.12.2018	Charged for the year	Adjustment made during the year	
Land	104,253,000	-	-	104,253,000	0%	-	-	104,253,000
Immovable Property	1,502,105,795	-	-	1,502,105,795	2.50%	34,106,805	-	1,294,053,199
Furniture & Fixture	1,405,072,503	90,288,126	21,220,538	1,474,140,091	10%	90,268,066	13,307,710	841,844,945
Office Equipments	1,765,060,309	137,443,533	8,307,640	1,894,196,203	20%	1,037,754,129	163,697,945	699,798,855
Motor Vehicles	171,730,597	32,384,376	25,950,886	178,164,087	20%	101,538,756	22,132,370	78,416,652
Books & Periodicals	423,974	-	423,974	423,974	10%	-	423,974	-
Intangible Asset	199,696,090	4,931,250	-	204,627,340	20%	68,079,463	26,738,265	109,809,612
<b>Total 2018</b>	<b>5,148,342,268</b>	<b>265,047,285</b>	<b>55,903,038</b>	<b>5,357,486,516</b>		<b>1,937,076,904</b>	<b>44,710,101</b>	<b>3,128,176,263</b>
<b>Total 2017</b>	<b>4,778,898,729</b>	<b>424,241,175</b>	<b>54,797,635</b>	<b>5,148,342,269</b>		<b>1,637,927,486</b>	<b>38,010,572</b>	<b>3,211,265,365</b>

# MUTUAL TRUST BANK LIMITED

## FIXED ASSET SCHEDULE

As at 31 December 2018

### Annexure-C (i)

Particulars	Cost			Rate	Depreciation			Written down value as at 31.12.2018
	Balance as at 01.01.2018	Addition during the year	Disposal during the year		Balance as at 31.12.2018	Charged for the year	Adjustment made during the year	
Land	104,253,000			0%	-	-	-	104,253,000
Immovable Property	1,455,740,795			2.50%	163,693,017	32,301,194	195,994,211	1,259,746,584
Furniture & Fixture	1,346,987,053	88,726,626	21,220,538	10%	533,250,868	86,371,919	606,315,077	808,178,064
Office Equipments	1,725,443,429	135,988,306	8,307,640	20%	1,009,619,473	161,279,548	1,163,844,295	689,279,800
Motor Vehicles	171,730,597	32,384,376	25,950,886	20%	101,538,756	22,132,370	99,747,435	78,416,652
Books & Periodicals	423,974		423,974	10%	423,974	-	-	-
Intangible Asset	199,696,090	4,931,250		20%	68,079,463	26,738,265	94,817,728	109,809,612
<b>Total 2018</b>	<b>5,004,274,938</b>	<b>262,030,558</b>	<b>55,903,038</b>		<b>1,876,605,551</b>	<b>328,823,296</b>	<b>44,710,101</b>	<b>3,049,683,712</b>
<b>Total 2017</b>	<b>4,620,607,018</b>	<b>422,884,704</b>	<b>39,216,784</b>		<b>1,578,555,409</b>	<b>328,372,014</b>	<b>30,321,872</b>	<b>3,127,669,387</b>

# MUTUAL TRUST BANK LIMITED

Annexure-D

## LIST OF SUBORDINATED DEBT HOLDERS

As at December 31, 2018

### A. MTB 2nd Subordinate Bond

SL No.	Name of party	2018	2017
		Investment Amount	Investment Amount
1	Sonali Bank Limited	800,000,000	1,000,000,000
2	BRAC Provident Fund	400,000,000	500,000,000
3	Bank Asia Limited	320,000,000	400,000,000
4	Uttara Bank Limited	240,000,000	300,000,000
5	BRAC	200,000,000	250,000,000
6	BRAC Bank Limited	200,000,000	250,000,000
7	NRB Commercial Bank Limited	160,000,000	200,000,000
8	United Finance Limited	80,000,000	100,000,000
<b>Sub-Total (A)</b>		<b>2,400,000,000</b>	<b>3,000,000,000</b>

### B. MTB 2nd Subordinate Bond

SL No.	Name of party	2018	2017
		Investment Amount	Investment Amount
1	Pubali Bank Limited	950,000,000	950,000,000
2	Dhaka Bank Limited	900,000,000	900,000,000
3	Sonali Bank Limited	750,000,000	750,000,000
4	Southeast Bank Limited	650,000,000	650,000,000
5	Janata Bank Limited	500,000,000	500,000,000
6	Agrani Bank Limited	300,000,000	300,000,000
7	Eastern Bank Limited	300,000,000	300,000,000
8	Rupali Bank Limited	200,000,000	200,000,000
9	Delta Life Insurance Company Limited	200,000,000	200,000,000
10	Standard Bank Limited	150,000,000	150,000,000
11	United Finance Limited	100,000,000	100,000,000
<b>Sub-Total (B)</b>		<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>Total (A+B)</b>		<b>7,400,000,000</b>	<b>8,000,000,000</b>

## NAME OF COMPANIES IN WHICH THE DIRECTORS OF THE BANK HAVE INTEREST

Sl.	Name of Directors of the Bank	Name of Companies in which the Directors have interest
1	<b>Mr. Md. Hedayetullah</b> Chairman	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>Hedayetullah Securities Ltd.</li> <li>MTB Securities Limited (MTBSL)</li> <li>MTB Capital Limited (MTBCL)</li> <li>MTB Exchange UK Limited (MTB UK)</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>Apex Tannery Ltd.</li> <li>Apex Property Development Ltd.</li> </ul> <p><b>Managing Director</b></p> <ul style="list-style-type: none"> <li>Footbed Footwear Ltd.</li> <li>FB Footwear Ltd.</li> </ul>
2	<b>Mrs. Khwaja Nargis Hossain</b> Vice Chairman	<p><b>Director</b></p> <ul style="list-style-type: none"> <li>SAHCO International Ltd.</li> </ul> <p><b>Managing Director</b></p> <ul style="list-style-type: none"> <li>SAHCO Securities Ltd.</li> </ul>
3	<b>Mr. Syed Manzur Elahi</b> Director (Founding Chairman)	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>Apex Tannery Ltd.</li> <li>Apex Footwear Ltd.</li> <li>Apex Pharma Ltd.</li> <li>Blue Ocean Footwear Ltd.</li> <li>Apex Enterprises Ltd.</li> <li>Apex Investments Ltd.</li> <li>Grey Advertising (Bangladesh) Ltd.</li> <li>Quantum Market Research</li> <li>Manusher Jonno Foundation</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>International Publications Limited</li> <li>Credit Rating Agency of Bangladesh Limited (CRAB)</li> <li>Central Depository Bangladesh Limited (CDBL)</li> <li>MTB Exchange (UK)</li> </ul> <p><b>Member of the Board of Trustees</b></p> <ul style="list-style-type: none"> <li>East West University</li> <li>Centre for Policy Dialogue (CPD)</li> <li>Diabetic Association of Bangladesh</li> </ul>
4	<b>Dr. Arif Dowla</b> Director (Representing Advanced Chemical Industries Ltd.)	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>Tetley ACI (Bangladesh) Ltd.</li> </ul> <p><b>Vice Chairman</b></p> <ul style="list-style-type: none"> <li>ACI HealthCare Limited</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>ACI Formulations Limited</li> <li>ACI Motors Limited</li> <li>ACI Pure Flour Limited</li> <li>ACI Agrolink Limited</li> <li>Premiaflex Plastics Limited</li> <li>ACI Foods Limited</li> <li>ACI Chemicals Limited</li> <li>Infolytx Bangladesh Limited</li> <li>ACI Salt Limited</li> </ul>

## NAME OF COMPANIES IN WHICH THE DIRECTORS OF THE BANK HAVE INTEREST

Sl. Name of Directors of the Bank	Name of Companies in which the Directors have interest
	<ul style="list-style-type: none"> <li>• ACI Biotech Limited</li> <li>• ACI Edible Oils Limited</li> <li>• Creative Communication Limited</li> <li>• Consolidated Chemicals Limited</li> <li>• Dowla Agricultural Development Company Ltd.</li> <li>• ACI Godrej Agrovvet Private Limited</li> <li>• ACI Foundation</li> <li>• Bangladesh Business Publications Limited</li> <li>• ACI Healthcare USA Inc.</li> <li>• MTB Capital Limited (MTBCL)</li> </ul> <p><b>Managing Director</b></p> <ul style="list-style-type: none"> <li>• Advanced Chemical Industries (ACI) Ltd.</li> <li>• ACI Logistics Limited</li> <li>• Stochastic Logic Limited</li> </ul> <p><b>Member of the Board of Governors</b></p> <ul style="list-style-type: none"> <li>• Society for Promotion of Bangladesh Art (SPBA)</li> </ul>
5 <b>Mr. Rashed Ahmed Chowdhury</b> Director (Representing Associated Builders Corp. Ltd.)	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• ABC Building Products Ltd.</li> <li>• Banga Garments Ltd.</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>• Associated Builders Corporation Ltd.</li> <li>• ABC Real Estate Ltd.</li> <li>• Shamsuddin Towels Ltd.</li> <li>• MTB Exchange (UK)</li> </ul>
6 <b>Mr. M A Rouf, JP</b> (Former Chairman)	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• Britannia Properties Ltd. Bangladesh</li> <li>• Britannia Holdings &amp; Management Ltd.</li> <li>• Britannia Developments Ltd.</li> <li>• Britannia Asset &amp; Equity Management Ltd.</li> <li>• Diamond Properties (BD)</li> <li>• Diamond Properties (UK) St. Andrews</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>• Tiger Tours Ltd.</li> <li>• MTB Exchange (UK) Ltd.</li> </ul>
7 <b>Mr. Md. Abdul Malek</b> Director	<p><b>Proprietor</b></p> <ul style="list-style-type: none"> <li>• Gardenia</li> </ul>
8 <b>Mr. Md. Wakiluddin</b> Director	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• Baridhara Corporation Ltd.</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>• HURDCO International School</li> </ul> <p><b>Managing Director</b></p> <ul style="list-style-type: none"> <li>• Swadesh Properties Ltd.</li> <li>• Swadesh Global Media Ltd.</li> </ul>

### NAME OF COMPANIES IN WHICH THE DIRECTORS OF THE BANK HAVE INTEREST

Sl.	Name of Directors of the Bank	Name of Companies in which the Directors have interest
9	<b>Mr. Anjan Chowdhury</b> Director (Representing ASTRAS Ltd.)	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• Oracle Travels Ltd.</li> <li>• Vision Technologies Ltd. (Radio Din Raat)</li> <li>• Sun Communications Ltd.</li> </ul> <p><b>Director</b></p> <ul style="list-style-type: none"> <li>• Square Pharmaceuticals Limited</li> <li>• Square Hospitals Ltd.</li> <li>• Square Formulations Ltd.</li> <li>• Square Herbal and Nutraceuticals Ltd.</li> <li>• Square Agro Development and Proc. Ltd.</li> <li>• Square Textiles Ltd.</li> <li>• Square Fashions Limited</li> <li>• Square Yarns Limited</li> <li>• Square Fashion Yarns Limited</li> <li>• Square Denims Limited</li> <li>• Square Apparels Limited</li> <li>• Square Holdings Ltd.</li> <li>• Square Informatix Ltd.</li> <li>• ASTRAS Limited</li> <li>• Pharma Packages (Pvt.) Ltd.</li> <li>• Barnali Printers Ltd.</li> <li>• Sabazpur Tea Co. Ltd.</li> <li>• Abahani Limited</li> </ul> <p><b>Managing Director</b></p> <ul style="list-style-type: none"> <li>• Square Toiletries Ltd.</li> <li>• Square Food &amp; Beverage Ltd.</li> <li>• Square Securities Management Ltd.</li> <li>• Square Texcom Limited</li> <li>• Square Air Ltd.</li> <li>• Maasranga Communications Ltd. (Maasranga Television)</li> <li>• Mediacom Ltd.</li> <li>• Aegis Services Ltd.</li> </ul>
10	<b>Mr. Md. Manirul Islam</b> Director (Representing Pioneer Insurance Company Ltd.)	<p><b>Managing Director</b></p> <ul style="list-style-type: none"> <li>• Pioneer Insurance Co. Ltd.</li> </ul>
11	<b>Mr. Anwarul Amin</b> Independent Director	<p><b>Chairman</b></p> <ul style="list-style-type: none"> <li>• Kayfin Consultants Ltd. (Management Consultancy Firm)</li> </ul> <p><b>Independent Director (Fully owned subsidiary of MTB)</b></p> <ul style="list-style-type: none"> <li>• MTB Securities Ltd. (MTBSL)</li> <li>• MTB Capital Ltd. (MTBCL)</li> </ul>
12	<b>Dr. Sultan Hafeez Rahman</b> Independent Director	<p><b>Executive Director</b></p> <ul style="list-style-type: none"> <li>• BRAC Institute of Governance and Development(BIGD)</li> </ul> <p><b>Independent Director</b></p> <ul style="list-style-type: none"> <li>• MTB Exchange (UK)</li> </ul>

# MUTUAL TRUST BANK LIMITED

## CONSOLIDATED FINANCIAL HIGHLIGHTS

As at Decemebr 31, 2018

Annexure - F

		Amount in BDT (Million)/ Percentage	
Sl. No.	Items	2018	2017
1	Paid up Capital	5,733.63	5,096.56
2	Total Capital (Tier-1 & 2)	21,042.05	19,016.46
3	Surplus/(Shortage) Capital	4,677.60	5,194.01
4	Total Asset	222,444.90	201,753.93
5	Total Deposit	166,160.29	151,776.69
6	Total Loans and Advances	166,145.12	145,606.99
7	Total Contingent Liabilities	65,632.12	53,302.45
8	Lending-Deposit Ratio	82.83%	83.45%
9	Classified Loans as Percentage (%) of Total Loans and Advances	5.39%	4.30%
10	Profit after Provision and Tax	1,734.45	1,980.34
11	Total Classified Loans and Advances	8,951.40	6,268.36
12	Total Provision Maintained against Classified Loans	3,183.38	2,398.34
13	Surplus/(Deficit) in Provision against Classified Loans	(1,517.39)	30.00
14	Cost of Fund	8.63%	7.88%
15	Earning Assets	187,021.93	170,162.67
16	Non-Interest Earning Assets	35,422.97	31,591.27
17	Return on Investments (ROI)	8.93%	9.04%
18	Return on Asset (ROA)	0.82%	1.08%
19	Income from Investment	2,343.17	2,127.21
20	Earnings Per Share (BDT)	3.03	3.45
21	Operating Profit Per Share (BDT)	8.52	6.83
22	Price-Earning Ratio (Times)	11.60	10.13

# MUTUAL TRUST BANK LIMITED

## FINANCIAL HIGHLIGHTS

As at December 31, 2018

Annexure - F(i)

Sl. No.	Items	Amount in BDT (Million)/ Percentage	
		2018	2017
1	Paid up Capital	5,733.63	5,096.56
2	Total Capital (Tier-1 & 2)	20,800.01	18,846.47
3	Surplus/(shortage) Capital	4,570.34	5,186.76
4	Total Assets	221,827.58	201,277.52
5	Total Deposits	166,700.99	152,237.79
6	Total Loans and Advances	163,281.71	142,819.50
7	Total Contingent Liabilities	65,632.12	53,302.45
8	Lending-Deposit Ratio	82.83%	83.45%
9	Classified Loans as Percentage (%) of Total Loans and Advances	5.48%	4.39%
10	Profit after Provision and Tax	1,582.40	1,916.22
11	Total Classified Loans and Advances	8,951.40	6,268.36
12	Total Provision Maintained against Classified Loans	3,183.38	2,398.34
13	Surplus/(Deficit) in Provision against Classified Loans	(1,517.39)	30.00
14	Cost of Fund	8.52%	7.75%
15	Earning Assets	183,146.85	166,404.55
16	Non-Interest Earning Assets	38,680.73	34,872.97
17	Return on Investments (ROI)	8.75%	8.94%
18	Return on Asset (ROA)	0.75%	1.05%
19	Income from Investment	2,239.09	2,056.35
20	Earnings Per Share (BDT)	2.76	3.34
21	Operating Profit Per Share (BDT)	8.04	6.41
22	Price-Earning Ratio (Times)	12.72	10.47

# OFF SHORE BANKING UNIT (OBU)

Annexure- G

## BALANCE SHEET

As at December 31, 2018

Particulars	Notes	2018		2017	
		USD	BDT	USD	BDT
<b>Property and Assets</b>					
<b>Cash</b>					
In hand (including foreign currencies)		-	-	-	-
Balance with Bangladesh bank and its agent bank(s)		-	-	-	-
(including foreign currencies)		-	-	-	-
<b>Balance with other banks and financial institutions</b>	3	<b>8,020,026</b>	<b>672,880,217</b>	<b>8,788,565</b>	<b>726,814,309</b>
In Bangladesh		-	-	-	-
Outside Bangladesh		8,020,026	672,880,217	8,788,565	726,814,309
<b>Loans and advances</b>	4	<b>136,996,601</b>	<b>11,494,014,783</b>	<b>111,702,057</b>	<b>9,237,760,086</b>
Loans, cash credits & overdrafts etc.		134,240,734	11,262,797,541	109,263,652	9,036,104,020
Bills purchased and discounted		2,755,867	231,217,241	2,438,405	201,656,065
<b>Fixed assets including premises, furniture and fixtures</b>		-	-	-	-
<b>Other assets</b>	5	<b>503,467</b>	<b>42,240,855</b>	<b>216,525</b>	<b>17,906,592</b>
<b>Non - banking assets</b>		-	-	-	-
<b>Total assets</b>		<b>145,520,094</b>	<b>12,209,135,855</b>	<b>120,707,146</b>	<b>9,982,480,987</b>
<b>Liabilities and Capital</b>					
<b>Liabilities</b>					
<b>Borrowings from other banks, financial institutions and agents</b>	6	<b>142,900,072</b>	<b>1,989,316,037</b>	<b>118,424,757</b>	<b>9,793,727,370</b>
<b>Deposits and other accounts</b>	7	<b>105,949</b>	<b>8,889,088</b>	<b>7,607</b>	<b>629,099</b>
Current deposits		105,949	8,889,088	7,607	629,099
Bills payable		-	-	-	-
Savings bank deposits		-	-	-	-
Term deposits		-	-	-	-
Bearer certificate of deposit		-	-	-	-
<b>Other liabilities</b>	8	<b>2,514,073</b>	<b>210,930,730</b>	<b>2,274,783</b>	<b>188,124,518</b>
<b>Total liabilities</b>		<b>145,520,094</b>	<b>12,209,135,855</b>	<b>120,707,146</b>	<b>9,982,480,987</b>
<b>Capital / Shareholders' equity</b>					
Paid up capital		-	-	-	-
Statutory reserve		-	-	-	-
Foreign currency translation gain		-	-	-	-
Other reserve		-	-	-	-
Retained earnings		-	-	-	-
<b>Total Shareholders' equity</b>		-	-	-	-
<b>Total Liabilities and Shareholders' equity</b>		<b>145,520,094</b>	<b>12,209,135,855</b>	<b>120,707,146</b>	<b>9,982,480,987</b>

# OFF SHORE BANKING UNIT (OBU)

Annexure- G

## BALANCE SHEET

As at December 31, 2018

Particulars	Notes	2018		2017	
		USD	BDT	USD	BDT
<b>Off-Balance Sheet Items</b>					
<b>Contingent liabilities</b>	9	<b>916,420</b>	<b>76,887,638</b>	<b>50,000</b>	<b>4,135,000</b>
Acceptances and endorsements		-	-	-	-
Letters of guarantee		916,420	76,887,638	50,000	4,135,000
Irrevocable letters of credit		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
<b>Other commitments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Documentary credits and short term trade -related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance and revolving underwriting facilities		-	-	-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-	-	-
Liabilities against forward purchase and sale		-	-	-	-
Other commitments		-	-	-	-
<b>Total Off-Balance Sheet exposures including contingent liabilities</b>		<b>916,420</b>	<b>76,887,638</b>	<b>50,000.00</b>	<b>4,135,000</b>

# OFF SHORE BANKING UNIT (OBU)

Annexure- G

## PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2018

Particulars	Notes	2018		2017	
		USD	BDT	USD	BDT
Interest income	10	6,723,201	561,455,155	4,718,648	380,447,095
Less: Interest on deposits & borrowings etc.	11	5,877,423	490,824,205	3,334,840	268,875,783
Net Interest Income		845,777	70,630,950	1,383,808	111,571,313
Commission & exchange etc.	12	4,525	377,850	250	20,157
Other operating income	13	154,830	12,929,869	154,150	12,428,544
<b>Total Operating Income (A)</b>		<b>1,005,132</b>	<b>83,938,669</b>	<b>1,538,208</b>	<b>124,020,013</b>
Salaries and allowances		-	-	-	-
Rent, taxes, insurance & electricity etc.		-	-	-	-
Legal expenses		-	-	-	-
Postage, stamps & telecommunication etc.		-	-	-	-
Stationery, printing & advertisements etc.		-	-	-	-
Auditors' fees		-	-	-	-
Depreciation and repair of Bank's assets		-	-	-	-
Other expenses	14	42,631	3,560,077	37,568	3,028,948
<b>Total operating expenses (B)</b>		<b>42,631</b>	<b>3,560,077</b>	<b>37,568</b>	<b>3,028,948</b>
<b>Profit / (loss) before provision (C=A-B)</b>		<b>962,501</b>	<b>80,378,592</b>	<b>1,500,640</b>	<b>120,991,065</b>
Provision for loans and advances/investments		-	-	-	-
Specific provision		-	-	-	-
General provision		-	-	-	-
Provision for diminution in value of investments		-	-	-	-
Other provision		-	-	-	-
<b>Total provision (D)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit/(loss) before taxes (C-D)</b>		<b>962,501</b>	<b>80,378,592</b>	<b>1,500,640</b>	<b>120,991,065</b>
Provision for taxation		-	-	-	-
Current tax		-	-	-	-
Deferred tax		-	-	-	-
<b>Net profit/(loss) after taxation</b>		<b>962,501</b>	<b>80,378,592</b>	<b>1,500,640</b>	<b>120,991,065</b>
<b>Retained earnings brought forward from previous years</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>962,501</b>	<b>80,378,592</b>	<b>1,500,640</b>	<b>120,991,065</b>

# OFF SHORE BANKING UNIT (OBU)

Annexure- G

## STATEMENT OF CASH FLOW

For the year ended December 31, 2018

Particulars	2018		2017	
	USD	BDT	USD	BDT
<b>A) Cash flows from operating activities</b>				
Interest receipts in cash	6,723,201	561,455,155	4,718,648	380,447,095
Interest payments	(5,877,423)	(490,824,205)	(3,334,840)	(268,875,783)
Fees and commission receipts in cash	4,525	377,850	250	20,157
Cash payments to employees	-	-	-	-
Cash payments to suppliers	-	-	-	-
Receipts from other operating activities	154,830	12,929,869	154,150	12,428,544
Payments for other operating activities	(42,631)	(3,560,077)	(37,568)	(3,028,948)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>	<b>962,501</b>	<b>80,378,592</b>	<b>1,500,640</b>	<b>120,991,065</b>
<b>Increase/(decrease) in operating assets and liabilities</b>				
Loans and advances to other banks	-	-	-	-
Loans and advances to customers	(25,294,544)	(2,256,254,697)	(71,986,747)	(6,112,077,806)
Other assets	(286,942)	(24,334,263)	(216,525)	(17,906,592)
Deposits from other banks	-	-	-	-
Deposits from customers	98,342	8,259,989	7,607	629,099
Other liabilities	239,291	25,542,810	1,831,131	150,201,217
	<b>(25,243,854)</b>	<b>(2,246,786,162)</b>	<b>(70,364,534)</b>	<b>(5,979,154,082)</b>
<b>Net cash from operating activities</b>	<b>(24,281,352)</b>	<b>(2,166,407,570)</b>	<b>(68,863,894)</b>	<b>(5,858,163,017)</b>
<b>B) Cash flows from investing activities</b>				
Purchase / sale of property, plant and equipment	-	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-	-
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C) Cash flows from financing activities</b>				
Borrowing from banks, financial institution and agents	24,475,315	2,195,588,667	78,650,145	6,663,377,912
Net profit transferred to main operation	(962,501)	(80,378,592)	(1,500,640)	(120,991,065)
<b>Net Cash from financing activities</b>	<b>23,512,814</b>	<b>2,115,210,076</b>	<b>77,149,505</b>	<b>6,542,386,847</b>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(768,538)</b>	<b>(51,197,494)</b>	<b>8,285,612</b>	<b>684,223,829</b>
<b>E) Effects of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>(2,736,598)</b>	<b>-</b>	<b>3,006,974</b>
<b>F) Cash and cash equivalents at beginning of the year</b>	<b>8,788,565</b>	<b>726,814,309</b>	<b>502,953</b>	<b>39,583,506</b>
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>	<b>8,020,026</b>	<b>672,880,217</b>	<b>8,788,565</b>	<b>726,814,309</b>
<b>Cash and cash equivalents at end of the year</b>				
Cash in hand (Including foreign currencies)	-	-	-	-
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	-	-	-	-
Balance with other banks and financial institutions	8,020,026	672,880,217	8,788,565	726,814,309
	<b>8,020,026</b>	<b>672,880,217</b>	<b>8,788,565</b>	<b>726,814,309</b>

# OFF SHORE BANKING UNIT (OBU)

## LIQUIDITY STATEMENT

As at December 31, 2018

Annexure-G

Particulars	Amount in BDT					
	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
<b>ASSETS</b>						
Cash	-	-	-	-	-	-
Balance with other Banks and Financial Institutions	672,880,217	-	-	-	-	672,880,217
Money at Call & Short notice	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Loans and Advances	1,321,685,266	2,634,818,985	4,749,568,283	2,656,366,444	131,575,806	11,494,014,783
Premises and Fixed Assets	-	-	-	-	-	-
Other Assets	31,779,485	10,461,370	-	-	-	42,240,855
Non-Banking Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,026,344,968</b>	<b>2,645,280,355</b>	<b>4,749,568,283</b>	<b>2,656,366,444</b>	<b>131,575,806</b>	<b>12,209,135,855</b>
<b>LIABILITIES</b>						
Borrowing From Other Banks, Financial Institutions & Agents	1,076,077,082	2,060,471,865	4,210,479,942	4,535,263,507	107,023,641	11,989,316,037
Deposit and Other Account	-	-	8,889,088	-	-	8,889,088
Provision & Other Liabilities	6,504,442	14,743,401	138,762,402	38,840,808	12,079,677	210,930,730
<b>Total Liabilities</b>	<b>1,082,581,524</b>	<b>2,075,215,266</b>	<b>4,358,131,432</b>	<b>4,574,104,315</b>	<b>119,103,318</b>	<b>12,209,135,855</b>
<b>Net Liabilities</b>	<b>943,763,444</b>	<b>570,065,089</b>	<b>391,436,851</b>	<b>(1,917,737,871)</b>	<b>12,472,488</b>	<b>-</b>

# OFF SHORE BANKING UNIT (OBU)

Annexure-G

## NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2018

### 1 Status of the unit

The Bank obtained the Off-shore Banking Unit ("the Unit") permission vide letter # BRPD(P-3)744(105)/2009-4470, dated 03 December 2009. The Bank commenced operation of this unit from 07 December 2009. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. Its office is located at 26, MTB centre, Gulshan South Avenue, Gulshan Circle 1, Dhaka 1212.

### 1.1 Principal activities

The principal activities of the units are to provide all kinds of commercial banking services to its customers through its off-shore Banking Units in Bangladesh.

### 2 Significant accounting policies and basis of preparation of financial statements

#### 2.1 Basis of accounting

The Off-shore Banking Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991, International Accounting Standards, International Financial Reporting Standard (IFRS) and other applicable directives issued by The Bangladesh Bank, in particular, Banking regulations and policy department (BRPD) Circular # 14 (25 June 2003).

#### 2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 2.3 Foreign currency transaction

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS-21 "The Effects of Changes in Foreign Exchange Rates". The financial statements of the Unit are presented in US Dollar (USD) and Bangladesh Taka where USD is the functional currency and Taka are the Unit's presentation currency. Entities functional currency is Bangladesh Taka.

Foreign currency transactions are recorded in the presentation currency using the rate of exchange at average rate of inter-bank market as determined by The Bangladesh Bank on the closing date of every month. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date.

#### 2.4 Reporting period

These financial statements cover from January 01, 2018 to December 31, 2018.

#### 2.5 Loans and advances/investments

a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.

b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of the Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

c) Provision for Loans and Advances has been made on the basis of measurement required and as per instructions by the Bangladesh Bank, BRPD Circular # 14, and BRPD Circular # 19, dated 23 September 2012 and 27 December 2012 respectively.

#### 2.6 Provision for liabilities

A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS- 37 "Provisions, Contingent Liabilities and Contingent Assets".

#### 2.7 Interest income

In terms of the provisions of the IAS-18 "Revenue", the interest income is recognized on accrual basis.

#### 2.8 Interest paid and other expenses

In terms of the provisions of the IAS- 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

**2.9 Allocation of common expenses**

Operating expenses in the nature of salaries, rent, rates and taxes, management expenses, printing stationary etc. are not allocated in the current year due to insignificant amount.

**2.10 General**

- These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = BDT 82.7000 (closing rate as at 31 December 2017) and BDT 80.6263 (average rate which represents at the year end).
- Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit & loss Account of the main operation of the bank.

	2018		2017	
	USD	BDT	USD	BDT
<b>3 Balance with other banks and financial institutions</b>				
In Bangladesh	-	-	-	-
Outside Bangladesh	8,020,026	672,880,217	8,788,565	726,814,309
	<b>8,020,026</b>	<b>672,880,217</b>	<b>8,788,565</b>	<b>726,814,309</b>
<b>4 Loans and advances</b>				
<b>i) Loans, cash credits &amp; overdrafts etc.</b>				
Term Loan	12,679,735	1,063,829,757	14,475,298	1,197,107,180
Usance Payable at Sight (UPAS)	121,560,999	10,198,967,784	90,721,312	7,502,652,467
Placement to other OBU	-	-	4,067,042	336,344,373
	<b>134,240,734</b>	<b>11,262,797,541</b>	<b>109,263,652</b>	<b>9,036,104,020</b>
<b>ii) Bills purchased and discounted</b>				
<b>Payable Inside Bangladesh</b>				
Inland Documentary bills purchased	2,084,166	174,861,527	2,327,313	192,468,757
Foreign Documentary bills purchased	671,701	56,355,714	111,092	9,187,308
	<b>2,755,867</b>	<b>231,217,241</b>	<b>2,438,405</b>	<b>201,656,065</b>
<b>Payable Outside Bangladesh</b>	-	-	-	-
	<b>136,996,601</b>	<b>11,494,014,783</b>	<b>111,702,057</b>	<b>9,237,760,086</b>
<b>4.01 Loans and Advances to Industries</b>				
Agro-based and agro-processing industry	17,170,987	1,440,645,833	14,222,890	1,176,232,964
Power & Energy	8,468,416	710,500,084	15,711,308	1,299,325,142
RMG & Textile	26,396,084	2,214,631,414	28,491,116	2,356,215,327
Building Materials & Equipment	1,610,399	135,112,448	2,573,906	212,861,990
Ceramic	420,242	35,258,280	1,385,776	114,603,655
Electronics Manufacturing & Equipment	4,164,703	349,418,592	4,190,395	346,545,632
Iron, Steel & Other Base Metals	50,184,978	4,210,519,637	20,044,513	1,657,681,253
Cement	2,650,904	222,410,846	176,549	14,600,602
Pharmaceuticals	2,909,283	244,088,865	1,881,173	155,573,010
Plastic & Rubber	3,896,750	326,937,295	6,494,459	537,091,736
Chemical & Chemical Products	989,168	82,991,201	2,295,503	189,838,115
Hospitals and Clinics	2,495,005	209,330,940	2,334,562	193,068,286
Engineering, Metal & Metal Products	5,566,009	466,988,152	6,308,675	521,727,386
Others	10,073,673	845,181,197	5,591,233	462,394,987
	<b>136,996,601</b>	<b>11,494,014,783</b>	<b>111,702,057</b>	<b>9,237,760,086</b>

	2018		2017	
	USD	BDT	USD	BDT
<b>4.02 Classification of Loans and Advances including bill discounted</b>				
<b>Unclassified (UC)</b>				
Standard	136,996,601	11,494,014,783	111,702,057	9,237,760,086
Special Mention Account (SMA)	-	-	-	-
<b>Sub total</b>	<b>136,996,601</b>	<b>11,494,014,783</b>	<b>111,702,057</b>	<b>9,237,760,086</b>
<b>Classified:</b>				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Bad & Loss	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>136,996,601</b>	<b>11,494,014,783</b>	<b>111,702,057</b>	<b>9,237,760,086</b>
<b>4.03 Geographical Location wise Loans and Advances</b>				
<b>Inside Bangladesh</b>				
<b>Urban</b>				
Dhaka Division	64,405,342	5,403,608,211	69,794,702	5,772,021,836
Chittagong Division	62,136,419	5,213,245,578	32,738,035	2,707,435,526
Rajshahi Division	285,164	23,925,269	-	-
Sylhet Division	3,182,155	266,982,827	2,315,343	191,478,862
Khulna Division	6,626,269	555,943,972	6,853,977	566,823,862
Rangpur Division	361,251	30,308,925	-	-
	<b>136,996,601</b>	<b>11,494,014,783</b>	<b>111,702,057</b>	<b>9,237,760,086</b>
<b>Rural</b>				
Dhaka Division	-	-	-	-
Chittagong Division	-	-	-	-
Rajshahi Division	-	-	-	-
Sylhet Division	-	-	-	-
Khulna Division	-	-	-	-
Barishal Division	-	-	-	-
Outside Bangladesh	-	-	-	-
	<b>136,996,601</b>	<b>11,494,014,783</b>	<b>111,702,057</b>	<b>9,237,760,086</b>
<b>5 Other Assets</b>				
Adjusting A/C Debit	503,467	42,240,855	216,525	17,906,592
	<b>503,467</b>	<b>42,240,855</b>	<b>216,525</b>	<b>17,906,592</b>
<b>6 Borrowings from other banks, financial institutions and agents</b>				
In Bangladesh	29,393,597	2,466,122,788	32,027,528	2,648,676,566
Outside Bangladesh	113,506,475	9,523,193,249	86,397,229	7,145,050,804
	<b>142,900,072</b>	<b>11,989,316,037</b>	<b>118,424,757</b>	<b>9,793,727,370</b>
<b>In Bangladesh:</b>				
<b>Borrowing from Bank:</b>				
Bangladesh Bank	4,235,697	355,374,978	4,669,638	386,179,063
Other Bank	25,157,900	2,110,747,810	27,357,890	2,262,497,503
	<b>29,393,597</b>	<b>2,466,122,788</b>	<b>32,027,528</b>	<b>2,648,676,566</b>
<b>Outside Bangladesh</b>	113,506,475	9,523,193,249	86,397,229	7,145,050,804
	<b>142,900,072</b>	<b>11,989,316,037</b>	<b>118,424,757</b>	<b>9,793,727,370</b>

## Annexure-G

	2018		2017	
	USD	BDT	USD	BDT
<b>7 Deposits and other accounts</b>				
Bank deposits	-	-	-	-
Customer deposits - Current deposits	105,949	8,889,088	7,607	629,099
	<b>105,949</b>	<b>8,889,088</b>	<b>7,607</b>	<b>629,099</b>
<b>8 Other liabilities</b>				
Adjusting A/C Credit	74,884	6,282,735	-	-
Due to Head Office (Retained earnings)	962,501	80,378,592	1,500,640	120,991,065
Interest Payable on Borrowing	1,476,688	123,894,124	774,142	64,021,576
Translation gain/(loss)	-	375,279	-	3,111,877
	<b>2,514,073</b>	<b>210,930,730</b>	<b>2,274,783</b>	<b>188,124,518</b>
<b>9 Contingent Liabilities &amp; Commitments</b>				
Letter of Guarantee	916,420	76,887,638	50,000	4,135,000
	<b>916,420</b>	<b>76,887,638</b>	<b>50,000</b>	<b>4,135,000</b>
<b>10 Interest income</b>				
Interest on term loan	773,888	64,627,502	415,362	33,489,125
Interest on UPAS	5,742,779	479,580,016	4,009,924	323,305,318
Interest on Placement to other OBU	37,759	3,153,291	67,042	5,405,348
Inland Documentary bills purchased	128,298	10,714,167	220,746	17,797,909
Foreign Documentary bills purchased	40,476	3,380,179	5,574	449,396
<b>Total Interest on loans and advances</b>	<b>6,723,201</b>	<b>561,455,155</b>	<b>4,718,648</b>	<b>380,447,095</b>
<b>11 Interest on deposits &amp; borrowings etc.</b>				
Interest paid on deposits	-	-	-	-
Interest paid on borrowings	5,877,423	490,824,205	3,334,840	268,875,783
	<b>5,877,423</b>	<b>490,824,205</b>	<b>3,334,840</b>	<b>268,875,783</b>
<b>12 Commission</b>				
Commission on Letter of Guarantee	4,525	377,850	250	20,157
	<b>4,525</b>	<b>377,850</b>	<b>250</b>	<b>20,157</b>
<b>13 Other Income</b>				
Rebate & Other	154,830	12,929,869	154,150	12,428,544
	<b>154,830</b>	<b>12,929,869</b>	<b>154,150</b>	<b>12,428,544</b>
<b>14 Other Expenses</b>				
Bank Charge	42,631	3,560,077	37,568	3,028,948
	<b>42,631</b>	<b>3,560,077</b>	<b>37,568</b>	<b>3,028,948</b>



**Partners:**  
S.M. Shafique FCA  
Md. Abu Sina FCA  
Md. Anisur Rahman FCA  
Faruk Ahmed ACA  
Sheikh Zahidul Islam FCA

**KHAN WAHAB SHAFIQUE RAHMAN & CO.**  
CHARTERED ACCOUNTANTS



Rupel Bima Bhaban (5<sup>th</sup> & 6<sup>th</sup> Floor),  
7, Rajuk Avenue,  
Motijheel, Dhaka-1000  
Tel : 8551136, 9551663, 9551821  
Fax : 880-02-9551821,  
E-mail : kwsr@chaka.net  
Web : www.kwsrbd.com

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of MTB Securities Ltd.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MTB Securities Ltd. (the company), which comprise the statement of financial position as at 31 December, 2018, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the statement of financial position of MTB Securities Ltd. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Securities & Exchange Rules 1987 and other applicable laws and regulations.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdictions, and we have fulfilled our other ethical responsibilities in accordance these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

#### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities & Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Branch Office:**  
Sabbir Chamber (3<sup>rd</sup> Floor),  
80, Agrabad C/A, Chittagong.  
Telephone: 2520056.



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In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns;

**Sheikh Zahidul Islam FCA, MBA**  
**Partner**  
**Khan Wahab Shafique Rahman & Co.**  
**Chartered Accountants**

Dated, Dhaka  
January 30, 2019

**Branch Office:**  
Sabbir Chamber (3<sup>rd</sup> Floor),  
80, Agrabad C/A, Chittagong.  
Telephone: 2520056.



# MTB SECURITIES LIMITED

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>SOURCES OF FUNDS</b>			
<b>A. Shareholders' equity</b>		<b>3,441,816,692</b>	<b>3,332,071,512</b>
Share capital	3	3,250,000,000	3,250,000,000
Retained earnings	4	191,816,692	82,071,512
<b>B. Loan from MTB</b>	5	-	<b>200,000,000</b>
<b>Total sources of funds (A+B)</b>		<b>3,441,816,692</b>	<b>3,532,071,512</b>
<b>APPLICATION OF FUNDS</b>			
<b>C. Investment and advances</b>		<b>642,146,376</b>	<b>419,261,304</b>
Membership at cost	6	6,000,000	8,000,000
Investment in securities	7	578,562,644	382,400,880
Investment in DSE	8	28,860,424	28,860,424
Strategic Investment in securities	9	28,723,308	-
<b>D. Current assets</b>		<b>3,553,714,804</b>	<b>3,805,809,828</b>
Advances and prepayments	10	36,112,898	47,493,394
Margin loan to clients	11	2,648,201,456	2,766,452,177
Accounts receivable	12	42,926,237	38,917,407
Advance Income Tax (AIT)	13	87,580,057	58,771,987
Cash & cash equivalents	14	738,894,156	894,174,863
<b>E. Current liabilities</b>		<b>825,884,283</b>	<b>768,781,867</b>
Accounts payable	15	386,702,677	379,329,418
Provision for expenses	16	18,157,055	18,293,105
Provision for income tax	17	39,864,523	39,864,523
Deffered tax liability	18	4,835,728	4,514,310
Provision for margin loan	19	318,463,876	280,920,087
Provision for investment in securities	20	29,000,000	17,000,000
Investment suspense's accounts	21	28,860,424	28,860,424
<b>F. Net current asset (D-E)</b>		<b>2,727,830,521</b>	<b>3,037,027,961</b>
<b>G. Property, plant &amp; equipment</b>	22	<b>71,839,795</b>	<b>75,782,247</b>
<b>Total application of funds (C+F+G)</b>		<b>3,441,816,692</b>	<b>3,532,071,512</b>

The annexed notes form an integral part of these financial statements.

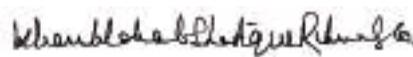
  
**Md. Hedayetullah**  
 Chairman

  
**Anis A. Khan**  
 Vice Chairman

  
**Md. Nazrul Islam Mazumder**  
 Chief Executive Officer

Signed as per annexed report on even date.

Dated, Dhaka  
 January 30, 2019

  
**Khan Wahab Shafique Rahman & Co.**  
 Chartered Accountants

# MTB SECURITIES LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>Operating Income</b>		<b>359,280,800</b>	<b>445,904,904</b>
Brokerage commission	23	139,604,156	255,409,576
Interest income	24	127,652,385	126,853,097
Income from investment	25	80,744,916	51,390,151
Margin account maintenance	26	846,758	1,674,000
Depository participant	27	10,432,585	10,578,080
<b>Less: Operating expenses</b>		<b>23,294,170</b>	<b>33,073,915</b>
Laga charge		9,129,440	16,894,546
CDBL charge	28	12,610,800	16,179,369
Sales Associate Commission		1,553,930	-
<b>Net operating income</b>		<b>335,986,630</b>	<b>412,830,989</b>
Add: Other income	29	664,399	495,902
<b>Total income</b>		<b>336,651,029</b>	<b>413,326,891</b>
Less: Office & administrative expenses	30	126,584,431	137,169,323
Less: Financial expenses	31	-	100,000,000
<b>Profit before provision</b>		<b>210,066,598</b>	<b>176,157,568</b>
Less: Provision for margin loan	32	88,000,000	145,000,000
Less: Provision for investment in securities	33	12,000,000	5,000,000
<b>Net profit before income tax</b>		<b>110,066,598</b>	<b>26,157,568</b>
Less: Income tax expenses	34	321,418	413,316
<b>Net profit after tax</b>		<b>109,745,180</b>	<b>25,744,252</b>
<b>Earnings Per Share (EPS)</b>	35	<b>0.34</b>	<b>0.08</b>

The annexed notes form an integral part of these financial statements.

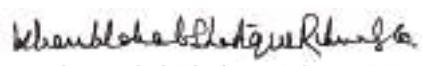
  
**Md. Hedayetullah**  
 Chairman

  
**Anis A. Khan**  
 Vice Chairman

  
**Md. Nazrul Islam Mazumder**  
 Chief Executive Officer

Signed as per annexed report on even date.

Dated, Dhaka  
 January 30, 2019

  
**Khan Wahab Shafique Rahman & Co.**  
 Chartered Accountants

# MTB SECURITIES LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

Particulars	Amount in BDT		
	Paid-up capital	Retained Earnings	Total
<b>Balance as on January 01, 2018</b>	<b>3,250,000,000</b>	<b>82,071,512</b>	<b>3,332,071,512</b>
Net profit after tax for the year	-	109,745,180	109,745,180
<b>Less: Dividend paid</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as on December 31, 2018</b>	<b>3,250,000,000</b>	<b>191,816,692</b>	<b>3,441,816,692</b>
<b>Balance as on December 31, 2017</b>	<b>3,250,000,000</b>	<b>82,071,512</b>	<b>3,332,071,512</b>



Md. Hedayetullah  
Chairman



Anis A. Khan  
Vice Chairman



Md. Nazrul Islam Mazumder  
Chief Executive Officer

# MTB SECURITIES LIMITED

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

Particulars	Amount in BDT	
	2018	2017
<b>Cash flow from operating activities:</b>		
Net profit during the year (after tax)	109,745,180	25,744,252
<b>Add : Amount considered as non cash items :</b>		
Depreciation charge during the year	6,908,513	7,323,979
Loss on sale of fixed assets	-	2,164,562
Increase/(decrease) in provision for expenses	(136,050)	(2,800,009)
Increase/(decrease) in provision for margin loan	37,543,789	(112,461,122)
Increase / (decrease) in provision for investment in securities	12,000,000	5,000,000
Increase/(decrease) in provision for income tax	-	(28,853,330)
Increase/(decrease) in deferred tax liability	321,418	413,316
<b>Sub total of non cash items</b>	<b>56,637,670</b>	<b>(129,212,603)</b>
<b>Changes in working capital components</b>		
Increase/(decrease) in accounts payable	7,373,259	(106,027,992)
(Increase)/decrease in accounts receivable	(4,008,830)	4,008,044
(Increase)/decrease in advance income tax	(28,808,070)	(23,090,027)
(Increase)/decrease in advance & prepayment	11,380,496	8,747,965
	(14,063,145)	(116,362,010)
<b>A) Net cash inflow from operating activities</b>	<b>152,319,705</b>	<b>(219,830,362)</b>
<b>Cash flow from investing activities:</b>		
(Increase)/decrease in Investment in securities	(196,161,764)	(73,555,458)
(Increase)/decrease in purchase of premises & fixed asset	(2,966,061)	(1,288,237)
(Increase)/decrease in margin loan to clients	118,250,721	887,601,849
(Increase)/decrease in Membership at cost	2,000,000	-
(Increase)/decrease in Investment in Strategic Investment	(28,723,308)	-
Cash sale of fixed asset	-	5,727,589
<b>B) Net cash outflow from investing activities</b>	<b>(107,600,412)</b>	<b>818,485,743</b>
<b>Cash flow from financing activities :</b>		
Increase/(decrease) in short term borrowing	(200,000,000)	(145,000,000)
Dividend paid	-	-
<b>C) Net cash outflow from financing activities</b>	<b>(200,000,000)</b>	<b>(145,000,000)</b>
<b>D) Net cash increase / (decrease) (A+B+C)</b>	<b>(155,280,707)</b>	<b>453,655,381</b>
<b>E) Opening cash and cash equivalents</b>	<b>894,174,863</b>	<b>440,519,482</b>
<b>F) Closing cash and cash equivalents (D+E)</b>	<b>738,894,156</b>	<b>894,174,863</b>

  
Md. Hedayatullah  
Chairman

  
Anis A. Khan  
Vice Chairman

  
Md. Nazrul Islam Mazumder  
Chief Executive Officer

# MTB SECURITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 1.00 Company and its activities

#### 1.01 Legal status of the company

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) as a separate entity. The Brokerage registration is REG 3.1/DSE-197/2010/427 and Dealer registration is REG 3.1/DSE-197/2010/428.

#### 1.02 Nature of business

The main object of MTB Securities Limited is to act as a TREC holder of stock exchange, the depository participant of the Central Depository System (CDS) and to carry on business of broker, or dealers in stocks, securities, bonds, debentures etc. The company is also authorized to buy, sell, hold or otherwise acquire or invest the capital of the company in shares, stocks, and fixed income securities.

### 2.00 Significant accounting policies

#### 2.01 Basis of preparation of financial statements

The Financial Statement of MTB Securities Limited includes the Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flow and notes to the Financial Statements and disclosures. These Financial Statement have been prepared under the historical cost convention on a going concern basis in accordance with Generally Accepted Accounting Principles (GAAP), and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) approved by the institute of Chartered Accountants of Bangladesh (ICAB) as the financial reporting council is yet to issue any financial reporting standards, The Companies Act 1994, Securities and Exchange Rules, 1987 and other Laws and Rules applicable to the company.

#### 2.02 Statement of cash flows

Cash flow statement is prepared in accordance with the International Accounting Standard (IAS) No 7: "Statement of Cash Flows" and the cash flows from operating activities have been presented under indirect method.

#### 2.03 Property and equipment

Depreciation of fixed asset is charged using reducing balance method as per IAS- 16 "Property, Plant and Equipment". The rates of depreciation used to write off the amount of assets are as follows:

Category of assets	Rate of depreciation
Furniture	10%
Office equipment	20%
Furniture and fixtures	10%
Premises	5%

#### 2.04 Revenue recognition

Revenue which comprises of brokerage commission, interest income and other income are recognized in accordance with International Accounting Standard (IAS) 18: "Revenue Recognition".

#### 2.05 Provision for income tax

Provision for income tax has been calculated based on Income Tax Ordinance, 1984 and Finance Act 2018.

#### 2.06 Provision for expenses

Provision for expenses is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources embedding economic benefits will be required to settle the present obligations and reliable estimate of the amount can be measured.

#### 2.07 Cash and cash equivalent

Cash and cash equivalent includes cash at bank which are held and are available for use by the Company

#### 2.08 Reporting period

The financial statement covers for the period from January 01, 2018 to December 31, 2018.

#### 2.09 General

The figures in the financial statements are presented in Bangladeshi Taka (BDT), which is the company's functional currency. Figures in these notes and financial statements have been rounded off to the nearest Taka value.

		Amount in BDT	
		2018	2017
<b>3.00</b>	<b>Share capital</b>		
<b>3.01</b>	<b>Authorized capital</b> 500,000,000 ordinary shares of Taka 10 each.	<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>3.02</b>	Issued, subscribed and paid-up capital 325,000,000 ordinary shares of Taka 10 each fully paid.	<b>3,250,000,000</b>	<b>3,250,000,000</b>

**3.03 Shareholding Position of the Company**

Share Holders	Number of Share	Percentage
Mutual Trust Bank Limited	324,994,000	99.998%
Mr. Md. Hashem Chowdhury	1,000	0.002%
Mr. Goutam Prosad Das	1,000	
Mr. Syed Rafiqul Hossain	1,000	
Mr. Swapan Kumar Biswas	1,000	
Mr. Abdul Mannan	1,000	
Mr. Md. Nazrul Islam Mazumder	1,000	
<b>Total</b>	<b>325,000,000</b>	<b>100.00%</b>

**4.00 Retained earnings**

Opening balance	82,071,512	56,327,260
Net profit during the year	109,745,180	25,744,252
Dividend paid during the year	-	-
	<b>191,816,692</b>	<b>82,071,512</b>

**5.00 Loan from MTB**

This represents amount received from Mutual Trust Bank (MTB) Limited for margin loan paid to customers and other operating purpose for the MTB Securities Limited

Opening balance	200,000,000	345,000,000
Cash Paid during the year	(200,000,000)	(145,000,000)
	<b>-</b>	<b>200,000,000</b>

**6.00 Membership at cost**

Dhaka Stock Exchange Limited (DSE)	6,000,000	8,000,000
	<b>6,000,000</b>	<b>8,000,000</b>

Pursuant the Exchanges Demutualization Act 2013, Dhaka Stock Exchange has issued ordinary shares and Trading Right Entitlement Certificate (TREC) license to MTB Securities Limited. The valuation of TREC is yet to be decided. Later if the valuation of TREC is Decided, "Membership at cost" will be adjusted accordingly against " Investment Suspense Accounts" or any other manner as permitted under registrations.

**7.00 Investment in securities**

Investment in securities represent the cost price of securities which have been invested by the company in the capital market.

Quoted share (Annexure-C)	548,586,644	352,424,880
Unquoted share (Placement share)	29,976,000	29,976,000
	<b>578,562,644</b>	<b>382,400,880</b>

**8.00 Investment in DSE**

Dhaka Stock Exchange Limited (DSE)	28,860,424	28,860,424
	<b>28,860,424</b>	<b>28,860,424</b>

As per the provisions of the Exchanges Demutualization Act 2013 and in accordance with the BSEC approved Demutualization scheme, MTB Securities Limited received the following ordinary shares:

Shares issued by	No. of Shares	Amount (BDT)
Shares received from Dhaka Stock Exchange Limited (DSE) (A)	7,215,106	72,151,060
Shares sold to the Strategic Investors by DSE (B)	1,803,777	18,037,765
Remainig Balance C = (A-B)	5,411,330	54,113,295

Out of this 7,215,106 shares, 40% shares (i.e. 2,886,042) shares have been transferred by DSE to the company's BO account. Remaining 60% shares (i.e. 4,329,064) shares were kept in blocked account for disposal. Subsequently 25% (i.e. 1,803,777) shares were sold to the strategic investors by the Exchange as per the provision of the Demutualization Act 2013 on May 02, 2013.

**Valuation of 40% shares:**

40% shares which are transferred in the BO account will be held by the Company as it does not have the sale right of these shares. The shares will be stated at face value and kept in the Investment Suspense Account in absence of any clear guideline in this regard. Upon receiving clear guidelines and policies, Investment Suspense Account will be adjusted for appropriate Accounting treatment.

**Valuation of 60% shares:**

As per the Demutualization Scheme, the shares are maintained in the following manner:

- (i) 25% shares were sold to the strategic investors by the Exchange as on October 31, 2018
- (ii) Except shares allotted in favor of strategic investors, shares held in the blocked account shall be sold to general public/institutional investors.
- (iii) The DSE will distribute all the sale proceeds of shares held in blocked account to the initial shareholders on a pro-rata basis gradually as determined by the Exchanges.

		Amount in BDT	
		2018	2017
<b>9.00</b>	<b>Strategic Investment in Securities</b>		
	As per Income Tax Ordinance, 1984, SRO No. 319-Law/Income Tax/ 2018 dated October 31, 2018, sale proceeds of 25% shares (sold to Strategic Investors by the DSE) to be invested in listed securities of any Stock Exchange in Bangladesh for a period of 3 (Three) years from the date of investment of entire net sale proceeds to avail the tax incentive by the NBR. Accordingly, the proceeds have been invested by the Company in the Capital Market.		
	Investment in listed securities (Annexure-D)	28,723,308	-
		<b>28,723,308</b>	<b>-</b>
<b>10.00</b>	<b>Advances and prepayments</b>		
	It represents advance for office rent, advance to employees and other advances for the MTB Securities Limited.		
	Office Rent	17,241,688	23,969,129
	Advance to Employees-Car	3,530,247	2,358,302
	Others	15,340,963	21,165,963
		<b>36,112,898</b>	<b>47,493,394</b>
<b>11.00</b>	<b>Margin loan to clients</b>		
	This amount represents the margin loan balance with clients provided by the company at the balance sheet date, which includes principal amount and accrued interest on margin loan during the year 2018.		
	Opening Balance	2,766,452,177	3,654,054,026
	Addition during the year	99,701,035	49,339,543
	Interest during the year	78,300,120	115,086,509
	Adjustment during the year	(296,251,876)	(1,052,027,901)
		<b>2,648,201,456</b>	<b>2,766,452,177</b>
<b>12.00</b>	<b>Accounts receivable</b>		
	Receivable from Dhaka Stock Exchange (DSE)- Broker (Note 12.01)	39,173,132	26,612,099
	Receivable from Dhaka Stock Exchange (DSE)- Dealer (Note 12.02)	-	9,315,799
	Other receivable	3,753,105	2,989,509
		<b>42,926,237</b>	<b>38,917,407</b>
<b>12.01</b>	<b>Receivable from Dhaka Stock Exchange (DSE)-Broker</b>		
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Limited (DSE)-Broker.		
<b>12.02</b>	<b>Receivable from Dhaka Stock Exchange (DSE)-Dealer</b>		
	This balance has been resulted from sale of shares through Dhaka Stock Exchange Limited (DSE)-Dealer		

		Amount in BDT		
		2018	2017	
<b>13.00</b>	<b>Advance income tax</b>			
	Opening balance	58,771,987	35,681,960	
	Addition during the year ( Note 13.01)	28,808,070	51,943,357	
	Adjusted during the year	-	(28,853,330)	
		<b>87,580,057</b>	<b>58,771,987</b>	
<b>13.01</b>	<b>Addition during the year</b>			
	Brokerage commission	18,261,907	33,817,380	
	Bank interest	4,935,227	1,176,659	
	Dividend income	3,816,970	2,532,120	
	Gain on Investment	1,793,966	22,508	
	Advance tax	-	14,394,690	
		<b>28,808,070</b>	<b>51,943,357</b>	
<b>14.00</b>	<b>Cash and cash equivalents</b>			
	<b>FDR</b>			
	LankaBangla Finance Ltd	-	200,000,000	
	Union Capital Limited	100,000,000	100,000,000	
	Hajj Finance Company Ltd	-	100,000,000	
	Mutual Trust Bank Limited	100,000,000	-	
		<b>200,000,000</b>	<b>400,000,000</b>	
	<b>SND</b>			
	<b>A/C No.</b>			
	Mutual Trust Bank Ltd	0002-0320000724	86,689	81,886
	Mutual Trust Bank Ltd	0002-0320001438	193,659	150,611
	Mutual Trust Bank Ltd	0002-0320001081	16,424	440,803
	Mutual Trust Bank Ltd	0087-0320000296	361,345,902	389,102,413
	Mutual Trust Bank Ltd	0002-0320002080	10,088	108,419
	Mutual Trust Bank Ltd	0087-0320000278	49,346,046	1,702,464
	Mutual Trust Bank Ltd	0002-0320001634	345	741,210
	Mutual Trust Bank Ltd	0087-0320000287	3,742,721	52,276,077
	Mutual Trust Bank Ltd	0087-0320000376	7,406,026	-
	Mutual Trust Bank Ltd	0087-0320000063	401,230	-
	IFIC Bank limited	1090358680041	1,570,428	25,646,519
	Standard Chartered	01114647901	111,157,101	17,499,418
	Standard Chartered	02114647901	50,842	56,939
		535,327,501	487,806,759	
	Cash in hand (Cheque in hand)	3,566,655	6,368,104	
		<b>738,894,156</b>	<b>894,174,863</b>	
<b>15.00</b>	<b>Accounts Payable</b>			
	It represents money deposited by client for trading purpose .The details are as follows:			
	Payable to clients (Note 15.01)	351,646,857	352,403,594	
	Payable to Dhaka Stock Exchange (DSE) (Note 15.02)	1,266,218	1,666,826	
	Payable to Dhaka Stock Exchange (DSE)- Dealer (Note 15.02)	232,492	-	
	Others payable (Note 15.03)	33,557,110	25,258,998	
		<b>386,702,677</b>	<b>379,329,418</b>	

**15.01 Payable to clients**

This balance represents the clients' sale proceed of securities and deposit against securities purchase which is currently lying with the Company's bank account.

**15.02 Payable to Dhaka Stock Exchange (DSE)**

This balance has been resulted from purchase of securities through Dhaka stock Exchange Limited.

**15.03 Others payable**

This balance represents cheques issued to various client but not yet cleared and various suppliers payable.

**16.00 Provision for expenses**

The details are as follows:

	Amount in BDT	
	2018	2017
Salary & Allowances	9,000,000	9,000,000
Office rent	293,138	313,138
Electricity bill	1,236,846	1,595,097
Mobile & T&T bill	68,000	73,500
Advertisement	206,611	210,567
Audit Fee	69,000	57,500
Repair & Maintenance	249,075	229,075
Office Maintenance	391,647	471,647
Cleaning of Office Premises	394,572	320,076
Utility bill	1,163,254	1,913,925
Entertainment	266,684	275,150
Security Service Bill	163,392	917,598
CDBL Charge	770,624	550,000
Software Maintenance	116,200	294,700
Marketing & Business Development cost	768,899	550,817
Provision for foreign trade commission repatriation	1,659,132	-
Others Expenses	1,339,981	1,520,315
	<b>18,157,055</b>	<b>18,293,105</b>
<b>17.00 Provision for income tax</b>		
Opening balance	39,864,523	68,717,853
Addition during the year (Note: 17.01)	-	-
Payment during the year	-	(28,853,330)
	<b>39,864,523</b>	<b>39,864,523</b>
<b>17.01 Addition during the year</b>		
Current tax expenses (Note: 34)	-	-
	-	-
<b>18.00 Deferred Tax Liability</b>		
Deferred tax is calculated on the difference between tax base of asset & liability and carrying amount of asset & liability on the financial statement as per IAS 12 (Income Taxes).		
<b>Opening Balance</b>	4,514,310	4,100,994
Deferred tax expenses during the year	321,418	413,316
	<b>4,835,728</b>	<b>4,514,310</b>

		Amount in BDT	
		2018	2017
<b>19.00</b>	<b>Provision for margin loan</b>		
	Opening balance	280,920,087	393,381,209
	Addition during the year (Note: 32)	88,000,000	145,000,000
	Adjustment during the year	(50,456,211)	(257,461,122)
		<b>318,463,876</b>	<b>280,920,087</b>
	<b>This provision is made as per BSEC guideline and to reduce the risk of investment .</b>		
<b>20.00</b>	<b>Provision for investment in securities</b>		
	Opening balance	17,000,000	12,000,000
	Addition during the year (Note: 33)	12,000,000	5,000,000
		<b>29,000,000</b>	<b>17,000,000</b>
	<b>This provision is made as per BSEC guideline and to reduce the risk of investment .</b>		
<b>21.00</b>	<b>Investment Suspense Account</b>		
	Dhaka Stock Exchange Limited (DSE)	28,860,424	28,860,424
		<b>28,860,424</b>	<b>28,860,424</b>
<b>22.00</b>	<b>Property, plant &amp; equipment</b>		
	<b>Cost:</b>		
	Furniture	1,774,999	1,752,235
	Office equipment	30,942,110	29,513,906
	Fixture & fittings	47,353,198	45,838,105
	Premises	46,365,000	46,365,000
	<b>Total cost value of the asset</b>	<b>126,435,307</b>	<b>123,469,246</b>
	Accumulated depreciation	54,595,512	47,686,999
	<b>Total carrying amount</b>	<b>71,839,795</b>	<b>75,782,247</b>
	<b>The detail has shown in Annexure - A.</b>		
<b>23.00</b>	<b>Brokerage commission</b>		
	This amount is charged on daily turnover during the year as per rate decided by the management of the company.		
<b>24.00</b>	<b>Interest Income</b>		
	Interest Income Comprises of Interest on margin loan and Interest on bank deposited with various bank .		
	Interest on margin loan	78,300,120	115,086,509
	Interest on bank deposit with MTB	13,806,191	10,031,124
	Interest on bank deposit with other Bank	35,546,074	1,735,464
		<b>127,652,385</b>	<b>126,853,097</b>
<b>25.00</b>	<b>Income From Investment</b>		
	Gain/ (loss) on sale of securities	61,660,066	38,729,551
	Dividend Income	19,084,850	12,660,600
		<b>80,744,916</b>	<b>51,390,151</b>
<b>26.00</b>	<b>Margin account maintenance</b>		
	It represents service charges on margin account, which were received from the customer during the year.		
<b>27.00</b>	<b>Depository participant</b>		
	This amount represents BO maintenance, demate charge and CDS charges. The detail is as follows:		
	BO maintenance fee	9,932,575	9,962,200
	Dematerialization charge	2,025	12,884
	CDS charge	497,985	602,996
		<b>10,432,585</b>	<b>10,578,080</b>

**28.00 CDBL charge**

This amount represent BO opening, maintenance, CDS charge and other expenses charged by CDBL.

**29.00 Other income**

Other income represents Cheque return charge & IPO application fee charged on the customer.

Other Income

Amount in BDT	
2018	2017
664,399	495,902
<b>664,399</b>	<b>495,902</b>

**30.00 Office & administrative expenses**

Salary & Allowances

Office rent

Insurance expenses

Electricity bill

Postage, telephone & telegraph

Mobile & T&T bill

Table/Petty stationery

Computer stationery

Advertisement -Company's Own

Directors' fees

Audit fee

Depreciation

Repair & Maintenance

Maintenance of office premises

Car expenses

Securities service

Office cleaning

Utility bill

Conveyance

Entertainment -Refreshment/Party Dinner

Periodical, Magazine, News paper

Bank charge & excise duty

Training expenses

Traveling expenses

Software maintenance

Business Development Expenses

Foreign trade commission repatriation

Registration charge fees & renewal

Professional fee

Loss on sale of fixed asset

74,110,832	74,454,836
25,033,154	26,993,115
229,855	341,962
2,102,021	3,122,301
98,806	137,236
648,000	672,000
387,147	581,451
367,852	404,704
316,164	339,278
669,300	823,400
69,000	57,500
6,908,513	7,323,979
463,262	471,629
300,578	562,053
2,159,735	2,230,951
1,521,370	2,831,844
2,215,900	2,323,676
3,397,610	6,956,703
200,797	235,485
1,548,358	1,782,454
48,539	54,154
351,286	204,773
24,548	268,920
2,100	124,027
-	277,650
415,808	306,882
1,659,132	-
1,044,069	1,121,798
290,695	-
-	2,164,562
<b>126,584,431</b>	<b>137,169,323</b>

**31.00 Financial expenses**

Financial expenses represent interest expense on Loan from Mutual Trust Bank Limited (MTB)

**32.00 Provision for margin loan made during the year**

This provision is made as per BSEC guideline and to reduce the risk of investment.

Provision for margin loan

88,000,000	145,000,000
<b>88,000,000</b>	<b>145,000,000</b>

		Amount in BDT	
		2018	2017
<b>33.00</b>	<b>Provision for investment in securities made during the year</b>		
	This provision is made as per BSEC guideline to reduce the risk of investment		
	Provision for investment in securities	12,000,000	5,000,000
		<b>12,000,000</b>	<b>5,000,000</b>
<b>34.00</b>	<b>Income tax expenses made during the year</b>		
	Current tax expenses *	-	-
	Deferred tax expenses during the year	321,418	413,316
		<b>321,418</b>	<b>413,316</b>

**The details of deferred tax has shown in Annexure-B**

\* In the assessment year 2018-2019, the amount of BDT 137,499,705 has already been claimed as tax refundable mainly due to loan written off in 2017. Moreover in the year of 2018 an amount of BDT 50,456,211 was further written off which is allowable expenses as per income tax ordinance resulting decreased the tax payable amount. Considering that no "Current Tax" expenses is recognized in this year.

<b>35.00</b>	<b>Earnings Per Share (EPS)</b>		
	Net profit after tax	109,745,180	25,744,252
	Number of ordinary shares outstanding	325,000,000	325,000,000
	<b>Earnings Per Share (EPS)</b>	<b>0.34</b>	<b>0.08</b>

**36.00 Related party transactions**

Name of the party	Nature of transactions	BDT
Mutual Trust Bank Limited	Loan from MTB	-

**37.00 Number of employees**

The number of employees engaged for the whole year or part there of, who received a total remuneration of Taka 36,000 or above, were 65 persons.

# MTB SECURITIES LIMITED

## SCHEDULE OF PROPERTY, PLANT & EQUIPMENT

As at December 31, 2018

Annexure-A

Particulars	Cost				Rate	Depreciation			Written down value as at 31.12.2018	
	Balance as at 01.01.2018	Addition during the year	Disposal during the year	Balance as at 31.12.2018		Balance as at 01.01.2018	Charge for the year	Disposal for the year		Balance as at 31.12.2018
Furniture	1,752,235	22,764	-	1,774,999	10%	598,726	117,415	-	716,141	1,058,858
Fixture & fittings	45,838,105	1,515,093	-	47,353,198	10%	16,076,116	3,115,082	-	19,191,198	28,162,000
Office equipment	29,513,906	1,428,204	-	30,942,110	20%	20,759,383	1,870,405	-	22,629,788	8,312,322
Premises	46,365,000	-	-	46,365,000	5%	10,252,774	1,805,611	-	12,058,385	34,306,615
<b>Balance as on December 31, 2018</b>	<b>123,469,246</b>	<b>2,966,061</b>	<b>-</b>	<b>126,435,307</b>		<b>47,686,999</b>	<b>6,908,513</b>	<b>-</b>	<b>54,595,512</b>	<b>71,839,795</b>
<b>Balance as on December 31, 2017</b>	<b>137,761,860</b>	<b>1,288,237</b>	<b>15,580,851</b>	<b>123,469,246</b>		<b>48,051,720</b>	<b>7,323,979</b>	<b>7,688,700</b>	<b>47,686,999</b>	<b>75,782,247</b>

# MTB SECURITIES LIMITED

Annexure-B

## CALCULATION OF DEFERRED TAX

For the year ended December 31, 2018

	Amount in BDT	
	2018	2017
<b>Deferred Tax Liabilities</b>		
<b>Taxable Temporary Difference:</b>		
Carrying Value of Depreciable Fixed Assets	71,839,795	75,782,247
TAX Base Value	(58,023,428)	(62,884,216)
<b>Taxable Temporary Difference</b>	<b>13,816,367</b>	<b>12,898,031</b>
<b>Net Taxable temporary differences</b>	<b>13,816,367</b>	<b>12,898,031</b>
<b>Applicable TAX Rate</b>	<b>35.00%</b>	<b>35.00%</b>
<b>Deferred TAX (Assets)/Liabilities</b>	<b>4,835,729</b>	<b>4,514,311</b>
<b>Deferred Tax Expenses is arrived at as follows:</b>		
Closing Deferred TAX Liabilities	4,835,729	4,514,311
Opening Deferred TAX Liabilities	(4,514,311)	(4,100,994)
<b>Deferred Tax (Income)/Expenses for the Year</b>	<b>321,418</b>	<b>413,317</b>

# MTB SECURITIES LIMITED

Annexure-C

## STATEMENT OF INVESTMENT IN SECURITIES

As at December 31, 2018

Amount in BDT

Name of the Company	Quantity	Cost Value	Market Value
Aamra Technologies	97,500	3,791,775	2,788,500
ACI Limited	20,700	7,811,145	6,752,340
Active Fine Chemical	600,000	22,758,000	16,920,000
Aftab Automobiles	25,000	1,362,750	1,147,500
ALLTEX	280,000	5,854,800	3,612,000
Aman Cotton Fibrous Limited	640,000	35,174,400	26,944,000
ARAMITCEM	80,000	2,151,200	1,768,000
Argon Denims Limited	85,000	2,692,800	2,235,500
Asia Pacific Ins. Co	40,000	2,962,800	1,060,000
ATLASBANG	4,000	510,280	487,600
Bashundhara Paper	125,806	14,690,367	10,542,543
BD Steel Re-Rolling Mills Limited	121,000	11,221,540	9,462,200
BD Submarine Cable	316,900	37,460,749	29,630,150
BEXIMCO Limited	10,000	232,200	235,000
BSRM Steel Limited	80,839	6,192,267	4,842,256
Central Pharma Limited	1,386,000	36,715,140	19,265,400
CVOPRL	31,000	6,826,200	4,789,500
Dhaka Bank Limited	300,000	4,884,000	4,260,000
Doreen Power Generations and Systems Limited	132,000	13,431,000	10,546,800
DSHGARME	1,600	350,256	334,720
ECABLES	180	33,896	42,138
Envoy Textiles Limited	400	-	14,520
FAR Chemical Ind. Limited	6,000	81,840	91,800
First Finance Limited	100,000	2,004,000	570,000
GBB Power Limited	382,200	8,993,166	4,089,540
Heidelberg Cement	35,100	16,418,376	11,747,970
Hwa Well Textiles BD	33,000	1,367,520	1,237,500
ICB	45,150	6,126,855	5,246,430
Indo-Bangla Pharmaceuticals Limited	45,294	1,765,107	1,408,643
Intraco Refueling	266	2,535	7,129
Kattali Textile Limited	1,006	-	25,452
M.L. Dyeing Limited	1,208	-	35,878



# MTB SECURITIES LIMITED

Annexure-C

## STATEMENT OF INVESTMENT IN SECURITIES

As at December 31, 2018

Name of the Company	Quantity	Cost Value	Amount in BDT
			Market Value
Meghna Cement	270,000	28,360,800	25,002,000
Meghna Petroleum Limited	402,000	86,655,120	75,817,200
Mercantile Bank Limited	80,000	1,584,800	1,440,000
MJL Bangladesh Limited	241,500	26,717,145	23,956,800
National Bank Limited	100,000	1,021,000	930,000
Navana CNG Limited	100,000	6,240,000	4,760,000
Orion Pharma Limited	360,000	16,531,200	13,248,000
ORIONINFU	200,000	11,944,000	10,520,000
Padma Oil Co. Limited	104,000	28,289,040	23,420,800
Pragati Life Ins.	7,000	848,820	802,900
Pubali Bank Limited	116,550	4,260,066	3,030,300
Quasem Industries Limited	177,602	12,709,199	8,116,411
Queen South Textile	100,000	5,203,000	3,810,000
R. N. Spinning Mills	161,040	2,996,954	1,417,152
Ratanpur Steel	50,000	2,881,000	2,325,000
SS Steel Limited	6,746	67,460	-
SAFKOSPINN	26,000	454,220	457,600
SK Trims Industries	504	-	23,335
Summit Alliance Port	71,000	3,437,820	1,796,300
Summit Power Limited	100,000	4,357,000	3,940,000
Tallu Spinning Mills	300,000	9,132,000	1,800,000
The ACME Laboratories Limited	130,000	12,910,300	11,167,000
Titas Gas T&D Co. Limited	300,000	16,320,000	10,920,000
VFS Thread Dyeing	703	5,856	40,633
Western Marine	396,000	11,792,880	7,880,400
<b>Total</b>		<b>548,586,644</b>	<b>418,762,841</b>

# MTB SECURITIES LIMITED

Annexure-D

## STATEMENT OF STRATEGIC INVESTMENT IN SECURITIES

As at December 31, 2018

Amount in BDT

Name of the Company	Quantity	Cost Value	Market Value
AMCL	10,000	2,412,700	2,406,000
Delta Brac Housing	6,000	773,880	776,400
MJL Bangladesh Limited	20,000	1,877,000	1,984,000
Summit Power Limited	70,000	2,925,300	2,758,000
Apex Tannery Limited	10,000	1,350,100	1,377,000
BBS Cables Limited	52,750	5,245,988	5,079,825
IBN SINA	13,000	3,357,640	3,270,800
Khulna Power Co. Limited	65,000	5,172,700	3,854,500
Olympic Industries	25,000	5,608,000	5,405,000
<b>Total</b>		<b>28,723,308</b>	<b>26,911,525</b>



## INDEPENDENT AUDITOR'S REPORT

To the shareholders of MTB Capital Ltd.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MTB Capital Ltd. (the company), which comprise the statement of financial position as at 31 December, 2018, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the statement of financial position of MTB Capital Ltd. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Securities & Exchange Rules 1987 and other applicable laws and regulations.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdictions, and we have fulfilled our other ethical responsibilities in accordance these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

#### Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities & Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.





In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by company so far as it appeared from our examination of these books;
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns;

**Sheikh Zahidul Islam FCA, MBA**  
**Partner**  
**Khan Wahab Shafique Rahman & Co.**  
**Chartered Accountants**

Dated, Dhaka  
January 30, 2019



# MTB CAPITAL LIMITED

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' equity</b>			
Share capital	4	308,990,000	280,900,000
Retained earnings	5	50,855,407	39,702,369
<b>Total sources of funds</b>		<b>359,845,407</b>	<b>320,602,369</b>
<b>APPLICATION OF FUNDS</b>			
<b>Investment</b>			
Investment in securities	6	156,745,140	108,161,146
<b>Current assets</b>		<b>287,060,624</b>	<b>283,233,737</b>
Margin loan to clients	7	215,207,848	221,038,805
Accounts receivable	8	22,504,713	19,078,835
Advance and prepayments	9	31,194,336	26,620,507
Cash & cash equivalents	10	18,153,727	16,495,590
<b>Current liabilities</b>		<b>88,849,606</b>	<b>76,463,316</b>
Accounts payable	11	20,657,950	13,023,392
Provision for expenses	12	1,530,500	1,162,681
Provision for diminution in value of investments	13	13,000,000	12,500,000
Provision for margin loan	14	15,000,000	12,500,000
Provision for current tax	15	38,504,784	37,097,663
Deferred tax liability	16	156,372	179,580
<b>Net current asset</b>		<b>198,211,018</b>	<b>206,770,421</b>
Property, plant & equipment	17	4,889,249	5,670,802
<b>Total application of funds</b>		<b>359,845,407</b>	<b>320,602,369</b>

The annexed notes are integral part of these financial statements.

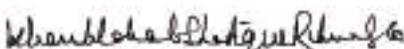
  
**Md. Hedayetullah**  
 Chairman

  
**Anis A. Khan**  
 Vice Chairman

  
**Khairul Bashar Abu Taher Mohammed**  
 Chief Executive Officer

Signed as per our annexed report of the same date

Dated, Dhaka  
 January 30, 2019

  
**Khan Wahab Shafique Rahman & Co.**  
 Chartered Accountants



# MTB CAPITAL LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2018

Particulars	Notes	Amount in BDT	
		2018	2017
<b>Operating income</b>			
Interest income	18	32,719,525	40,924,378
Income from investment	19	23,333,684	19,472,487
Underwriting commission	20	1,538,818	175,000
Issue management fee	21	8,471,750	3,500,000
Settlement fee and documentation charge	22	2,990,690	10,905,116
Portfolio management fee	23	11,439,882	16,353,824
<b>Income from operation</b>		<b>80,494,349</b>	<b>91,330,805</b>
Add: Other income	24	2,139,360	841,151
<b>Total income</b>		<b>82,633,709</b>	<b>92,171,956</b>
Less: Office & administrative expenses	25	19,876,102	19,292,274
Less: Interest expense		-	6,873,767
<b>Profit before provision and tax</b>		<b>62,757,607</b>	<b>66,005,915</b>
Less: Provision for diminution in value of investments	26	500,000	958,027
Less: Provision for margin loan	27	2,500,000	4,534,972
<b>Net profit before tax</b>		<b>59,757,607</b>	<b>60,512,916</b>
<b>Less: Income tax expenses</b>	28	<b>20,514,569</b>	<b>22,578,739</b>
Current tax expense		20,537,777	22,605,246
Deferred tax (income)/expense		(23,208)	(26,507)
<b>Net profit after tax</b>		<b>39,243,038</b>	<b>37,934,177</b>
<b>Earnings Per Share (EPS)</b>	29	<b>12.70</b>	<b>12.28</b>

The annexed notes are integral part of these financial statements.

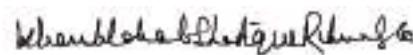
  
**Md. Hedayetullah**  
 Chairman

  
**Anis A. Khan**  
 Vice Chairman

  
**Khairul Bashar Abu Taher Mohammed**  
 Chief Executive Officer

Signed as per our annexed report of the same date

Dated, Dhaka  
 January 30, 2019

  
**Khan Wahab Shafique Rahman & Co.**  
 Chartered Accountants

# MTB CAPITAL LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

Particulars	Amount in BDT		
	Paid-up capital	Retained earnings	Total
Balance as at January 01, 2018	280,900,000	39,702,369	320,602,369
Net profit after tax for the year	-	39,243,038	39,243,038
Stock dividend	28,090,000	(28,090,000)	-
<b>Balance as at December 31, 2018</b>	<b>308,990,000</b>	<b>50,855,407</b>	<b>359,845,407</b>
<b>Balance as at December 31, 2017</b>	<b>280,900,000</b>	<b>39,702,369</b>	<b>320,602,369</b>



**Md. Hedayetullah**  
Chairman



**Anis A. Khan**  
Vice Chairman



**Khairul Bashar Abu Taher Mohammed**  
Chief Executive Officer

# MTB CAPITAL LIMITED

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

Particulars	Amount in BDT	
	2018	2017
Net profit during the year (after tax)	39,243,038	37,934,177
<b>Add : Amount consider as non cash items :</b>		
Depreciation charged during the year	805,767	955,615
Increase/(decrease) in provision for diminution in value of investments	500,000	958,027
Increase/(decrease) in provision for margin loan	2,500,000	4,534,972
Increase/(decrease) in provision for expenses	367,819	(37,319)
Increase/(decrease) in provision for income tax	1,407,121	5,624,207
Increase/(decrease) in deferred tax liability	(23,208)	(26,507)
<b>Sub total of non cash items</b>	<b>5,557,498</b>	<b>12,008,995</b>
<b>Changes in working capital components</b>		
Increase/(decrease) in accounts payable	7,634,558	(32,116,329)
(Increase)/decrease in accounts receivable	(3,425,878)	9,747,132
(Increase)/decrease in advance & prepayment	(4,573,829)	(15,352,055)
<b>A) Net cash flow from operating activities</b>	<b>44,435,388</b>	<b>12,221,920</b>
<b>Cash flow from investing activities:</b>		
(Increase)/decrease in investment in securities	(48,583,994)	65,352,105
(Increase)/decrease in purchase of premises & fixed asset	(24,214)	(50,808)
(Increase)/decrease in margin loan to clients	5,830,957	(8,878,483)
<b>B) Net cash flow from investing activities</b>	<b>(42,777,250)</b>	<b>56,422,814</b>
<b>Cash flow from financing activities :</b>		
Increase/(decrease) in short term borrowings	-	(75,000,000)
<b>C) Net cash flow from financing activities</b>	<b>-</b>	<b>(75,000,000)</b>
<b>D) Net cash increase / (decrease) (A+B+C)</b>	<b>1,658,137</b>	<b>(6,355,266)</b>
<b>E) Opening cash and cash equivalents</b>	<b>16,495,590</b>	<b>22,850,856</b>
<b>F) Closing cash and cash equivalents</b>	<b>18,153,727</b>	<b>16,495,590</b>

  
Md. Hedayetullah  
Chairman

  
Anis A. Khan  
Vice Chairman

  
Khairul Bashar Abu Taher Mohammed  
Chief Executive Officer

# MTB CAPITAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 1.00 Legal status of the company

MTB Capital Ltd. (MTBCL), a fully owned subsidiary of Mutual Trust Bank Limited, was incorporated in Bangladesh as a private limited company. MTBCL obtained registration certificate No. MB-55/2010 under the Bangladesh Securities and Exchange Commission Act, 1993 on December 06, 2010 as a full fledged merchant bank and obtained registration No. C-80040 from the Registrar of Joint Stock Companies and Firms (RJSC), Dhaka, Bangladesh on October 08, 2009 under the Companies Act, 1994. The company has commenced its operation on April 18, 2011.

The registered office of the company is situated at 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000, Bangladesh.

### 2.00 Nature of business

The main activities of the company are issue management, underwriting, portfolio management whether discretionary or non-discretionary, corporate advisory services to the clients including advisory services on merger and amalgamation, capital restructuring, etc.

### 3.00 Significant accounting policies

#### 3.01 Basis of preparation of financial statements

The financial statements of the company are made up to December 31, 2018 and prepared under the historical cost convention except investment in securities as a going concern and in accordance with the Companies Act 1994, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) approved by the institute of Chartered Accountants of Bangladesh (ICAB) as the financial reporting council is yet to issue any financial reporting standards, the Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchange Limited listing Regulations, Income Tax Ordinance, 1984 and other laws and rules applicable in Bangladesh.

#### 3.02 Statement of cash flows

Statement of cash flows has been prepared in accordance with the Bangladesh Accounting Standard (BAS) - 7 "Statement of Cash Flows".

#### 3.03 Property, plant and equipment

##### 3.03.1 Recognition and measurement:

Property, plant and equipments are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of asset and bringing to the location and conditioned necessary for it to be capable of operating in the intended manner.

##### 3.03.2 Depreciation

Depreciation is charged using reducing balance method as per Bangladesh Accounting Standards (BASs)-16 "Property plant & equipment". The rates of depreciation used are as follows:

Category of assets	Rate of depreciation
Furniture & fixture	10%
Office equipment	20%
Interior decoration	10%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the Statement of Profit or Loss and other Comprehensive Income.

#### 3.04 Revenue recognition

The accounting policies adopted for the recognition of revenue are as follows:

##### 3.04.1 Interest income

Interest on margin loan to investors is recognized as revenue on an accrual basis and interest receivable on such loan is capitalized with original loan on quarterly basis.

### 3.04.2 Dividend income

Dividend income on investment in securities has been recognized when the shareholders right to receive payment is established.

### 3.04.3 Capital gain / (loss) on sale of securities

Capital gain/(loss) on sale of securities is accounted for based on difference between average sale proceeds of securities and cost of securities sold.

### 3.04.4 Fees and commission income

Fees and commission income includes portfolio management fees, settlement charges, issue management fees, underwriting commissions and any other such fees and commissions.

### 3.05 Cash and bank balance

Cash and bank balance includes cash in hand and cash at bank, which are held and are available for use by the company without any restriction.

### 3.06 Investment in securities

Investment in securities is recognized at the end of the period at cost price of investment made by the company.

### 3.07 Reporting in the period

These financial statements cover one year from 1st January 2018 to 31 December 2018.

### 3.08 General

- i) Comparative information have been disclosed for all numerical information of the financial statements and also the narrative and descriptive information so as to clarify the current year position in with that to preceding year.

#### Re-arrangement

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

- ii) The figures in the financial statements are presented in Bangladeshi Taka (BDT), which is the company's functional currency. Figures in these notes and financial statements have been rounded off to the nearest Taka value.

### 4.00 Authorized capital

50,00,000 ordinary shares of Tk. 100 each.

#### Issued, subscribed and paid-up capital:

3,089,900 ordinary shares of Tk. 100 each

Amount in BDT	
2018	2017
500,000,000	500,000,000
308,990,000	280,900,000

#### Shareholding position:

Particulars	No. of shares	Amount	Percentage
Mutual Trust Bank Limited	3,089,777	308,977,700	99.996%
Mr. Md. Hedayetullah	123	12,300	0.004%
<b>Total</b>	<b>3,089,900</b>	<b>308,990,000</b>	<b>100%</b>

### 5.00 Retained earnings

Opening balance

Add: Net profit after tax during the year

Less: Stock dividend

**Closing balance**

39,702,369	17,668,192
39,243,038	37,934,177
28,090,000	15,900,000
<b>50,855,407</b>	<b>39,702,369</b>

		Amount in BDT	
		2018	2017
<b>6.00</b>	<b>Investment in Securities</b>		
	Investment in securities represent the cost price of securities which have been invested by the company in the capital market.		
	Quoted shares (Annexure-C)	156,745,140	105,161,146
	Unquoted shares	-	3,000,000
		<b>156,745,140</b>	<b>108,161,146</b>
<b>7.00</b>	<b>Margin loans to clients</b>		
	Margin loan to investors - Non- Discretionary Account (NDA)	212,736,206	219,818,070
	Margin loan to investors - Discretionary Account (DA)	2,471,642	1,220,735
		<b>215,207,848</b>	<b>221,038,805</b>
<b>8.00</b>	<b>Accounts receivable</b>		
	Underwriting commission	1,288,818	175,000
	Issue management fee	7,035,881	1,064,131
	Trustee fee	800,000	-
	Dividend receivable	3,102,314	1,914,051
	Management fee	62,673	62,244
	Unicap Company Ltd.	-	4,014,863
	MTB Securities Ltd.	5,422,808	8,043,876
	City Brokerage Ltd.	-	867,822
	CSML Securities Ltd.	2,071,284	35,948
	Rental income	37,500	72,000
	Cheque in transit	285,000	85,000
	IPO	2,398,435	2,743,900
		<b>22,504,713</b>	<b>19,078,835</b>
<b>9.00</b>	<b>Advance and prepayments</b>		
	Advance income tax (Note: 9.01)	29,677,469	24,745,302
	Advance to employees (Note: 9.02)	1,516,867	1,875,205
		<b>31,194,336</b>	<b>26,620,507</b>
<b>9.01</b>	<b>Advance income tax</b>		
	Opening balance	24,745,302	11,242,321
	Adjustment during the year	(16,318,207)	(8,001,017)
	Addition during the year	21,250,374	21,503,999
	<b>Closing balance</b>	<b>29,677,469</b>	<b>24,745,302</b>
<b>9.02</b>	<b>Advance to employees</b>		
	Advance to employee car	1,516,867	1,875,205
		<b>1,516,867</b>	<b>1,875,205</b>
<b>10.00</b>	<b>Cash &amp; cash equivalents</b>		
	This is made up as under:		
	Cash in hand	<b>3,316</b>	<b>4,414</b>
	<b>Cash at Bank (Mutual Trust Bank)</b>		
	MTB-0012-0210010572 (CD)	678	678
	MTB Tower 0087-0210000208 (Own Portfolio)	1,155,280	95
	MTB Tower 0087-0320000045 (SND)	2,202,513	11,288,828
	MTB Tower 0087-0320000054 (IPO)	23,508	24,841
	MTB Tower 0087-0320000214 (NDA)	6,484,065	2,045,181
	MTB Tower 0087-0320000205 (DA)	5,311,856	1,154,653
	MTB Tower 0087-0320000223 (GA)	2,972,512	1,976,900
		18,150,411	16,491,176
	<b>Cash and cash equivalents</b>	<b>18,153,727</b>	<b>16,495,590</b>

		Amount in BDT	
		2018	2017
<b>11.00</b>	<b>Accounts payable</b>		
	LeadSoft BD Ltd.	414,556	414,556
	Audit fees payable	55,000	50,000
	Payable to brokers	8,376,827	9,977,179
	Client deposits	10,678,182	1,280,803
	VAT payable	1,111,510	1,275,618
	Source tax payable	21,875	25,235
		<b>20,657,950</b>	<b>13,023,392</b>
<b>12.00</b>	<b>Provision for expenses</b>		
	<b>Incentive bonus:</b>		
	Opening balance	1,162,681	1,200,000
	Paid during the year	(926,831)	(637,319)
	Addition during the year	1,294,650	600,000
	<b>Closing balance</b>	<b>1,530,500</b>	<b>1,162,681</b>
<b>13.00</b>	<b>Provision for diminution in value of investments</b>		
	Opening balance	12,500,000	11,541,973
	Addition during the year (Note-26.00)	500,000	958,027
	<b>Closing balance</b>	<b>13,000,000</b>	<b>12,500,000</b>
<b>14.00</b>	<b>Provision for margin loan</b>		
	Opening balance	12,500,000	7,965,028
	Addition during the year (Note-27.00)	2,500,000	4,534,972
	<b>Closing balance</b>	<b>15,000,000</b>	<b>12,500,000</b>
<b>15.00</b>	<b>Provision for current tax</b>		
	Opening balance	37,097,663	31,473,457
	Adjustment during the year	(19,130,656)	(16,981,039)
	Addition during the year (Note-28.01)	20,537,777	22,605,246
	<b>Closing balance</b>	<b>38,504,784</b>	<b>37,097,663</b>
<b>16.00</b>	<b>Deferred tax liability</b>		
	Opening balance	179,580	206,087
	Deferred tax during the year (Note-28.02)	(23,208)	(26,507)
	<b>Closing balance</b>	<b>156,372</b>	<b>179,580</b>
<b>17.00</b>	<b>Property, plant &amp; equipment</b>		
	Opening balance	5,670,802	6,575,609
	Addition during the year	24,214	50,808
	<b>Total cost</b>	<b>5,695,016</b>	<b>6,626,417</b>
	Less: Depreciation charged during the year	805,767	955,615
	<b>Written down value</b>	<b>4,889,249</b>	<b>5,670,802</b>
	(Detail is shown in Annexure - A)		
<b>18.00</b>	<b>Interest income</b>		
	Interest on margin loan - Non- Discretionary Account (NDA)	31,338,207	40,804,395
	Interest on margin loan - Discretionary Account (DA)	13,319	89,995
	Interest on bank accounts	1,367,999	29,987
		<b>32,719,525</b>	<b>40,924,378</b>

		Amount in BDT	
		2018	2017
<b>19.00</b>	<b>Income from investment</b>		
	Dividend income	3,638,355	4,155,312
	Capital gain on sale of securities	19,695,329	15,317,175
		<b>23,333,684</b>	<b>19,472,487</b>
<b>20.00</b>	<b>Underwriting commission</b>		
	Zaheen Spinning Limited	1,288,818	-
	Oimex Electrode Limited	-	175,000
	Bashundhara Paper Mills Limited	250,000	-
		<b>1,538,818</b>	<b>175,000</b>
<b>21.00</b>	<b>Issue management fee</b>		
	Zaheen Spinning Limited	500,000	500,000
	Krishibid Feed Limited	700,000	-
	Mutual Trust Bank Limited	1,000,000	-
	Unique Infoway Limited	971,750	-
	Gardenia Wears Limited	2,800,000	-
	Coppertech Industries Limited	2,500,000	500,000
	Unique Infoway Limited	-	500,000
	Oimex Electrode Limited	-	2,000,000
		<b>8,471,750</b>	<b>3,500,000</b>
<b>22.00</b>	<b>Settlement fee &amp; documentation charge</b>		
	Settlement fee	2,968,690	10,887,416
	Documentation charge	22,000	17,700
		<b>2,990,690</b>	<b>10,905,116</b>
<b>23.00</b>	<b>Portfolio management fee</b>		
	Non-discretionary account	10,996,704	15,394,424
	Discretionary account	443,178	959,400
		<b>11,439,882</b>	<b>16,353,824</b>
<b>24.00</b>	<b>Other income</b>		
	IPO charge	12,910	650
	Annual BO account charge	144,450	107,100
	BO account closing fee	-	1,401
	Trustee fee	1,250,000	-
	Rental income	732,000	732,000
		<b>2,139,360</b>	<b>841,151</b>
<b>25.00</b>	<b>Office &amp; administrative expenses</b>		
	Salary and remuneration	11,074,769	9,656,626
	Office rent expense	3,631,437	3,624,578
	Postage, telephone, fax, stamp	113,358	89,604
	Printing & stationery	95,468	196,988
	Advertising expense	184,192	57,500
	Directors' fee	675,000	741,000
	Auditors' fee	68,750	63,250
	Depreciation expenses	805,767	955,615

		Amount in BDT	
		2018	2017
	Repairs and maintenance	284,825	261,252
	Car expense	911,438	957,772
	CDBL charge	294,145	1,023,717
	Entertainment	610,598	378,621
	Cleaning service charge	349,805	346,707
	Fee & registration	261,565	308,667
	Bank charges	124,037	149,019
	Conveyance	138,065	85,380
	Internet expense	30,070	36,800
	Staff training	5,000	25,300
	Travelling expense	12,200	218,002
	Business promotion expense	76,528	50,000
	Books & newspaper	7,180	8,713
	Holiday working bill	10,350	7,800
	Domain and hosting charge	8,000	-
	Office maintenance	-	30
	Professional fee	55,556	33,333
	IPO expense	48,000	16,000
		<b>19,876,102</b>	<b>19,292,274</b>
<b>26.00</b>	<b>Provision for diminution in value of investments</b>	<b>500,000</b>	<b>958,027</b>
	This provision is made as per BSEC guideline and to reduce the risk of investment.		
<b>27.00</b>	<b>Provision for margin loan</b>	<b>2,500,000</b>	<b>4,534,972</b>
	This provision is made as per BSEC guideline and to reduce the risk of investment.		
<b>28.00</b>	<b>Income tax expenses</b>		
	Current tax (Note-28.01)	20,537,777	22,605,246
	Deferred tax (Note-28.02)	(23,208)	(26,507)
		<b>20,514,569</b>	<b>22,578,739</b>
	Income tax expenses is calculated as per guideline of Income Tax Ordinance and Rules.		
<b>28.01</b>	<b>Current tax</b>	20,537,777	22,605,246
		<b>20,537,777</b>	<b>22,605,246</b>
<b>28.02</b>	<b>Deferred tax</b>	(23,208)	(26,507)
		<b>(23,208)</b>	<b>(26,507)</b>
	(Detail is shown in Annexure - B)		
<b>29.00</b>	<b>Earnings Per Share</b>		
	Net profit after tax	39,243,038	37,934,177
	Number of ordinary shares outstanding	3,089,900	3,089,900
	<b>Earnings Per Share</b>	<b>12.70</b>	<b>12.28</b>
<b>30.00</b>	<b>Number of employees</b>		
	The number of employees engaged for the whole year or part there of, who received a total remuneration of Taka 36,000 or above were 07 persons.		
<b>31.00</b>	<b>Events after the balance sheet date</b>		
	Subsequent to the balance sheet date, the Board of Directors recommended 10% stock dividend.		

## SCHEDULE OF PROPERTY, PLANT &amp; EQUIPMENT

As at December 31, 2018

Annexure - A

Particulars	Cost			Depreciation					Written down value as at 31.12.2018	
	Opening balance	Addition during the year	Disposal during the year	Balance as at 31.12.2018	Rate (%)	Opening balance	Charged during the year	Disposal for the year		Accumulated depreciation
Furniture & Fixture	1,348,194	19,500	-	1,367,694	10%	290,070	106,462	-	396,532	971,162
Office Equipment	8,466,552	4,714	-	8,471,266	20%	6,094,042	475,288	-	6,569,330	1,901,936
Interior Decoration	2,765,639	-	-	2,765,639	10%	525,471	224,017	-	749,488	2,016,151
<b>Balance as on December 31, 2018</b>	<b>12,580,385</b>	<b>24,214</b>	<b>-</b>	<b>12,604,599</b>		<b>6,909,583</b>	<b>805,767</b>	<b>-</b>	<b>7,715,350</b>	<b>4,889,249</b>
<b>Balance as on December 31, 2017</b>	<b>12,529,577</b>	<b>50,808</b>	<b>-</b>	<b>12,580,385</b>		<b>5,953,968</b>	<b>955,615</b>	<b>-</b>	<b>6,909,583</b>	<b>5,670,802</b>

Amount in BDT

**CALCULATION OF DEFERRED TAX**

For the year ended December 31, 2018

Deferred tax expense/(income)	Amount in BDT	
	2018	2017
Carrying amount of property, plant & equipment	4,889,249	5,670,802
Less: Tax base property, plant & equipment	4,472,257	5,191,923
<b>Taxable temporary difference</b>	<b>416,992</b>	<b>478,879</b>
Applicable tax rate	37.50%	37.50%
<b>Provision for deferred tax</b>	<b>156,372</b>	<b>179,580</b>
Less: Opening balance	179,580	206,087
<b>Deferred tax expense/(income)</b>	<b>(23,208)</b>	<b>(26,507)</b>

**INVESTMENT IN QUOTED SECURITIES**

As at December 31, 2018

Amount in BDT

Name of the company	No. of shares	Total cost	Market rate per share	Market value	Difference
Apex Foods Limited	1,781	357,189	168.70	300,455	(56,734)
Bashundhara Paper Mills	4,272	341,760	83.80	357,994	16,234
BD Shipping Corporation	8,180	422,113	39.00	319,020	(103,093)
BD Submarine Cable Co. Limited	11,000	1,719,200	93.50	1,028,500	(690,700)
Familytex(BD) Limited	106,581	2,430,063	4.80	511,590	(1,918,472)
Indo-Bangla Pharma Limited	294	0	31.10	9,143	9,143
Libra Infusions Limited	500	606,214	999.30	499,650	(106,564)
Monno Ceramics	18,500	5,832,964	245.60	4,543,600	(1,289,364)
National Life Insurance	3,000	682,562	216.20	648,600	(33,962)
Pragati Life Insurance	90,090	14,407,059	114.70	10,333,323	(4,073,736)
S. S. Steel Limited	6,746	67,460	0.00	0.00	(67,460)
Silva Pharmaceuticals Limited	4,597	45,970	30.10	138,370	92,400
ACI Formulations Limited	27,263	5,689,381	153.80	4,193,049	(1,496,332)
Beximco Limited	115,500	3,211,410	23.50	2,714,250	(497,160)
BRAC Bank Limited	30,000	2,416,624	72.70	2,181,000	(235,624)
Central Pharmaceuticals Limited	466,325	13,018,392	13.90	6,488,937	(6,529,455)
Eastern Lubricant	2,500	3,671,951	1,345.00	3,362,500	(309,451)
Envoy Textiles Limited	200	7,198	36.30	7,260	62
Far Chemical Ind. Limited	125,235	3,590,467	15.30	1,916,096	(1,674,371)
Fu-Wang Food	55,000	1,121,138	15.00	825,000	(296,138)
Golden Harvest Agro Ind. Limited	22,000	890,452	29.30	644,600	(245,852)
Grameen Phone Limited	2,500	1,191,218	367.30	918,250	(272,968)
Hamid Fabrics Limited	20,000	572,142	23.20	464,000	(108,142)
Heidelberg Cement Bd. Limited	1,500	506,361	334.70	502,050	(4,311)
Hwa Well Textile BD Limited	25,100	1,306,625	37.50	941,250	(365,375)
IDLC	150,010	10,876,852	69.70	10,455,697	(421,155)
Intraco Refueling Station Limited	267	2,540	26.80	7,148	4,608
Khulna Power Co. Limited	25,000	1,666,326	59.30	1,482,500	(183,826)
LankaBangla Finance	40,000	912,822	22.90	916,000	3,178
Meghna Petroleum Limited	55,100	13,539,849	188.60	10,391,860	(3,147,989)
Mercantile Bank Limited	100,000	2,005,503	18.00	1,800,000	(205,503)
Olympic Accessories Limited	154,074	2,747,795	12.90	1,987,551	(760,244)
Padma Oil	70,100	23,943,183	225.20	15,786,520	(8,156,663)
Ratanpur Steel Re-Rolling Mills	60,000	3,924,433	46.50	2,790,000	(1,134,433)
Shasha Denims Limited	64,200	4,203,847	60.50	3,884,100	(319,747)
Square Pharmaceuticals Limited	28,350	7,462,253	254.20	7,206,570	(255,683)
Takaful Islami Insurance	95,700	2,624,476	25.90	2,478,630	(145,846)
Titas Gas T & D Co. Limited	215,360	18,729,349	36.40	7,839,104	(10,890,245)
<b>Total</b>		<b>156,745,140</b>		<b>110,874,166</b>	<b>(45,870,974)</b>

# MTB EXCHANGE (UK) LIMITED

## DIRECTORS' REPORT

For The Year Ended December 31, 2018

The directors present their report and accounts for the year ended December 2018

### Principal activities

Principal activity of the company during the financial year was of financial intermediation.

### Directors

The directors who served the company throughout the year were as follows:

Rashed Ahmed Chowdhury

Syed Manzur Elahi

Mohamed Abdur Rouf

Dr. Sultan Hafeez Rahman

Anisuddin Ahmed Khan

### Statement of Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors at the date of approval of this report each confirm that,

-So far as the directors are aware, there is no relevant information of which the company's auditor is unaware; and

-the directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.



Mohammad Anisur Rahman  
CEO & Manager



Anisuddin Ahmed Khan  
Director

**Date approved: January 31, 2019**

# MTB EXCHANGE (UK) LTD

## ACCOUNTANTS' REPORT

For the year ended December 31, 2018

In order to assist you to fulfill your duties under the Companies Act 2006, we have prepared for your approval the accounts of MTB EXCHANGE (UK) LTD for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and related notes from the company's accounting records and from information and explanations you have given us.

As a practicing member of the Chartered Institute of Management Accountants, we are subject to its ethical and other professional requirements which are detailed at CIMA's website.

This report is made solely to the member of MTB EXCHANGE (UK) LTD, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of MTB EXCHANGE (UK) LTD and state those matters that we have agreed to state to the Board of MTB EXCHANGE (UK) LTD, as a body, in this report in accordance with the requirements of the Chartered Institute of Management Accountants and as detailed at its website. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than MTB EXCHANGE (UK) LTD and its members as a body for our work or for this report.

It is your duty to ensure that MTB EXCHANGE (UK) LTD has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit of MTB EXCHANGE (UK) LTD. You consider that MTB EXCHANGE (UK) LTD is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of MTB EXCHANGE (UK) LTD. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.



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**Jahan & Co.**

Chartered Management Accountants  
22 Osborn Street  
London  
E1 6TD  
31 January 2019



# MTB EXCHANGE (UK) LIMITED

## INCOME STATEMENT

For the Year Ended December 31, 2018

Particulars	Notes	2018 £	2017 £
<b>TURNOVER</b>		149,612	122,437
<b>GROSS PROFIT</b>		<b>149,612</b>	<b>122,437</b>
Selling and Distribution costs		(2,992)	(3,985)
Administrative expenses		(148,347)	(143,531)
Other operating income		30,000	30,000
<b>Operating Profit/Loss</b>	2	<b>28,273</b>	<b>4,921</b>
<b>Profit/Loss on ordinary activities before taxation</b>		<b>28,273</b>	<b>4,921</b>
Tax on profit on ordinary activities	5	(744)	(754)
<b>Profit/Loss for the financial year</b>		<b>27,529</b>	<b>4,167</b>

# MTB EXCHANGE (UK) LTD

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

Particulars	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible Assets	6	16,037	19,441
		<b>16,037</b>	<b>19,441</b>
<b>Current assets</b>			
Debtors	7	45,507	9,417
Cash at bank and in hand		38,559	49,326
		84,066	58,743
<b>Creditors: Amounts falling due within one year</b>	8	(1,730)	(7,339)
<b>NET CURRENT ASSETS</b>		<b>82,336</b>	<b>51,404</b>
Total assets less current liabilities		98,373	70,844
Creditors: Amounts falling due after more than one year	9	(338,580)	(338,580)
<b>Net assets</b>		<b>(240,207)</b>	<b>(267,736)</b>
<b>Capital and Reserves</b>			
Called up share capital	10	230,000	230,000
Profit and loss account	11	(470,207)	(497,736)
<b>Shareholders funds</b>		<b>(240,207)</b>	<b>(267,736)</b>

For the year ended December 31, 2018 the company was entitled to exemption from audit under section 477 of the companies act 2006 relating to small companies.

Directors' Responsibilities:

1. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.
2. The directors acknowledge their responsibilities for complying with the requirements of the companies act 2006 with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102.



Mohammad Anisur Rahman  
CEO & Manager



Anisuddin Ahmed Khan  
Director

Date approved by the board: January 31, 2019



# MTB EXCHANGE (UK) LIMITED

## NOTES TO THE ACCOUNTS

For the year ended December 31, 2018

### General Information

MTB EXCHANGE (UK) LTD is a private company limited by share, registered in England and Wales, registration number 07282261 registration address 25 WHITECHAPEL ROAD, LOONDON, E1 1DU.

The presentation currency is £ sterling.

### Accounting Policies

#### Basis of Accounting

The financial statements are prepared in accordance with the FRS 102 Financial Reporting Standard for Smaller Entities.

#### Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

#### Tangible fixed assets

Tangible fixed assets, other than freehold land are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets less their estimated residual value over their expected useful lives on the following basis:

Fixtures and Fittings	20% Reducing Balance
Plant and Machinery	20% Reducing Balance

## 2. Operating Profit/Loss

The operating profit/loss is stated after charging/  
(crediting):

Depreciation of tangible fixed assets

2018 £	2017 £
3,652	4,860
<b>3,652</b>	<b>4,860</b>

## 3. Directors' Emoluments

The directors did not withdraw any salary during the period.

## 4. Staff Costs

Wages and salaries

Pension costs, defined contribution plan

Other staff costs

42,615	43,144
858	189
953	726
<b>44,426</b>	<b>44,059</b>

### Average number of employees during the year

Administration

Sales

Number	Number
2	2
4	5
<b>6</b>	<b>7</b>

## 5. Tax on profit on ordinary activities

UK Corporation tax

744	754
<b>744</b>	<b>754</b>

	Plant and Machinery £	Fixtures and Fittings £	TOTAL £
<b>6. Tangible fixed assets</b>			
<b>Cost or Valuation</b>			
At January 1, 2018	14,205	56,774	70,979
Additions	210	39	249
Disposals	-	-	-
<b>At December 31, 2018</b>	<b>14,415</b>	<b>56,813</b>	<b>71,228</b>
<b>Depreciation</b>			
At January 1, 2018	10,887	40,653	51,540
Charge for year	654	2,997	3,651
On Disposals	-	-	-
<b>At December 31, 2018</b>	<b>11,541</b>	<b>43,650</b>	<b>55,191</b>
<b>Net Book values</b>			
Closing balance as at December 31, 2018	2,874	13,163	16,037
Opening balance as at January 1, 2018	3,319	16,121	19,440
		<b>2018</b> £	<b>2017</b> £
<b>7. DEBTORS</b>			
<b>Amounts falling due within one year</b>			
Other debtors		34,764	-
Money in Transit		1,993	667
		<b>36,757</b>	<b>667</b>
<b>Debtors: Amounts falling due after one year</b>			
Other debtors		8,750	8,750
		<b>8,750</b>	<b>8,750</b>
<b>8. Creditors: amount falling due within one year</b>			
Corporation tax		744	754
Accrued Expenses		900	750
Other Creditors		-	5,810
Pension Scheme		86	25
		<b>1,730</b>	<b>7,339</b>
<b>9. Creditors: amount falling due after more than one year</b>			
Other Creditors		338,580	338,580
		<b>338,580</b>	<b>338,580</b>
<b>10. Share Capital</b>			
<b>Allotted</b>			
230,000 Class A shares of £ 1.00 each		230,000	230,000
		<b>230,000</b>	<b>230,000</b>
<b>11. Profit and loss account</b>			
Balance at January 1, 2018		(497,736)	
Profit for the year		27,529	
<b>Balance at December 31, 2018</b>		<b>(470,207)</b>	



MTB  
SHINING



# MTB EVENTS



Mutual Trust Bank Ltd. (MTB) Chairman, M. A. Rouf, JP and Director, Md. Wakiluddin are seen handing over a cheque of BDT 50 million to the Honorable Prime Minister of Bangladesh, Sheikh Hasina, as donation for the Prime Minister's Relief and Welfare Fund as part of the bank's Corporate Social Responsibility (CSR) Program.



Mutual Trust Bank Ltd. (MTB) inaugurated its Air Lounge at Shah Amanat International Airport (SAIA), Domestic Terminal, Chattogram, with a view to providing its customers with greater comfort and convenience when travelling in and out of the port city.



Mutual Trust Bank Ltd. (MTB) held its Annual Business Conference 2018 (MABC 2018) on January 27, 2018 at Bangabandhu International Conference Center (BICC), Dhaka.



Mutual Trust Bank Limited (MTB) has donated blankets for distribution amongst the cold-affected people of different regions of the country through the Cadet College Club authorities.



Mutual Trust Bank Limited (MTB) recently inaugurated its 112th branch at Marfat Ali Fakir Tower, Mawna Bazar Road, Sreepur, Gazipur.



Mutual Trust Bank Limited (MTB) recently inaugurated its 113th branch at Mirpur-2, Dhaka.



Mutual Trust Bank Limited (MTB) has recently inaugurated its 114th branch at Rahattarpool, Chattogram. Md. Hedayetullah, Chairman, Mutual Trust Bank Limited (MTB), inaugurated the branch as the Chief Guest at the branch premises.



Mutual Trust Bank Limited (MTB) recently launched a unique Home Loan product titled 'Progressive Equity Build-Up' between Mutual Trust Bank Limited (MTB) and ABC Real Estate Limited through a simple ceremony held at the Samson H. Chowdhury Auditorium, MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000. This innovative product, the first ever introduced by a private commercial bank in Bangladesh, is tailored to meet the financing needs of the high net-worth segment to help them buy their dream home.



Mutual Trust Bank Limited (MTB) has recently been awarded the ADB Gender Champion Award as part of Asian Development Bank's Trade Finance Program (TFP) 2018. The award was handed over at a ceremony held on September 04, 2018 at InterContinental Hotel, Singapore at which the MTB Vice Chairman, Khwaja Nargis Hossain received the award on behalf of the bank, and at which event, and senior female officials were also present.



Mutual Trust Bank Limited (MTB) and Deutsche Investitions-und Entwicklungsgesellschaft (DEG) have jointly launched "German Desk - Financial Support and Solutions" at a local hotel in the capital on Tuesday, April 17, 2018. DEG is a Development Finance Institution (DFI) based in Germany and a subsidiary of KfW Group.



Mutual Trust Bank Limited (MTB) recently closed a term loan deal for USD 20 million with NORFUND-The Norwegian Investment Fund for Developing Countries. The closing ceremony was held at the NORFUND Head Office located in Oslo, Norway on May 28, 2018.



Mutual Trust Bank Ltd. (MTB) has recently signed a partnership agreement with UnionPay International, the largest card payment organization in the world in terms of number of cards under issuance. Under the agreement, MTB will issue UnionPay debit and credit cards (both contact and contactless) as the first private commercial bank in Bangladesh.



Mutual Trust Bank Ltd. (MTB) has started issuing UnionPay cards as the first commercial bank in the country, in collaboration with UnionPay International. MTB has also launched UnionPay QR code payment, digital wallet and virtual cards.



Mutual Trust Bank Ltd. (MTB) has started issuing Contactless Mastercard World & Titanium Credit Card in Bangladesh as the first commercial bank in the country, in collaboration with Mastercard. Through this service, MTB and Mastercard aim to provide cardholders with more efficient and faster transactions. Contactless Mastercard World & Titanium Credit Card allows cardholders to simply tap the card in front of a card reader/POS and the transaction will be completed, eliminating the need for swiping at checkout or inserting the card into the terminal.



Mutual Trust Bank Limited (MTB) has recently been awarded the 18th ICAB National Awards for Best Presented Annual Report-2017 in two sectors namely: Certificate of Merit in the Integrated Reporting Awards and Certificate of Merit in the Private Sector Banks by The Institute of Chartered Accountants Bangladesh.



Mutual Trust Bank Limited (MTB) has recently signed a Participatory Financial Institutions (PFI) agreement with Bangladesh Bank (BB) recently under JICA-assisted 'Foreign Direct Investment Promotion Project BDP86'.



Mutual Trust Bank Limited (MTB) has recently opened its 24/7 ATM Booth at Baridhara Cosmopolitan Club, Dhaka.



Speaker of Bangladesh Parliament Dr. Shirin Sharmin Chaudhury hands over a cheque to women entrepreneur Shabana Akter, owner of Subin Dental Care and client of MTB in the event of "Banker-SME Women Entrepreneur Conference and Product Display Fair-2018" organized by Bangladesh Bank in association with banks and NBF's at Bangladesh Shishu Academy recently.



MTB Chairman Md. Hedayatullah, Vice Chairman, Khwaja Nargis Hossain along with other MTB directors are seen cutting a cake to commemorate the 19th Founding Anniversary of the bank, at a simple ceremony held recently at the bank's corporate head office, MTB Centre, 26 Gulshan Avenue, Gulshan 1, Dhaka 1212.



Mutual Trust Bank Limited (MTB) has signed an agreement with US-BANGLA AIRLINES (USBA). Under this agreement, MTB Privilege Customers, MTB VISA Signature and MTB MasterCard World cardholders will enjoy up to 12% discount facility in Business Class services of US-BANGLA AIRLINES (USBA).



Mutual Trust Bank Limited (MTB) has recently signed an agreement with Regent Airways at the corporate head office of Mutual Trust Bank Limited (MTB). Under this agreement, MTB credit cardholders will enjoy up to 6 months FlexiPay installment facility from Regent Airways on purchase of air tickets and different tour packages.



Mutual Trust Bank Limited (MTB) has recently signed an agreement with Biman Holidays, a Holiday Wings of Biman Bangladesh Airlines, at a simple ceremony held at the bank's Corporate Head Office, MTB Centre, Gulshan 1, Dhaka 1212. Under this agreement, MTB credit cardholders will enjoy special benefits on purchase of air ticket and different packages from Biman Holidays.



Mutual Trust Bank Limited (MTB) and bKash Limited, the largest mobile financial service provider in the country, recently signed an agreement allowing fund transfer by customers from MTB accounts to bKash accounts and vice versa. The deal also facilitates bKash customers to withdraw cash from any of the MTB ATMs across the country as well as MTB credit cardholders to pay their credit card bills using bKash account.



Mutual Trust Bank Limited (MTB) and Nitol Motors Limited (NML) have recently signed an agreement at a simple ceremony held at MTB Centre, the bank's Corporate Head Office, Gulshan 1, Dhaka 1212. Under the agreement, the clients of Nitol Motors Limited will be able to avail MTB Auto Loans with a low processing fee to procure brand new passenger vehicles of TATA Motors.



Mutual Trust Bank Limited (MTB) has recently signed an agreement with Life Insurance Corporation (LIC) of Bangladesh Ltd. at a simple ceremony held at bank's Corporate Head Office, MTB Centre, Gulshan 1, Dhaka 1212. Under this agreement, policy holders of LICBD can deposit their premium amount through any MTB Branches.



Mutual Trust Bank Limited (MTB) has recently signed an agreement with Bangladesh Brand Forum at a simple ceremony held at bank's Corporate Head Office, MTB Centre, Gulshan 1, Dhaka 1212. Under this agreement, the employees of Bangladesh Brand Forum can avail Payroll Banking solutions through MTB Payroll Banking.



Mutual Trust Bank Limited (MTB) has recently signed an agreement with Standard Chartered Bank (SCB) Bangladesh at a simple ceremony held at bank's Corporate Head Office, MTB Centre, Gulshan 1, Dhaka 1212. Under this agreement, MTB will provide support for card acquiring service to the valued corporate clients of SCB.



Mutual Trust Bank Limited (MTB) recently launched MTB Student Banking services through a simple ceremony held on April 15, 2018 at the Samson H. Chowdhury Auditorium, MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000.



Like every year, Mutual Trust Bank Limited (MTB) has recently distributed scholarship to the meritorious children of MTBians, at a simple ceremony held at the Samson H. Chowdhury Auditorium, MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000.



Mutual Trust Bank Limited (MTB) held its BAMLCO Conference 2018, a day-long conference of the Branch Anti Money Laundering Compliance Officers (BAMLCOs) of the bank, on February 10, 2018 at BRAC-CDM, Savar, Dhaka.



Mutual Trust Bank Limited (MTB) has recently signed an agreement with APON Foundation at a simple ceremony held at bank's Samson H. Chowdhury Auditorium, MTB Tower, Dhaka. Under this agreement, MTB, under financial inclusion project of Bangladesh Bank, will provide under privileged and working street children with support in opening bank account.



Like in the previous years, Mutual Trust Bank Limited (MTB) celebrated the International Women's Day 2018 on Thursday, March 08, 2018 at the Samson H. Chowdhury Auditorium (Level 10), MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000.



Mutual Trust Bank Limited (MTB) and Chittagong Club Limited (CCL) have recently launched an exclusive MTB-Chittagong Club Limited (CCL) Co-branded World Mastercard Credit Card for the members of Chittagong Club Limited (CCL).



Mutual Trust Bank Limited (MTB) has recently opened its Agent Banking Centre at Duaripara, Mirpur, Dhaka. Senior Executive Vice President, Khondaker Rahimuzzaman of MTB inaugurated the Centre through a formal inauguration ceremony.



Mutual Trust Bank Limited (MTB) has recently opened its Agent Banking Centre at Chandgazi, Chagolnaiya, Feni. Former Chairman and Director of MTB, Rashed A. Chowdhury inaugurated the Centre through a formal inauguration ceremony.



Mutual Trust Bank Limited (MTB) has signed a sponsorship agreement with Bangladesh Premier League (BPL) franchisee Rangpur Riders for the BPL T20 tournament at a simple ceremony held at the EWMGL conference room in Bashundhara Residential Area in the capital.



Like previous year, Mutual Trust Bank Limited (MTB) has arranged a Get-together followed by Iftar with Media Partners, at the Samson H. Chowdhury Auditorium, MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka 1000.



Mutual Trust Bank Limited (MTB) Limited has recently organized "School Banking Conference 2018" at Habiganj as the lead bank.



MTB Capital Limited (MTBCL), a subsidiary of Mutual Trust Bank Limited (MTB), has recently signed an agreement with Krishibid Feed Limited, a concern of Krishibid Group. Under the agreement, MTB Capital Limited (MTBCL) will act as the Issue Manager and Corporate Adviser for capital raising and Initial Public Offering (IPO) of Krishibid Feed Limited.



# STANDARD DISCLOSURE INDEX

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# ABBREVIATIONS

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ABB	Association of Bankers, Bangladesh
AC	Audit Committee
ADC	Alternative Delivery Channel
AD	Authorized Dealer
AGM	Annual General Meeting
ALCO	Asset Liability Committee
ALS	Assured Liquidity Support
AmCham	American Chamber of Commerce in Bangladesh
ATM	Automated Teller Machine
BAB	Bangladesh Association of Banks
BACH	Bangladesh Automated Clearing House
BAFEDA	Bangladesh Foreign Exchange Dealer Association
BAPLC	Bangladesh Association of Publicly Listed Companies
BAS	Bangladesh Accounting Standard
BB	Bangladesh Bank (Central Bank of Bangladesh)
BFRS	Bangladesh Financial Reporting Standard
BIBM	Bangladesh Institute of Bank Management
BOD	Banking Operation Division
BRMC	Board Risk Management Committee
BRPD	Banking Regulation and Policy Department
CAD	Credit Administration Department
CAGR	Compound Average Growth Rate
CAR	Capital Adequacy Ratio
CBS	Core Banking System
CCU	Central Compliance Unit
CDBL	Central Depository Bangladesh Limited
CDCS	Certified Documentary Credit Specialist
CHO	Corporate Head Office
CIB	Credit Information Bureau
CMU	Cash Management Unit
CP	Commercial Paper
CRAR	Capital to Risk Weighted Asset Ratio
CRGM	Credit Risk Grading Matrix
CRISL	Credit Rating Information and Services Ltd.

CRMD	Credit Risk Management Division
CRR	Cash Reserve Ratio
CSR	Corporate Social Responsibility
DCCI	Dhaka Chamber of Commerce & Industry
DEPZ	Dhaka Export Processing Zone
DR	Disaster Recovery
DSE	Dhaka Stock Exchange Limited
EC	Executive Committee
EFT	Electronic Fund Transfer
EMI	Equal Monthly Installment
EPZ	Export Processing Zone
ETP	Effluent Treatment Plant
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
FD	Fixed Deposit
FTP	Fund Transfer Pricing
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GRI	Global Reporting Initiative
HFT	Held for Trading
HRD	Human Resources Division
HTM	Held to Maturity
IAS	International Accounting Standard
IBB	The Institute of Bankers, Bangladesh
ICAAP	Internal Capital Adequacy Assessment Process
ICAB	Institute of Chartered Accountants of Bangladesh
ICCB	International Chamber of Commerce Bangladesh
ICCD	Internal Control & Compliance Division
ICC	Internal Control and Compliance
ICT	Information Communication and Technology
IFC	International Finance Corporation
IPO	Initial Public Offering
ITS	Information Technology System
LC	Letter of Credit
LG	Letter of Guarantee
MANCOM	Management Committee
MCCI	Metropolitan Chamber of Commerce and Industries
MCDB	MTB Chittagong Division Branches
MCR	Minimum Capital Requirement
MD&A	Management Discussion & Analysis
MDBB	MTB Dhaka Division Branches
MFIs	Micro Finance Institutions
MICR	Magnetic Ink Character Recognition

MID	MTB Infrastructure Division
MIT	MTB International Trade Services
MODB	MTB Other Division Branches
MTB	Mutual Trust Bank Limited
MTBCL	MTB Capital Limited
MTBSL	MTB Securities Limited
MTBUK	MTB Exchange (UK) Limited
NBFI	Non-bank Financial Institution
NCBs	Nationalized Commercial Banks
NII	Net Interest Income
NPL	Non Performing Loan (Classified Loan)
NRB	Non Resident Bangladeshi
OBU	Offshore Banking Unit
OCI	Other Comprehensive Income
PC	Purchase Committee
PCBs	Private Commercial Banks
PD	Probability of Default
PDBL	Primary Dealers Bangladesh Limited
PF	Provident Fund
POS	Point of Sale
PPG	Product Program Guidelines
PRI	Prime Risk Indicator
RBCA	Risk Based Capital Adequacy
RBIA	Risk Based Internal Audit
RFCD	Resident Foreign Currency Deposit
RMG	Ready Made Garments
ROA	Return on Assets (excluding contingent items)
ROE	Return on Equity
RWA	Risk Weighted Assets
SAFA	South Asian Federation of Accountants
SAMD	Special Asset Management Division
SFU	Structured Finance Unit
SLR	Statutory Liquidity Ratio
SME	Small and Medium Enterprise
SRP	Supervisory Review Process (Pillar II of Basel III)
TFP	Trade Finance Program
WACRG	Weighted Average Credit Risk Grade
WBD	Wholesale Banking Division



# CORRESPONDENT BANKING

Correspondent banking outlook for the year 2018 was combination of opportunities and challenges. Almost all correspondent banks had reposed confidence on accelerated economic activities of the country and shown keen interest to capture more transactions as compared to previous year. Throughout the year, we have observed numbers of new regional and local banks were paying visit commercial banks in Bangladesh with a view to overseeing correspondent banking business opportunities. Consequently, we have seen inclusion of few new banks in the correspondent banking business for the country, which aptly reduce the trade finance gap and enhance core competency for the local trade finance savvy banks like MTB. Moreover, few global banks, who had contracted or withdrawn correspondent banking relationships on the plea of de-risking back in 2011-2014, are now remodeled their business strategy to recuperate their pie from the correspondent banking business in Bangladesh. However, there are still existence of few dark spots mainly in supportive roles of trade finance activities included but not limited to advising, nomination, collecting and transferring etc. Few Banks are still restrictive to offer the supportive functions without having RMA (Relationship Management Application) establishment between the banks. There were also much on-going discussion round the year regarding use of RMB (Renminbi) as Standard Settlement Instruction (SSI) for cross border payments. Besides, the country has experienced introduction of few technology based correspondent banking platforms covering almost all existing products and

services. Although those solutions are in the budding stage of their life cycle, the new technology will, beyond doubt, disrupt the existing prosaic correspondent banking modalities in the near future.

MTB, in order to grab the prevailing opportunities, has devised its own strategy and successfully on boarded few new banks in its correspondent banking list. However, there are still few banks awaiting to be enlisted in near future. In addition to that, few global banks has started their due diligence to rebuild the relationships with the MTB. We have keep our eyes open on the technological development at the correspondent banking segments and signed with all available technological companies in the country. Besides, we are also in the process of development our own correspondent banking modules in order to keep pace with the upcoming technologies.

MTB, in order to turn the challenges into the opportunities, has continued with its initiative taken in the year 2017 to set up RMA relationships with different renowned local, regional and global banks across the globe. With this continuous focus, Currently, our SWIFT RMA networks has been increased to total number of .....banks, out of which ..... are local and ..... are foreign. We also maintain ..... nostro accounts with different correspondent banks abroad in US Dollar (USD), British Pound (GBP), Euro (Eur), Japanese Yen (JPY), Swiss Franc(CHF), Singapore Dollar (SGD), United Arab Emirates Dirham (AED) and Asian Clearing Union (ACU) Dollar and Euro.



- ASIA** : Afghanistan | Bahrain | Bhutan | China | Cambodia | Hong Kong | India | Indonesia | Japan | Korea | Kuwait | Kyrgyzstan | Lebanon | Malaysia | Macau | Nepal | Oman | Pakistan | Philippines | Qatar | Saudi Arabia | Singapore | Sri Lanka | Taiwan | Thailand | United Arab Emirates | Uzbekistan | Vietnam | Jordan
- EUROPE** : Austria | Belgium | Belarus | Bulgaria | Croatia | Czech Republic | Denmark | Estonia | France | Finland | Germany | Greece | Hungary | Iceland | Ireland | Italy | Latvia | Liechtenstein | Lithuania | Luxembourg | Norway | Malta | Netherland | Poland | Portugal | Russian Federation | San Marino | Serbia | Spain | Slovakia | Switzerland | Sweden | Turkey | Turkmenistan | United Kingdom | Ukraine
- AFRICA** : Egypt | Mauritius | South Africa | Tunisia
- NORTH AMERICA** : Cayman Islands | Canada | Dominica | Mexico | United States of America | Panama
- SOUTH AMERICA** : Argentina | Brazil
- AUSTRALIA** : Australia | New Zealand



# MTB BRANCH NETWORK

## MTB DHAKA DIVISION BRANCHES

### Principal Branch (AD BR.)

WW Tower, 68, Motijheel C/A, Dhaka  
+88(02)47113237-38, 47119964, 47122049, 47122849  
Fax : 880-2-47110930  
Email : principal.br@mutualtrustbank.com

### Panthapath Branch (AD BR.)

Chandrashila Suvastu Tower  
69/1 Panthapath, Dhaka  
Phone : 9641027, 9641281  
IP Phone : 8030 (used for Positive Pay)  
Fax : 880-2-8624687  
Email : panthapath.br@mutualtrustbank.com

### Babu Bazar Branch (AD BR.)

Aman Court, 15 Armenian Street  
Armanitola, Babu Bazar, Dhaka  
Phone : 02-5731 4821-2  
IP Phone : 8040 (used for Positive Pay)  
Fax : 02-5731 6393  
Email : bbazar.br@mutualtrustbank.com

### Sonargaon Branch

Khandker Plaza, Thana Road  
Mograpara, Sonargaon  
Phone : 027656347  
IP Phone : 8060 (used for Positive Pay)  
Fax : 027656347  
Email : sonargaon.br@mutualtrustbank.com

### Uttara Model Town Branch (AD BR.)

House No. 41, Road No. 07  
Sector 04, Uttara, Dhaka  
Phone : 58954379, 8960724, 8962464 (D)  
IP Phone : 8070 (used for Positive Pay)  
Fax : 58957184  
Email : uttara.br@mutualtrustbank.com

### Pragati Sarani Branch (AD BR.)

15/5, Pragati Sarani, Dhaka  
Phone : 8411804, 8410948, 8413082  
IP Phone : 8080 (used for Positive Pay)  
Fax : 8411863  
Email : progati.br@mutualtrustbank.com

### Sreenagar Branch

M. Rahman Complex (1st Floor)  
Sreenagar Bazar, Bhaggakul Road  
Sreenagar, Munshigonj  
Phone : 02-7627165  
IP Phone : 8100 (used for Positive Pay)  
Email : sreenagar.br@mutualtrustbank.com

### Pallabi Branch

14/11, Pallabi, Mirpur-12, Dhaka  
Phone : 901 6273 , 805 5630  
IP Phone : 8110 (used for Positive Pay)  
Fax : 8055630  
Email : pallabi.br@mutualtrustbank.com

### Dilkusha Branch (AD BR.)

MNSN Tower, 60 Dilkusha C/A, Dhaka  
Phone : 9551627 (D), 9578580-1  
IP Phone : 8120 (used for Positive Pay)  
Fax : 9578505  
Email : dilkusha.br@mutualtrustbank.com

### Dhanmondi Branch (AD BR.)

Plot # 81, Road # 8/A (New), 1st Floor,  
Green Taj Center, Dhanmondi, Dhaka  
Phone : 9133148 (D), 5815 5607, 58152213, 9130234  
IP Phone : 8140 (used for Positive Pay)  
Fax : 55000241  
Email : dhanmondi.br@mutualtrustbank.com

### Bashundhara City Branch

Bashundhara City Shopping Mall,  
Level-3, Block-A, Panthapath, Dhaka  
Phone : 9124021(Fax),9120982,9111440,  
8121801, 8121732, 9136113  
IP Phone : 8160 (used for Positive Pay)  
Fax : 00880-2-9124021  
Email : bcity.br@mutualtrustbank.com

### Chandra Branch

Dewan Plaza, Chandra Polly Biddut, Kaliakoir, Gazipur  
Phone : 06822-51968  
IP Phone : 8170 (used for Positive Pay)  
Fax : 06822-51969  
Email : chandra.br@mutualtrustbank.com



**Gulshan Branch (AD BR.)**

120 Gulshan Avenue, Dhaka  
Phone : 880 (2) 9882473  
880 (2) 8837840  
IP Phone : 8220 (used for Positive Pay)  
Fax : 880 (2) 8832343  
Email : gulshan.br@mutualtrustbank.com

**Savar Branch**

United Super Market,  
Savar Bazar Bus Stand, Savar, Dhaka.  
Phone : 7741452 (PABX)  
7741453 (Direct)  
IP Phone : 8250 (used for Positive Pay)  
Fax : 7741453  
Email : savar.br@mutualtrustbank.com

**Fulbaria Branch**

Annexco Tower, 8, Phonix Road, Fulbaria, Dhaka  
Phone : 880 (2) 955 9842.  
880 (2) 955 6285.  
880 (2) 951 1708.  
IP Phone : 8260 (used for Positive Pay)  
Fax : 880 (2) 955 9867  
Email : fulbaria.br@mutualtrustbank.com

**Madaripur Branch**

Howlader Harun Plaza, Main Road,  
Puran Bazar, Kotwali, Madaripur  
Phone : 0661-62483(Direct)  
0661-62482(PABX)  
IP Phone : 8270 (used for Positive Pay)  
Fax : +88066162482  
Email : madaripur.br@mutualtrustbank.com

**Dholaikhal Branch**

25, Jorpool Lane, Dholaikhal New Road,  
P.S. Wari, Dhaka  
Phone : Direct:9583542  
PABX: 9583895  
IP Phone : 8280 (used for Positive Pay)  
Fax : 029581932  
Email : dholaikhal.br@mutualtrustbank.com

**Aganagar Branch**

Babul Tower-2, Shahid Delowar Hossain Road  
East Aganagar, South Keraniganj, Dhaka  
Phone : 880-27762226, 880-27762227  
IP Phone : 8300 (used for Positive Pay)  
Fax : 880-27762227  
Email : aganagar.br@mutualtrustbank.com

**Narayanganj Branch**

31, 31/1, Loyal Tank Road, Noor Mansion  
Tanbazar, Narayanganj.  
Phone : 7648209  
IP Phone : 8690 (used for Positive Pay)  
Fax : 7648210  
Email : narayanganj.br@mutualtrustbank.com

**Banani Branch**

Lintoo Centre (1st floor and 2nd floor)  
House- 82, Rd-11, Block-D,  
Ward-19, Banani, Dhaka  
Phone : 988-3831(PABX);988-3861(Direct)  
IP Phone : 8340 (used for Positive Pay)  
Fax : 988-3861  
Email : banani.br@mutualtrustbank.com

**Tongi Branch**

United Shopping Complex (1st floor)  
Hossain Market, Tongi, Gazipur  
Phone : 9816250, 9816251  
IP Phone : 8370 (used for Positive Pay)  
Fax : 9816251  
Email : tongi.br@mutualtrustbank.com

**Elephant Road Branch**

235/5, Elephant Road, Dhaka-1205  
Phone : 9611596 (Manager)  
9611597 (Hunting)  
IP Phone : 8380 (used for Positive Pay)  
Fax : 9611595  
Email : elephantroad.br@mutualtrustbank.com

**Dania Branch**

Dhaka Shopping Complex  
852- Zia Shorani, Shanir Akhra, Dhaka  
Phone : 02-7551169, 02-7551195  
IP Phone : 8400 (used for Positive Pay)  
Fax : + 880-02-7551203  
Email : dania.br@mutualtrustbank.com

**Mohammadpur Branch**

80/C Asad Avenue, Mohammadpur, Dhaka  
Phone : 9128494 (Direct)  
9127887 (PABX)  
IP Phone : 8430 (used for Positive Pay)  
Fax : 8158682 (Fax)  
Email : mohammadpur.br@mutualtrustbank.com

**MTB Centre Corporate Branch**

MTB Centre, 26 Gulshan Avenue  
Gulshan 1, Dhaka  
Phone : 880 2 881 8453, 8821472  
IP Phone : 8460 (used for Positive Pay)  
Fax : 880 2 881 8452  
Email : mtbcentre.br@mutualtrustbank.com

**Chawk Moghaltuli Branch**

House 93, Ward 05  
Chawk Moghaltuli, Lalbag  
Phone : 02-57318437, 02-57318698, 02-57319637  
IP Phone : 8480 (used for Positive Pay)  
Fax : 57319637  
Email : chowkm.br@mutualtrustbank.com

**Gazipur Branch**

Ahsania Complex, (1st floor)  
Vogra Eastern Bypass, Gazipur  
Phone : 9293305, 9293345  
IP Phone : 8500 (used for Positive Pay)  
Fax : 9293345  
Email : gazipur.br@mutualtrustbank.com

**Baridhara Branch**

The Alliance Building, 63, Pragati Sarani  
(Ground Floor), Shahjadpur, Gulshan, Dhaka  
Phone no: 02-9848680, 02-9892826  
IP Phone : 8510 (used for Positive Pay)  
Fax : 02-8818667  
Email : baridhara.br@mutualtrustbank.com

**Mymensingh Branch**

23-24 Ananda Mohan Avenue  
Bara Bazar, Mymensingh  
Phone : 091-63909, 091-63944 & 091-63945  
IP Phone : 8540 (used for Positive Pay)  
Fax : 091-63908  
Email : mymensingh.br@mutualtrustbank.com

**Tejgaon Branch**

MTB Square, 210/A/1 Tejgaon Industrial Area  
Tejgaon, Dhaka  
Phone : +880(2)8817271, 8831815-6, 8831824, 8831827  
8831830, 8831848, 8831856, 8831858.  
IP Phone : 8570 (used for Positive Pay)  
Fax : +880(2)8817456  
Email : tejgaon.br@mutualtrustbank.com

**Bashundhara Branch**

House 257, Road 1, Block B,  
Bashundhara R/A, Dhaka 1229  
Phone : 88(02) 8417821, 8417822  
IP Phone : 8610 (used for Positive Pay)  
Fax : 8417823  
Email : basundhara.br@mutualtrustbank.com

**Shah Mokhdum Avenue Branch**

House 35, Sector 12,  
Shah Mokhdum Avenue, Uttara, Dhaka  
Phone : 55087006 (PABX), 55085883 (Dir)  
Mobile: 01990602638  
IP Phone : 8620 (used for Positive Pay)  
Email : smokhdum.br@mutualtrustbank.com

**Kapasias Branch**

Thanar Mor, Kapasia, Gazipur  
Phone : +8802-9209222  
IP Phone : 8640 (used for Positive Pay)  
Fax : 06824-52223  
Email : kapasias.br@mutualtrustbank.com

**MTB Meghna Branch**

Fresh Sales Center (1st Floor)  
Meghna Industrial Park  
Sonargaon, Narayanganj  
Phone : 04478526268  
IP Phone : 8650 (used for Positive Pay)  
Email : meghna.br@mutualtrustbank.com

**Kamrangirchar Branch**

Pannu Plaza, Rasulpur Main Road  
Sultangonj, Ashrafabad, Kamrangirchar, Dhaka  
Phone : 02-55160215; 02-55160216  
IP Phone : 8670 (used for Positive Pay)  
Fax : 02-55160217  
Email : kamrangirchar.br@mutualtrustbank.com

**Kakrail Branch**

Iris Noorjehan, 104 Kakrail Road, Kakrail, Dhaka  
Phone : 8300172, 8300173  
IP Phone : 8680 (used for Positive Pay)  
Fax : 8300171  
Email : kakrail.br@mutualtrustbank.com

**Narayanganj BSCIC Branch**

A. Rahman Plaza, Sasangaon, BSCIC Gate  
Enayet Nagar, Fatullah, Narayanganj  
Phone : 02-47671062, 02-47671063  
IP Phone : 8320 (used for Positive Pay)  
Fax : 02-47671061  
Email : nbscic.br@mutualtrustbank.com

**Mirpur Branch**

Fahad Plaza, Plot No-1, Road No-1  
Section-10, Kafrul, Mirpur, Dhaka  
IP Phone : 8740 (used for Positive Pay)  
Email : mirpur.br@mutualtrustbank.com

**Jamirdia Masterbari Branch**

Abdur Rashid Plaza, Jamirdia Masterbari  
Habirbari, Bhaluka, Mymensingh  
Phone : 01755-558265  
IP Phone : 8760 (used for Positive Pay)  
Email : jamirdia.br@mutualtrustbank.com

**Ashulia Branch**

Rajobi Plaza, Jamgora, Yearpur, Ashulia, Dhaka  
Phone : +8801777755507  
IP Phone : 8780 (used for Positive Pay)  
Email : ashulia.br@mutualtrustbank.com

**Monipur Bazar Branch**

Sikder Market, Monipur Bazar,  
Nuhash Palli Road, Gazipur Sadar, Gazipur  
IP Phone : 8790 (used for Positive Pay)  
Email : monipurbazar.br@mutualtrustbank.com

**Tangail Branch**

Noor Tower, 311/ 312 Boro Masjid Road, Tangail  
Phone : 0921-91536  
IP Phone : 8800 (used for Positive Pay)  
Email : tangail.br@mutualtrustbank.com

**Dumni Branch**

Top Super Market, 12 Ananda Bazar  
Dumni, Khilkhet, Dhaka  
IP Phone : 8820 (used for Positive Pay)  
Email : dumni.br@mutualtrustbank.com

**Baraipara Branch**

K. D. Super Market, Baraipara Bazar  
Shimulia, Ashulia, Dhaka  
Phone : 01703788618 (Branch)  
IP Phone : 8830 (used for Positive Pay)  
Email : baraipara.br@mutualtrustbank.com



**MTB Tower Branch**

MTB Tower, 111 Kazi Nazrul Islam Avenue, Dhaka  
IP Phone : 8870 (used for Positive Pay)  
Email : mtbtower.br@mutualtrustbank.com

**Bormi Branch**

Khan Plaza, Bormi Bazar,  
Sreepur, Gazipur  
IP Phone : 8880 (used for Positive Pay)  
Email : bormi.br@mutualtrustbank.com

**Bagher Bazar Branch**

Borobari Super Market  
Bagher Bazar, Gazipur  
Phone : +880 1730080560  
IP Phone : 8890 (used for Positive Pay)  
Email : babazar.br@mutualtrustbank.com

**Madhabdi Branch**

M. B. Tower, 256 Parkashipur  
Madhabdi, Narsingdi 1604  
IP Phone : 8920 (used for Positive Pay)  
Email : madhabdi.br@mutualtrustbank.com

**Naria SME/Agri Branch**

Noor Tower, 1st floor,  
Naria, Shariyatpur  
Phone : +88-06-0159129,  
IP Phone : 5040 (used for Positive Pay)  
Fax : 0601-59129  
Email : naria.br@mutualtrustbank.com

**Kaliganj SME/Agri Branch**

Azad Market (2nd floor)  
Kaliganj Bazar, Kaliganj, Gazipur  
Phone : 06823-52194  
IP Phone : 5050 (used for Positive Pay)  
Fax : 06823-52193  
Email : kaliganj.br@mutualtrustbank.com

**Gaffargaon SME/Agri Branch**

Ashraf Market (1st floor)  
Gaffargaon Sadar, Gaffargaon, Mymensingh  
Phone : 01749969699  
IP Phone : 5070 (used for Positive Pay)  
Fax : 09025-56425  
Email : gafargaon.br@mutualtrustbank.com

**Dhanbari SME/ Agri Branch**

Dhanbari New Market  
Dhanbari, Tangail  
Phone : 092169125  
IP Phone : 5110 (used for Positive Pay)  
Email : dhanbari.br@mutualtrustbank.com

**Hasnabad SME/Agri Branch**

Mofiz Uddin Mansion, Block D, Container Port Road  
Hasnabad Housing, South Keraniganj, Dhaka  
Phone : 7763908 PABX  
IP Phone : 5120 (used for Positive Pay)  
Fax : 880-2- 7763984  
Email : hasnabad.br@mutualtrustbank.com

**Sarulia Bazar SME/Agri Branch**

Ismail Mansion, Sarulia Bazar, Demra, Dhaka  
Phone : +088 (02) 7500 804, +088 (02) 7500 859  
IP Phone : 5140 (used for Positive Pay)  
Fax : +088 (02) 7500 583  
Email : sarulia.br@mutualtrustbank.com

**Malibagh Chowdhurypara Branch**

KBG Tower, 15 DIT Road  
Malibagh Chowdhurypara, Dhaka  
IP Phone : 8940 (used for Positive Pay)  
Email : malibagh.br@mutualtrustbank.com

**Faridpur Branch**

Moni Bhaban, Mujib Sarak, Faridpur  
IP Phone : 8950 (used for Positive Pay)  
Email : faridpur.br@mutualtrustbank.com

**Hemayetpur Branch**

Lalon Tower & Shopping Complex  
Tatuljhora, Hemayetpur, Savar, Dhaka  
IP Phone : 8970 (used for Positive Pay)  
Email : hemayetpur.br@mutualtrustbank.com

**Mirpur-2 Branch**

Jawad Tower, House#74  
Road#2, Block-D, Mirpur-2  
Dhaka-1216

**MTB Mawna Branch**

Marfat Ali Fakir Tower, Mawna Bazar Road, Sreepur,  
Gazipur  
IP Phone : 5150 (used for Positive Pay)  
Email : mawna.br@mutualtrustbank.com

**MTB CHITTAGONG DIVISION****Agrabad Branch (AD BR.)**

Akhtaruzzaman Centre, 21-22,  
Agrabad C/A, Chittagong  
Phone : PABX: +880312524269, +880312510754,  
Credit : +88031716487 (D), GB : +880312527715 (D)  
Forex : +880312516682 D)  
IP Phone : 8050 (used for Positive Pay)  
Fax : +88031-721 091  
Email : agrabad.br@mutualtrustbank.com

**CDA Avenue Branch**

1005/2/1872, CDA Avenue,  
East Nasirabad, Chittagong  
Phone : 031-656810, 656811, 656813  
IP Phone : 8090 (used for Positive Pay)  
Fax : 031-656814  
Email : cda.br@mutualtrustbank.com

**Khatungonj Branch (AD BR.)**

325, Asadganj, Asadganj Road,  
Crown Chamber, Chittagong  
Phone : 031-612254, 031-626966, 031-2867959  
IP Phone : 8130 (used for Positive Pay)  
Fax : 031-2860718  
Email : khatunganj.br@mutualtrustbank.com

**Aman Bazar Branch**

Kamal Khan Plaza, Chikondandy,  
Hathazari, Chittagong  
Phone : 031-681022, 031-2584330,  
031-2584331 (D), 01819820185  
IP Phone : 8150 (used for Positive Pay)  
Fax : 031-2580308  
Email : amanbazar.br@mutualtrustbank.com

**Jubilee Road Branch (AD BR.)**

Amafhha Centre, 214 Jubilee Road, Chittagong  
Phone : +880 (31) 624922, +880 (31) 627533  
IP Phone : 8180 (used for Positive Pay)  
Fax : +880 (31) 623463  
Email : jubilee.br@mutualtrustbank.com

**Nazirhat Branch**

M.M. Plaza, Nazirhat Bazar  
Fatikchari, Chittagong  
Phone : 01713 403675  
IP Phone : 8190 (used for Positive Pay)  
Email : nazirhat.br@mutualtrustbank.com

**Chokoria Branch**

Shah Amanat Shopping Complex (1st Floor)  
Chiringa, Chakoria, Cox's Bazar  
Phone : 03422-56502  
IP Phone : 8200 (used for Positive Pay)  
Email : chokoria.br@mutualtrustbank.com

**Raipur Branch**

Gazi Complex (2nd Floor), Thana: Raipur, Dist: Laxmipur  
Phone : 0382256495  
0382256493  
IP Phone : 8290 (used for Positive Pay)  
Fax : 03822-56493  
Email : raipur.br@mutualtrustbank.com

**Feni Branch**

Rabi Shopping Complex  
10-11, Trunk Road  
Feni Sadar, Feni  
Phone : 033161986,033161984  
IP Phone : 8390 (used for Positive Pay)  
Email : feni.br@mutualtrustbank.com

**Alankar Mor Branch**

D.T. Road, Abdul Ali Hat, Alankar Mor  
North Pahartali, Chittagong  
Phone : 880-031-2772617 Direct-Manager,  
880-031-2772619,2772620,2772621  
IP Phone : 8450 (used for Positive Pay)  
Fax : 880-031-2772618  
Email : alankar.br@mutualtrustbank.com

**Cox's Bazar Branch**

Green Valley Business Centre  
1, Main Road, Cox's Bazar  
Phone : PABX: +88 0341 52259-60,52262  
Direct: +88 0341 52257  
IP Phone : 8470 (used for Positive Pay)  
Fax : FAX:+88 0341 52258  
Email : coxsbazar.br@mutualtrustbank.com

**Oxygen Mor Branch**

Plasma Hospital Building,  
3692/E Oxygen Mor, Bayazid Bostami, Chittagong  
Phone : 031-2583957, 2584315  
IP Phone : 8530 (used for Positive Pay)  
Fax : 031-2583958  
Email : oxygen.br@mutualtrustbank.com

**Kerani Hat Branch**

Hoque Tower Shopping Complex & Apartments  
(1st Floor), Kerani Hat, Satkania, Chittagong  
Phone : 03036-56670 (Manager), 03036-56669 (PABX)  
IP Phone : 8560 (used for Positive Pay)  
Fax : 03036-56672  
Email : keranihat.br@mutualtrustbank.com

**Karnaphuli EPZ Branch**

Mohajan Golden Tower, Mohajan Ghata  
North Patenga, Chittagong  
Phone : 031-2502305 (Direct), 031-2502301--3 (PABX)  
IP Phone : 8600 (used for Positive Pay)  
Fax : 031-2502304  
Email : kepz.br@mutualtrustbank.com

**Khilpara Branch**

Hanufa Plaza, Khilpara Bazar  
Khilpara, Chatkhil, Noakhali  
Phone : 01755615012  
IP Phone : 8660 (used for Positive Pay)  
Email : khilpara.br@mutualtrustbank.com

**Chattogram Medical College Branch**

Epic Center, 19 Panchlaish, Chittagong  
Phone : 031-656880, 031-656884  
IP Phone : 8730 (used for Positive Pay)  
Fax : 031-656881  
Email : cmc.br@mutualtrustbank.com

**Kalurghat Industrial Area Branch**

Wajib Tower, C&B Mor, Arakan Road,  
Chandgaon, Kalurghat, Chittagong  
IP Phone : 8770 (used for Positive Pay)  
Email : kalurghat.br@mutualtrustbank.com

**Abu Torab Bazar Branch**

Bhuiyan Market, Abu Torab Bazar  
Mirsarai, Chittagong  
Phone : 01799333342  
IP Phone : 8850 (used for Positive Pay)  
Email : atbazar.br@mutualtrustbank.com



**Muradpur Branch**

K. Plaza, Mirzapur, Muradpur, Chittagong  
Phone : 031-653381-4  
IP Phone : 8860 (used for Positive Pay)  
Email : muradpur.br@mutualtrustbank.com

**Haidergonj SME/Agri Branch**

Gazi Super Market (1st floor),  
Haidergonj, Rajpur, Laxmipur  
Phone : 01755508664  
IP Phone : 5010 (used for Positive Pay)  
Email : haidergonj.br@mutualtrustbank.com

**Dagon Bhuiyan SME/Agri Branch**

R. B. Plaza (1st floor), Fazilerghat Road  
Dagoanbhuiyan, Feni  
Phone : 03323-79129, 01714108862  
IP Phone : 5020 (used for Positive Pay)  
Fax : 03323-79126  
Email : dagonbhuiyan.br@mutualtrustbank.com

**Nazumeah Hat SME/Agri Branch**

B#3 Sheikh Market, Nazumeahhat  
Hat Hazari, Chittagong  
Phone : 031-670053  
IP Phone : 5101 (used for Positive Pay)  
Email : nazumeah.br@mutualtrustbank.com

**Sarker Hat Branch**

Gani Shopping Centre (1st & 2nd floor)  
Sarkerhat, Mirzapur  
Hathazari, Chittagong  
IP Phone : 8980 (used for Positive Pay)  
Email : sarkerhat.br@mutualtrustbank.com

**Rahattarpool Branch**

S.A Complex (1st floor)  
Rahattarpool, Ward No. 17,  
Bakalia, Chattogram  
Phone : 031-622576,622572-4  
IP Phone : 5170 (used for Positive Pay)

**MTB OTHER DIVISION BRANCH****Pabna Branch**

Pabna Branch, Abdul Hamid Road, Dilalpur, Pabna  
Phone : 0731-51829, 0731-51830  
IP Phone : 8210 (used for Positive Pay)  
Fax : 0731-51830  
Email : pabna.br@mutualtrustbank.com

**Sylhet Branch**

Sylhet City Center (1st Floor), Zindabazar, Sylhet  
Phone : 0821-711328,0821-711354, 0821 716820  
IP Phone : 8230 (used for Positive Pay)  
Fax : 0821-2830273  
Email : sylhet.br@mutualtrustbank.com

**Moulvi Bazar Branch**

103, M. Saifur Rahman Road, Moulvi Bazar  
Phone : 0861 62840, 62841  
IP Phone : 8240 (used for Positive Pay)  
Fax : 0861-62840  
Email : moulvibazar.br@mutualtrustbank.com

**Joypurhat Branch**

553 Main Road, Joypurhat Sadar, Joypurhat  
Phone : 0571-63584, 0571- 63585  
IP Phone : 8310 (used for Positive Pay)  
Fax : 0571-63584  
Email : joypurhat.br@mutualtrustbank.com

**Rangpur Branch**

Mostofa Super Market (1st & 2nd floor)  
1 Jahaj company Mour, Rangpur Sadar, Rangpur  
Phone : 0521-52325, 0521-52326  
IP Phone : 8330 (used for Positive Pay)  
Fax : 0521-52326  
Email : rangpur.br@mutualtrustbank.com

**Kushtia Branch**

Kushtia Branch, Eden Complex  
169 (94/6 old) NS Road, 1st Floor, Thanapara, Kushtia  
Phone : 071-71662 ( Direct ), 071- 71663 ( PABX)  
IP Phone : 8350 (used for Positive Pay)  
Fax : 071-71662  
Email : kushtia.br@mutualtrustbank.com

**Gournadi Branch**

Holding No- 3594, Mouja- Chargadhatoli  
Gournadi, Barisal  
Phone : 04322-56266, 04322-56267  
IP Phone : 8360 (used for Positive Pay)  
Fax : 04322-56267  
Email : gournadi.br@mutualtrustbank.com

**Bogura Branch**

Amicus Center, Mofiz Paglar Moar  
416-418, Sutrapur Road, Bogura  
Phone : PABX-051-78109, Direct-051-78108  
IP Phone : 8410 (used for Positive Pay)  
Fax : 051-78110  
Email : bogra.br@mutualtrustbank.com

**Dhorkara Bazar Branch**

Dhorkara Bazar, Chauddagaram, Comilla  
Phone : Mobile No:01730080633  
IP Phone : 8420 (used for Positive Pay)  
Email : dhorkora.br@mutualtrustbank.com

**Rajshahi Branch**

419, Parents Plaza, Alupatty,  
Ghoramara, Rajshahi  
Phone : 88-0721-776203(DIRECT), 88-0721-776290(PABX)  
IP Phone : 8440 (used for Positive Pay)  
Fax : 88-0721-776380  
Email : rajshahi.br@mutualtrustbank.com

**Jashore Branch**

10 R N Road, (1st floor), Jashore  
Phone : +88042166161, +88042160105  
IP Phone : 8490 (used for Positive Pay)  
Fax : +88042160104  
Email : jessore.br@mutualtrustbank.com

**Cumilla Branch**

Rama Complex, 416/379 Badurtola, Kanderpar, Cumilla  
Phone : Direct: 081-64556, PABX : 081-64557, Ex-101  
IP Phone : 8520 (used for Positive Pay)  
Fax : 081-64556, Email : comilla.br@mutualtrustbank.com

**Habiganj Branch**

Jamil Complex (1st Floor),  
New Pourashava Road, Shayestanagar, Habiganj  
Phone : 0831-63193(PABX), 0831-63192-3  
Mobile : 01755592735  
IP Phone : 8550 (used for Positive Pay)  
Fax : 0831-63191  
Email : habigonj.br@mutualtrustbank.com

**Thakurgaon Branch**

IRS Tower, Bangabandhu Sarak  
Chowrasta, Thakurgaon  
Phone : 0561 - 61195, 61901  
IP Phone : 8580 (used for Positive Pay)  
Fax : 0561- 61357  
Email : thakurgaon.br@mutualtrustbank.com

**Shahparan Gate Branch**

Janani Complex, Shah Paran Gate  
Khadim Nagar, Sylhet  
Phone : (0821)2870111, 2870112, 2870042 (D)  
IP Phone : 8590 (used for Positive Pay)  
Fax : 0821-2870033  
Email : shahparan.br@mutualtrustbank.com

**Brahmanbaria Branch**

T.A. Road, Brahmanbaria Sadar, Brahmanbaria  
Phone : +88 (0851) 61911, +88 (0851) 58595  
IP Phone : 8630 (used for Positive Pay)  
Fax : +88 (0851) 58596  
Email : brahmanbaria.br@mutualtrustbank.com

**Naogaon Branch**

Jolly Plaza, Main Road, Chalkdev, Naogaon  
Phone : 0741-81251, 0741-81250 Ex. 101  
IP Phone : 8700 (used for Positive Pay)  
Fax : 0741-81251  
Email : naogaon.br@mutualtrustbank.com

**Gobindaganj Branch**

Kalpna Super Complex  
Gobindaganj, Gaibandha  
Phone : 05423-75186  
IP Phone : 8710 (used for Positive Pay)  
Fax : 05423-75398  
Email : gobindaganj.br@mutualtrustbank.com

**Dinajpur Branch**

Modern Mor, Ganeshtola, Dinajpur  
Phone : +88 0531-66530, +88 0531-66540  
IP Phone : 8720 (used for Positive Pay)  
Fax : +88 0531-66540  
Email : dinajpur.br@mutualtrustbank.com

**Kadair Bazar Branch**

Mollah Market, Kadair Bazar  
Shuvopur, Chouddagram, Cumilla  
Phone : 01755558261, 01791794070  
IP Phone : 8750 (used for Positive Pay)  
Email : kadairbazar.br@mutualtrustbank.com

**Sirajganj Branch**

Jan Bux Bhaban, 452 Station Road (S.S. Road), Sirajganj  
IP Phone : 8810 (used for Positive Pay)  
Email : sirajganj.br@mutualtrustbank.com

**Khulna Branch**

Rahim Plaza, 15 KDA Avenue, Sonadanga, Khulna  
Phone : 041-733355, 733722, 722557 (Ext)  
IP Phone : 8840 (used for Positive Pay)  
Email : khulna.br@mutualtrustbank.com

**Barisal Branch**

Fatema Centre, 523 Sadar Road, Barisal  
Phone : +88 0431-62969, +88 0431-217722  
IP Phone : 8900 (used for Positive Pay)  
Email : barisal.br@mutualtrustbank.com

**Laldighirpar Branch**

Laldighi Complex, Laldighirpar, Sylhet 3100  
Phone : 0821-726449, 0821-726433, 0821-726448  
IP Phone : 8910 (used for Positive Pay)  
Email : laldighirpar.br@mutualtrustbank.com

**Goalmari Bazar Branch**

Goalmari Bazar, Goalmari, Daudkandi, Cumilla 3516  
IP Phone : 8930 (used for Positive Pay)  
Email : goalmari.br@mutualtrustbank.com

**Laksham SME/Agri Branch**

308, By-Pass Road  
By-Pass Laksham, Cumilla  
Phone : 08032-51042  
IP Phone : 5030 (used for Positive Pay)  
Fax : 08032-51041  
Email : laksham.br@mutualtrustbank.com

**Ramchandrapur Bazar SME/Agri Branch**

Ramchandrapur Bazar  
Muradnagar, Cumilla  
Phone : 01868 74 95 74  
IP Phone : 5060 (used for Positive Pay)  
Email : ramchandrapur.br@mutualtrustbank.com

**Ishwardi SME/Agri Branch**

Khondoker Market (1st floor)  
Station Road, Ishwardi, Pabna  
Phone : Direct 07326-64550, PABX 07326-64551  
IP Phone : 5080 (used for Positive Pay)  
Fax : 07326-64549  
Email : ishwardi.br@mutualtrustbank.com

**Belkuchi SME/Agri Branch**

Rabeya Plaza  
296, Mukundogati Bazar  
Sohagpur, Belkuchi, Sirajganj  
Phone : 07522-56353  
IP Phone : 5090 (used for Positive Pay)  
Fax : 07522-56353  
Email : belkuchi.br@mutualtrustbank.com

**Syedpur SME/Agri Branch**

Hazi Asab Ali Market, Syedpur, Jagannathpur,  
Sunamganj  
Phone : 01730452044  
IP Phone : 5130 (used for Positive Pay)  
Email : syedpur.br@mutualtrustbank.com

**Ulipur Branch**

Holding No.06, Ward No.06  
Ulipur Pourashova, Ulipur, Kurigram  
Phone : +880582-956307  
IP Phone : 8960 (used for Positive Pay)  
Email : ulipur.br@mutualtrustbank.com





মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
**Mutual Trust Bank Ltd.**  
*you can bank on us*

Corporate Head Office: MTB Centre, 26 Gulshan Avenue, Plot 5, Block SE(D), Gulshan 1, Dhaka 1212  
 MTB Share Department: MTB Tower (3rd Floor), 111 Kazi Nazrul Islam Avenue, Banglamotor, Dhaka 1000  
 E-mail: info@mutualtrustbank.com, Web: www.mutualtrustbank.com

### PROXY FORM

I/We,.....of  
 (address).....

being the shareholder(s) of the Mutual Trust Bank Ltd. (MTB) do hereby appoint Mr. /Ms.....  
 ..... of (address) .....

as my/our proxy to attend and vote on my/our behalf at the **20th Annual General Meeting(AGM)** of the Bank to be held on **Sunday, June 30, 2019 at 10.00 a.m. at the Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment, Dhaka 1206**, and/or at any date it is adjourned thereof.

In witness, thereof, and sign under my/our hand this day ....., date ....., month of ..... 2019.



Signature of the shareholder(s)  
 Folio / BOID No. ....  
 Number of Shares held: .....

Signature Verified (for official use)

Signature of the Proxy/Attorney  
 Folio / BOID No. ....



**Notes:**

- i The shareholder(s) who is/are entitled to attend and vote at the 20th Annual General Meeting (AGM) may appoint a Proxy/Attorney to attend and vote in his/her/their behalf. The Proxy Form to be filled up completely, duly stamped and must be deposited at the MTB Share Department, MTB Tower (3rd Floor), 111 Kazi Nazrul Islam Avenue, Bangla Motor, Dhaka-1000 **not later than 48 hours before the time fixed for the meeting**. Incomplete Proxy Form will not be entertained:
- ii. Signature of the shareholder(s) must be in accordance with the specimen signature recorded with the bank.



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড  
**Mutual Trust Bank Ltd.**  
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Corporate Head Office: MTB Centre, 26 Gulshan Avenue, Plot 5, Block SE(D), Gulshan 1, Dhaka 1212  
 MTB Share Department: MTB Tower (3rd Floor), 111 Kazi Nazrul Islam Avenue, Banglamotor, Dhaka 1000  
 E-mail: info@mutualtrustbank.com, Web: www.mutualtrustbank.com



### ATTENDANCE SLIP

I/We hereby record my/our presence at the **20th Annual General Meeting (AGM)** of the Bank to be held **Sunday, June 30, 2019 at 10.00 a.m. at the Golf Garden, Army Golf Club, Airport Road, Dhaka Cantonment, Dhaka 1206**,

Name of the shareholder(s)/Proxy: .....

Folio / BOID No. ....

Number of shares held.....

Signature(s) of Shareholder(s)//Proxy/Attorney

**Note:** Please present the attendance slip at the registration counter on the AGM date.







**Corporate Head Office:**

MTB Centre  
26 Gulshan Avenue  
Plot 5, Block SE(D)  
Gulshan 1, Dhaka 1212  
Phone : 880 (2) 984 6966, 984 2429  
Fax : 880 (2) 984 4303  
SWIFT : MTBL BD DH  
E-mail : info@mutualtrustbank.com  
www.mutualtrustbank.com

-  **mutual.trust.bank**
-  **mutualtrustbank**
-  **mutualtrustbank**

