



# PREFACE

Mutual Trust Bank Ltd. (MTB) is presenting its **2nd Sustainability** 

*Report,* for the period from January 2015 to December 2015.

In this report, MTB has followed its compliance to the reporting framework of Global Reporting Initiative (GRI). Application level of the framework applied in this report is **GRI 4.0**.

MTB is a compliant bank as par compliance standard set by regulatory bodies of the country (Bangladesh). MTB already follows the statutory and reporting guideline prescribed bv bodies. regulatory Yet, present management of MTB envisions the bank to rise up to an international standard in all plausible dimensions and hence the management has decided to bring out Sustainability Report regularly since the year 2014.

This report serves as a primary instrument of communication regarding the company's philosophy, governance,

management, policies and CSR initiatives (Corporate Social Responsibility), resulting to sustainability of its business, and the environment & community.

Apart from its vision and mission MTB had a separate annual strategic focus. For the year 2015, it was crafted as "Smart Banking", for banks, this means the ability to offer a customized experience, finely tailored to the individual. For customers, this means more contact points to connect with their banks than ever before.

#### Feedback

We welcome any feedback on this Sustainability Report. For further information and comments, please contact Sustainability Reporting Team of the Bank through following addresses:

#### e-mail:

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### ACRONYM

ABB	Association of Bankers Bangladesh
ADB	Asian Development Bank
ADC	Alternate Delivery Channel
AfDB	African Development Bank
AGM	Annual General Meeting
AmCham	American Chamber of Commerce in Bangladesh
AML & CFT	Anti-money Laundering & Combating the Financing of Terrorism
BAB	Bangladesh Association of Banks
BACH	Bangladesh Automated Clearing House
BAFEDA	Bangladesh Foreign Exchange Dealer Association
BAMLCO	Branch Anti Money Laundering Compliance Officer
BAPLC	Bangladesh Association of Publicly Listed Companies
BAS	Bangladesh Accounting Standards
BB	Bangladesh Bank (The Central Bank of Bangladesh)
BDT	Bangladesh Taka
BFIU	Bangladesh Financial Intelligence Unit
BFRS	Bangladesh Financial Reporting Standards
BEFTN	Bangladesh Electronic Funds Transfer Network
BIBM	Bangladesh Institute of Bank Management
BRPD	Banking Regulation & Policy Department
BSEC	Bangladesh Securities and Exchange Commission
BTI	Banker to the Issue
CAMLCO	Chief Anti Money Laundering Compliance Officer
CAR	Capital Adequacy Ratio
CBS	Core Banking System / Core Banking Software
CCU	Central Compliance Unit
CNG	Compressed Natural Gas
CO2	Carbon Dioxide
CRISL	Credit Rating Information and Services Limited
CRR	Cash Reserve Ratio
CSE	Chittagong Stock Exchange
CSR	Corporate Social Responsibility
DCCI	Dhaka Chamber of Commerce & Industry
DESCO	Dhaka Electric Supply Company Limited
DOS	Department of Off-site Supervision
DSE	Dhaka Stock Exchange
EBRD	European Bank for Reconstruction and Development
EC	Executive Committee

ECAI	External Credit Assessment Institutions
EDD	Environmental Risk Due Diligence
EFT	Electronic Fund Transfer
EIB	European Investment Bank
EnvRR	Environmental Risk Rating
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
GRI	Global Reporting Initiative
ННК	Hybrid Hoffman Kiln
IBB	Institute of Bankers Bangladesh
IBRD	International Bank for Reconstruction and Development
ICAAP	Internal Capital Adequacy Assessment Policy
ICAB	Institute of Chartered Accountants of Bangladesh
ICC	Internal Control & Compliance
ICCB	International Chamber of Commerce Bangladesh Limited
ICT	Information and Communication Technology
IDB	Islamic Development Bank
IFC	International Finance Corporation
IISD	International Institute for Sustainable Development
i-Mail	Intranet Mail
LBTI	Lead Banker to the Issue
MANCOM	Management Committee
MCCI	Metropolitan Chamber of Commerce and Industry
MICR	Magnetic Ink Character Recognition
MoF	Ministry of Finance (Bangladesh)
МТВ	Mutual Trust Bank Limited
MTB UK	MTB Exchange (UK) Limited
MTBCL	MTB Capital Limited
MTBSL	MTB Securities Limited
MTBTI	MTB Training Institute
N/A	Not Applicable
NBFI	Non-Bank Financial Institutions
NPL	Non-Performing Loan
NPSB	National Payment Switch Bangladesh
PCBs	Private Commercial Banks
PDBL	Primary Dealers Bangladesh Limited
PSD	Payment Systems Department
RBCA	Risk Based Capital Adequacy
REPO	Repurchase Agreement
RMG	Readymade Garments
RMP	Risk Management
RWA	Risk Weighted Assets
SMA	Special Mention Account / Slow Moving Accounts
SME	Small and Medium Enterprise
SWIFT	Society for Worldwide Interbank Financial Telecommunication
	Treasury Bill
T_bill	Treasury Bill
T_bond	•
UNEPFI	United Nations Environment Program Finance Initiative
UNSCR	United Nations Security Council Resolution
VaR	Value at Risk







### **MTB Sustainability Report 2015**

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## **KEY HIGHLIGHTS**

- BDT 520.20 million financed in Effluent
  Treatment Plant (ETP) in 2015
- BDT 133.32 million financed in 2 Hybrid Hofman Kiln (HHK) in 2015
- BDT 5.14 million invested in Disaster
  Management
- BDT 17.36 million provided Education
   sector in 2015
- **698 bicycles** distributed amongst the underprivileged students across the country
- 300 White Cane distributed among blind people in Faridpur district
- BDT 9,277.73 million financed in SME sector

- **32,171 accounts** are availing with internet banking
- 198 ATM and 106 branches (as of 2015) are operating online among which Nine (9) ATM as well as branches are powered by solar energy
- 1,03,725 E-statements delivered to customer
- USD 149.19 million remittance received by households of rural and semi-urban areas through MTB channel
- **20,000** NRB deposit accounts opened in 2015
- **22.50 Tons** of A4 paper saved by using MTB intranet and internet



### **GENERAL STANDARD DISCLOSURES**

### STRATEGY AND ANALYSIS

### GRI Indicators <G4-01> to <G4-02>



#### **Statement of Managing Director & CEO**

#### GRI Indicator <G4-01>







December 8, 2018

HLE: Ban Ki-moon Secretary-General United Nations New York, NY 10017 USA

Dear Mr. Secretary-General.

#### LETTER OF COMMITMENT

I am pleased to reaffirm that Mutual Truat Bavk Limited (MTB) supports the ten principles of the Global Compact. With this communication, we express our intent to move on those principles within oursphares of impact. We are committed to making the Global Compact and its principles a part of the strategy, outure and day-to-day speratons of our company, and to engaging in collaborative projects, which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals (SDGe)

The annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles is on the way to be uploaded at the UNGC website. The COP includes a description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the Global Compact principles in each of the four areas (human rights, labor, emicronment and anti-comption) and a measurement of outcomes (i.e., the degree to which targets/performance indicators were mat, or other qualitative or quantitative measurements of results).

In accordance to the declarations above, we are going to publish the Bustamability Reports for the year 2015

Yours sincerely.

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ANIS A. KHAN MANAGING DIRECTOR & CEO

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### Key Impacts, Risks, and Opportunities

#### **Key Impacts**

- Earned Highest Operating Profit of BDT3020 million
- MTB receives Trade Finance facility of USD 5 million from Asian Development Bank, the first facility provided by a multinational organization
- Closed the second MTB Subordinated bond of BDT 3 billion, issued by RSA Capital
- Launched Real-Time Remittance Payment and Settlement System
- Net Profit After Tax (NPAT) stood at BDT 1,366 million in 2015, which was 42.08% higher than 2014 (BDT 962 million)
- MTB risk assets (loans and advances) increased to BDT 97,589 million including Offshore Banking Unit (OBU) and margin loans, which was 26.51% higher than 2014 (BDT 77,141 million)
- Return on average shareholder equity went up from the previous year due to increase in Net Profit After Tax (NPAT) in 2015
- MTB Deposits in 2015 increased to BDT 118,405 million, registering a growth of 23.26% over 2014 (BDT 96,065 million)
- Net Asset Value (NAV) per share increased to BDT 24.18 which was 9.90% higher than 2014
- To minimize the liquidity and interest rate risk, MTB treasury put its highest efforts to manage the funds using in different avenues of market opportunities and continuously monitored the maturity profile of assets & liabilities and competently took decisions by observing the liquidity profile for increased profitability.
- In 2015, MTB operated within all regulatory limits and there was no single instance where MTB violated any regulatory limit, which reflects MTB commitment to operate within the rules and regulations of regulatory bodies.
- BDT 25.51 million provided as different corporate social responsibility (CSR) projects in 2015
- In 2015, management has approved agent banking for unbanked area and also decided to improve CBS and a team has been formed in this regard.

#### Risks

• In 2015 total bank branches were 9503 which was 9142 in 2014. Bank branches have been increased 3.61% in a year. This shows that business has become more competitive, which increase risk

#### **Opportunities: MTB Outlook 2016**

#### **Strategic Priorities**

- Emphasize smart banking based on technological enhancement while beefing up security
- Continue to ensure high standards of compliance and governance
- Leverage human resources and capacity utilization to enhance shareholder returns
- Maintain funding and liquidity position with quality assets
- Act as a socially responsible organization
- Improve delivery channels to increase outreach with more value added services through ADC (Alternate delivery channel)
- Financial inclusion through Agent Banking
- Increase and enhance loan portfolio with more focus on RMG (readymade garments) clients

#### Retail Banking Division (RBD): Key Priorities in 2016

- Portfolio growth provided asset quality to ensure both profitability and sustainability in the long run
- Ensure to maintain quality loan sourcing by enhancing focus on loan origination
- To beef up loan origination process for ensuring quality loan applications
- To be more customer-centric with segment-wise financial solutions
- Ensure lower to zero level of operational risks
- Reduce miss selling, customer complaints and fraudulent activities. Specialized Compliance and Monitoring team and strong sales governance functions are in place to attain this priority

#### SME Banking Division: Forward Looking Strategy 2016

- Consolidation of knowledge both internal product and process as well as industry scenario all over the bank
- The interaction model will be new and pro frontline friendly
- There will be expansion of delivery channel as well as products
- There will be processes reengineering through innovation and smart utilization of potentiality of MTBians (MTB employees)

#### International Trade: Business Outlook 2016

Global trade picked up to an annualized growth rate of 4% during the first quarter of FY 2014-15 from around 3% during FY 2013-14, and is anticipated to accelerate beyond 5% through FY 2015-16. Likewise, trade in Bangladesh is expected to make considerable growth, subject to sustained political stability in 2016. Despite the challenges, MTB has taken a diverse strategy to invest in capacity building, in order to serve greater markets across the nation, to expand into new horizons and continue to have consistent growth in the years to come. Market share of MTB in international trade business is expected to rise by 0.5%, both for imports and exports in the coming year.

### ORGANIZATIONAL PROFILE GRI Indicators <G4-03> to <G4-16>

#### Name of the organization

Registered name of the company: Mutual Trust Bank Limited

#### Primary brands, products, and services

#### **MTB Products and Services**

- **RETAIL BANKING** 
  - > Deposit Products
  - > Loan Products
  - > Card Products
  - **Payroll Banking**  $\triangleright$
- **PRIVILEGE BANKING**
- WHOLESALE BANKING
  - > Term Finance
  - > Working Capital Finance
  - > Trade Finance
  - > Export finance
  - > Import finance
  - > Syndications & Structured Finance
  - > Off-Shore Banking
  - > Cash Management Services
- NRB BANKING (NRB stands for Non **Residential Bangladeshi)** 
  - > NRB Saving Products
  - > NRB Remittance and Currency **Exchange services**
- **SME BANKING**



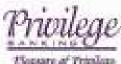


- **ALTERNATE DELIVERY CHANNELS (ADC)** 
  - > Internet Banking
  - > SMS banking
  - > ATM services
  - > Contact Centre (24/7)
- AGENT BANKING

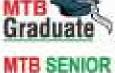


GRI Indicator <G4-03>











ITE AUTO LOAN pleasure of car ownership

MTB Sustainability Report 2015





#### Location of the organization's headquarters

#### **GRI Indicator <G4-05>**

#### Registered Office: MTB Centre 26 Gulshan Avenue Gulshan 1 Dhaka 1212, Bangladesh

#### **Global Presence**

#### MTB Exchange (UK) Limited (MTB UK)

Bangladesh Bank vide their letter No: 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 June 14, 2010 under the Companies Act 2006 of UK with the registration number 07282261 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.

MTB was successfully able to maintain strong correspondent relationships with different renowned banks of the world. Currently, our SWIFT Relationship Management Application (RMA) network has 519 renowned banks, of which 53 are local and 466 are foreign. We have also maintained 38 NOSTRO accounts with different correspondent banks abroad in US Dollars (USD), British Pounds (GBP), Euros (EUR), Japanese Yen (JPY), Swiss Francs (CHF), Singapore Dollars (SGD) and Asian Clearing Union (ACU) Dollars & Euros.

#### Partner Exchange Houses:

COUNTRY	Number of Exchange House
BAHRAIN	1
CYPRUS	1
KUWAIT	1
QATAR	4
RUSSIA	1
UAE	11
UK	2
GLOBAL	7
Grand Total	28

#### GRI Indicator <G4-06>

#### Nature of ownership and 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 shares of the bank are listed with the Dhaka and Chittagong Stock Exchanges, as a publicly quoted company since 2003.

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.

#### GRI Indicator <G4-07>

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 Listing Information: Listed with DSE: July 12, 2003 Listed with CSE: July 12, 2003

Trade Code: MTB

MTB has three fully-owned subsidiaries - MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited.

#### **MTB Securities Ltd. (MTBSL)**

MTB Securities Limited has been incorporated on March 01, 2010 as a private limited company with the Registrar of Joint Stock Companies and Firms, Bangladesh under Companies Act, 1994 with the objective to carry out business related to capital market. As a fully owned subsidiary of Mutual Trust Bank Ltd, MTB Securities Limited has started its operation as a corporate member of Dhaka Stock Exchange Limited (Member No. 197) since September 23, 2010.

#### MTB Capital Ltd.

MTB Capital Limited (MTBCL) is a fully owned subsidiary of Mutual Trust Bank Limited and a fullfledged Merchant Banker, licensed by the Bangladesh Securities and Exchange Commission (BSEC) on December 6, 2010 under Bangladesh Securities and Exchange Commission act, 1993. MTBCL has started its operation since April 17, 2011.

#### MTB Exchange (UK) Ltd.

Bangladesh Bank vide their letter No: 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 June 14, 2010 under the Companies Act 2006 of UK with the registration number 07282261 as a private company limited by shares. The registered office is located at 25 White Chapel Road, London.

#### Financials at a Glance

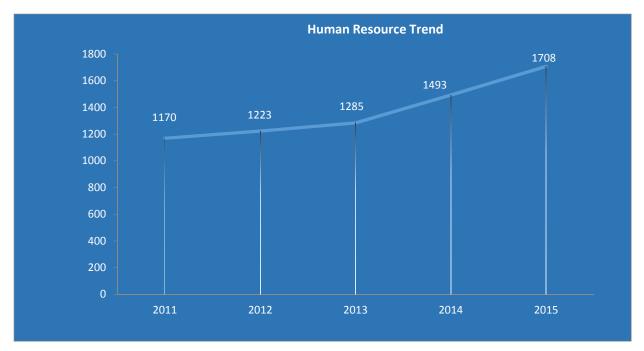
#### GRI Indicator <G4-08>

	BDT Million
Income Summary	2015
Income	2,811
Profit Before Income Tax	2,274
Income Tax	907
Profit After Income Tax	1,366
Profit Available After Appropriation	753

SL	Financial Indicators	2015	2014
1	Earnings per Share (Figure in Taka)	3.70	2.60
2	Net Asset Value (NAV) per share (Figure in Taka)	24.18	22.00
3	Market Value per Share (Figure in Taka)	19.50	19.80

Geographical Location wise Loans	and Advances	Amount in Taka	
Inside Bangladesh	2015	2014	
Urban			
Dhaka Division	67,429,192,880	50,775,018,126	
Chittagong Division	18,511,540,000	17,028,696,234	
Rajshahi Division	3,704,760,000	2,761,838,552	
Sylhet Division	742,930,000	729,344,021	
Khulna Division	1,302,240,000	1,131,320,514	
Rangpur Division	1,720,930,000	1,302,313,353	
Barisal Division	80,890,000	49,896,262	
	93,492,482,880	73,778,427,062	
Rural			
Dhaka Division	1,536,100,000	1,158,247,886	
Chittagong Division	1,157,920,000	734,786,316	
Rajshahi Division	-	-	
Sylhet Division	72,510,000	35,770,528	
Khulna Division	-	-	
Rangpur Division	-	-	
Barisal Division	-	-	
	2,766,530,000	1,928,804,729	
Outside Bangladesh	-	-	
	96,259,012,880	75,707,231,791	

#### Scale of the Organization



• Growth of MTB in terms of Human Resources

• Growth of MTB in terms of Income

	BDT Mi		
Income Summary	2015	2014	% Changes
Income	2,811	2,603	7.98%

• Growth of MTB in terms of Capital, Assets and Liability

						<b>BDT Million</b>
SL	Items	2015	2014	2013	2012	2011
1	Authorized Capital	10,000	10,000	10,000	10,000	10,000
2	Paid up Capital	3,693	3,078	2,798	2,543	2,543
3	Shareholder's Equity	8,929	6,770	5,449	4,834	4,815
4	Total Capital	12,413	8,712	8,137	6,981	6,925
5	Total Assets	146,073	116,301	101,464	93,162	76,331
6	Total Liabilities	137,143	109,530	96,014,	88,328,	71,516
7	Total Deposits	118,405	96,065	84,373	75,140	59,051

					BDT Million
<b>Current Deposits &amp; Other Accounts</b>	2015	2014	2013	2012	2011
Current Deposits & Other Accounts	7,751	7,115	9,786	8,372	8,059
Bills Payable	1,253	1,284	780	1,814	602
Savings A/C	31,586	22,381	11,098	9,224	7,840
Fixed Deposits	55,708	49,412	48,281	45,301	35,193
Deposits-Products	20,272	14,764	12,704	9,750	6,633
Foreign Currency Deposits	1,835	1,109	878	344	494
Total Deposits	118,405	96,065	83,528	74,805	58,821

#### • Growth of MTB in terms of Quantity of Products or Services provided

Note: Total number of customers served is a business sensitive information and hence total figure is not disclosed.

#### **Employee Information**

#### Towards Attracting and Retaining Most Qualified and Talented People

MTB views human resources as fundamental to the success of its business. They are the lifeline to delivering excellent customer care and high quality products and services, and, without them, the bank cannot run smoothly. MTB is a melting-pot of people from a diverse mix of backgrounds, cultures and gender. The bank's quest is to upgrade its human resources pool with talented, dynamic, proactive and committed people who possess the drive to excel and help MTB achieve its vision and mission. At the end of 2015, total number of employees was reported as 1708.

#### • Human Resource at MTB by Employment Type and Gender in 2015

	Male	Female	Total
Number of Employee	1385	323	1708

#### • Human Resource at MTB by Employment Level and Gender in 2015

Employment Level	Male	Female	Total
Entry Level	1138	300	1438
Mid-Level	168	20	188
Senior Management	79	03	82
Total	1385	323	1708

### • Human Resource at MTB by Executive vs. Non-Executive and Gender in 2015 (by employees and supervised workers and by gender)

	Male	Female	Total
Executives	221	14	235
Non Executives	1164	309	1473
Total	1385	323	1708

#### • Human Resource at MTB by Region and Gender in 2015

Place of Posting	Male	Female	Total
Dhaka	994	289	1283
Chittagong	231	18	249
Rajshahi	55	06	61
Rangpur	32	01	33
Khulna	25	02	27
Sylhet	31	07	38
Barisal	17	00	17
Total	1385	323	1708

### Collective bargaining agreements

Not Available

#### Supply chain

Third party agencies are providing office supplies.

## Significant changes in size, structure, ownership, or its supply chain

GRI Indicator <G4-13>

**GRI Indicator <G4-12>** 

#### a) Shareholding by Parent/Subsidiary/Associated Companies and other related parties: Nil

#### b) Shareholding by MTB:

#### i) Shareholding Distribution by MTB Directors:

SI No.	Name	Designation No. of		Share	% of SI	% of Share	
			2015	2014	2015	2014	
1	Mr. Rashed Ahmed Chowdhury (Representing Associated Builders Corporation Ltd.)	Chairman	18,4657,80	15,388,150	5.00%	5.00%	
2	Mr. M. A. Rauf, JP	Vice Chairman	7,400,119	6,166,766	2.00%	2.00%	
3	Mr. Syed Manzur Elahi	Director	13,618,285	10,515,238	3.69%	3.42%	
4	Dr. Arif Dowla (Representing Advanced Chemical Industries Ltd.)	Director	12,310,506	10,258,755	3.33%	3.33%	
5	Mr. Hedayetullah	Director	7,390,563	6,158,803	2.00%	2.00%	
6	Mr. Md. Abdul Malek	Director	7,456,899	6,204,433	2.02%	2.02%	
7	Mr. Md. Wakiluddin	Director	7,393,060	6,160,884	2.00%	2.00%	
8	Mrs. Khwaja Nargis Hossain	Director	7,386,541	6,155,451	2.00%	2.00%	
9	Mr. Anjan Chowdhury (Representing ASTRAS Ltd.)	Director	9,232,861	7,694,051	2.50%	2.50%	
10	Mr. Q. A. F. M Serajul Islam (Representing Pioneer Insurance Company Ltd.)	Director	25,979,110	21,649,259	7.03%	7.03%	
11	Mr. Anwarul Amin	Independent Director	Nil	-	Nil	-	
12	Dr. Sultan Hafeez Rahman	Independent Director	Nil	-	Nil	-	
	Total		116,633,724	96,351,790	31.58%	31.3%	

#### ii) Shareholding Distribution by MTB Management:

		No. of	No. of Share		% of Share	
		2015	2014	2015	2014	
1	Managing Director & CEO	3,861	3,218	0.0010%	-	
2	Company Secretary	Nil	18,376	Nil	-	
3	Chief Finance Officer	Nil	Nil	Nil		
4	Head of Internal Control &	Nil	Nil	Nil		
	Compliance					
	Spouses of above Executives				·	
5	Mrs. Monowar Anis Khan	26,796	Nil	0.0073%		

#### c) Shareholding by other Executives

		2015	2014	2015	2014
1	Additional Managing Director	21,224	17,737	0.0057%	-

#### **MTB Shareholdings Structure**

The breakup of Issued, Subscribed and Paid-up Capital is as follows:

Particulars	No. of shares		Values of Sh	% of holding		
	2015	2014	2015	2014	2015	2014
Sponsors/	165,046,155	136,905,138	1,650,461,550	1,369,051,380	44.69%	44.48%
Directors						
Financial	94,154,131	77,076,008	941,541,310	770,760,080	25.49%	25.04%
Institutions						
General	110,115,681	93,782,160	1,101,156,810	937,821,600	29.82%	30.47%
Shareholders						
Total	369,315,967	307,763,306	3,693,159,670	3,077,633,060	100%	100%

#### **Branch and ATM Expansion**

	2015	2014	2013	2012	2011
No. of Branches	106	103	92	86	76
No. of ATM	198	193	170	150	93

#### Precautionary Approach to Risk Management

#### Robust Risk Management System

MTB faces varied and wide range of risks in its day to day business operations, side by side it handles risks judiciously to ensure optimum return on asset and equity. 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 maybe 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 units devoted to risk reviews.



Over the years, MTB has been maintaining a lower Non Performing Loans (NPL) than that of industry (Financial stability Report of Bangladesh bank, 2014) which reflects the effectiveness of MTB's risk management system and endeavors. In managing NPLs, MTB complies with the regulatory guidelines of Bangladesh Bank (BB).

#### **Risk Management Policies:**

Bank has put in place various Board approved Risk Management Policies viz. (i) Credit Policy with Credit Risk Management Guidelines (ii) Asset Liability Management Manual (iii) MTB ICC Policy (iv) AML & CFT Policy guideline of MTB (v) Foreign exchange Risk Management Policy & Guideline (v) Mutual Trust Bank ICT Policy (vi) Wholesale Borrowing and Funding Guidelines (vii) Liquidity Contingency Plan (viii) Management Action Trigger (ix) Fraud Detection and Management Process (x) Valuation Methodology of Collateral (xi) Internal Capital Adequacy Assessment Process (ICAAP).



	CURRENT RATING	PREVIOUS RATING
Long Term	AA	AA-
Short Term	ST-2	ST-2
Based on Financials	December 31, 2015	December 31, 2014
Date of Rating	May 17, 2016	May 17, 2015
Validity Date	May 16, 2017	May 16, 2016

AA : Indicating High Safety for Timely RepaymentST-2 : Indicating High Certainty of Timely RepaymentOutlook : Stable



you can bank on us

Rated by: Credit Rating Information and Services Limited (CRISL)

www.mutualtrustbank.com

#### MTB Risk Management practice as per Basel II:

As a Basel compliant bank, MTB follows international best practices in risk management as per Basel norms, which makes its capital more risk sensitive and risk resilient. MTB's capital structure is governed by the 'Guidelines on Risk Based Capital Adequacy (RBCA) for Banks' issued by Bangladesh Bank (BB). To comply with Basel Pillar-II norms (SRP), MTB has evolved Board approved policy on the Internal Capital Adequacy Assessment Process, which covers identification and measurement of risks other than Pillar-I risks (Credit Risk, Market Risk and Operational Risk).

#### MTB Risk Management Practice as per Six Core Risk Areas:

MTB conducts its operations by ensuring compliance with the Core Risk Management Guidelines which covers the following risks: Credit risk, Asset Liability risk, Foreign exchange risk, Internal Control and Compliance risk, Money laundering risk and Information and Communication Technology risk.

#### Credit Risk Management

The instruments and tools, through which MTB manages credit risks, are Exposure ceilings, Review/renewal, Risk rating model, Risk based scientific pricing, Portfolio management and Credit audit/Loan review mechanism.

#### **Credit Policies and Credit Administration**

MTB's credit functions are conducted in a compliant manner under strict, judicious and rational credit policies and principles in conformity with Credit Risk Management (CRM) guidelines of Bangladesh Bank. MTB's credit disbursement and administration functions are strictly handled by the Credit Administration Department (CAD). MTB Credit Monitoring Department (CMD) monitors the asset (loan) portfolio of the Bank.

#### Non-performing Loan (NPL) Management

Despite all out efforts by the CMD, if any loan becomes classified, Special Asset Management Division (SAMD) with any less of time comes into action. SAMD operates independently to prepare and implement overall action plan and recovery strategies. The tools and strategies for NPL management as applied by SAMD are designed in a manner to keep the NPL much below the critical level as per recognized/ institutional standard.

#### Asset - Liability Risk Management

Asset Liability Management (ALM) is considered as a key Balance Sheet Risk Management discipline, which mainly focuses on Liquidity Risk, Interest Rate Risk and Exchange Rate Risk of the Bank. As per Bangladesh Bank guideline, MTB has a fully functional Asset Liability Committee (ALCO) for prudent Balance Sheet Risk Management. To address and mitigate various risks involved in the business, ALM desk of the MTB Treasury prepares ALCO (Asset Liability Committee) paper as per the guidelines of Bangladesh Bank in each month and conducts monthly ALM meeting where global & economic outlooks as well as financial fundamentals of the Bank are highlighted.

#### Foreign Exchange Risk Management

Foreign Exchange Risk is related to the fluctuations in the earnings duo to change in market prices. As per Exchange risk management guidelines of Bangladesh Bank, MTB has Board approved different risk limits for Foreign Exchange dealing operations and generally, all the deals are done meticulously within Board approved limits. MTB has a well-defined internal approval, and reporting procedures to report on foreign exchange business activities on a regular basis to the senior management.

#### **Internal Control and Compliance Risk Management**

MTB has a structured Internal Control and Compliance (ICC) Division with three distinct units headed by a senior level executive, Audit and Inspection unit, Compliance unit and Monitoring unit. The mission of MTB's compliance function is to promote the culture and practice of compliance of legal and regulatory requirements, and the Bank's ethical standards.

#### Money Laundering Risk Management

MTB has its own Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) compliance program. It has been designed considering the size and range of activities, complexity of operations, the nature and 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), Money Laundering Prevention Rules 2013, Anti-Terrorism Rules 2013, BFIU guidelines (i.e. Money Laundering and Terrorist Financing Risk Management Guidelines), circulars & instructions 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.

#### Information and Communication Technology (ICT) Risk Management

Against the backdrop of an increased reliance on complex IT systems and operations in the financial sector, there is heightened risk of cyber-attacks and system disruptions as well. In this regard MTB has continued to deepen their technology risk management capabilities and is ready to handle IT security incidents and system failures.

An integral part of MTB's risk management endeavor is its strong "IT Security Policy" and its adherence to these principles. These policies define responsibilities and requirements for protecting information and information systems.

#### Charters, principles, or initiatives

#### **Global Compact and COP Policy**

MTB Board of Directors on its 185<sup>th</sup> meeting, held on November 08, 2015 resolved that MTB will be publishing a Sustainability Report annually. In accordance to that, MTB Managing Director & CEO on November 11, 2015 declared vide a letter to the Secretary General of the United Nations that MTB supports the ten principles of the Global Compacts and its COP (Communication on Progress) Policy.

#### **Environmental Due Diligence & Risk Rating**

In line with the Credit Risk Management (CRM) guidelines of Bangladesh Bank, MTB Board of Directors approved first 'Policy Guidelines of Credit Risk Management' on Dec 13, 2005. The Board of Directors approved the latest "Credit Policy with Credit Risk Management Guideline 2014" on Dec 07, 2014.

Upon receiving the proposals for financing, Marketing/Relationship Management has to conduct a preliminary environmental risk review, using Environmental Due diligences (EDD) checklists. There is a General EDD checklist and ten Sector specific EDD checklists and a Guidance Matrix. Potential borrowers have to submit various documents to the DOE (Department of Environment, Government of Bangladesh) for obtaining the Environmental Clearance Certificate. Management has to obtain copies of these documents as the background for completing the EDD checklists. However, discussions with the potential borrower should form the basis for administering the EDD checklists.

### Memberships with Chambers and Associations

GRI Indicator <G4-16>

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

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES GRI Indicators <G4-17> to <G4-23>

#### MTB Sustainability Report 2015

#### Subsidiaries and other Entities

Subsidiaries and entities mentioned at consolidated financial statements of the bank are listed below. However, the same list of **subsidiaries are excluded from the scope** of this sustainability report.

- MTB Securities Ltd. (MTBSL)
- MTB Capital Ltd.
- MTB Exchange (UK) Ltd.

These subsidiaries are further described in this report under **GRI Indicator G4-07** 

#### Defining the report contents, Aspect Boundaries and implementation

#### **GRI Reporting Framework**

The year 2015 reporting is MTB's second sustainability report based on GRI reporting framework G4 guidelines. This report describes the economic, environmental and social impacts originating from our business process, together with our key sustainability initiatives over the last 12 months, our plans for the future and helps us to share our experiences with our customers, our people and the community.

We believe that being transparent around how we are working to be a sustainable business, and the role we play in the wider community, is an essential part of how we do business.

#### The Purpose and Scope of This Report

This report addresses the economic, environmental and social impacts resulting from Mutual Trust Bank's activities in the financial year 2015. We aim to fully inform our stakeholders about all of the actions that we have committed to undertake as we seek to minimize any potential unexpected impacts which could result from any of our activities. Our stakeholders can now follow the ways of measuring, monitoring and improving required to be made in our sustainability report.

At this second sustainability report of MTB, there is no significant difference in contents compared to than that of the report in last year.

The sustainability report will be prepared once in a year describing activities and achievements throughout the year in compliance with Global Reporting Initiative's Sustainability Reporting Guidelines (G4).



**GRI Indicator < G4-17>** 

GRI Indicator <G4-18>

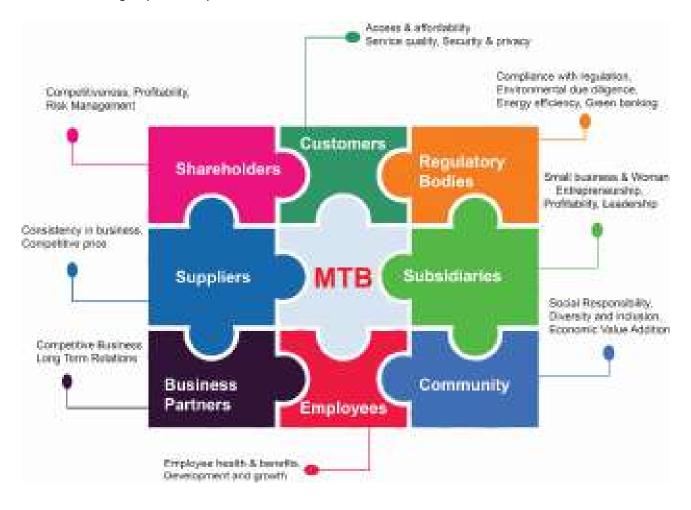
#### Material Aspects and Materiality Mapping

#### GRI Indicators <G4-19 to G4-27>

#### Materiality Issues through Engagement of Stakeholders

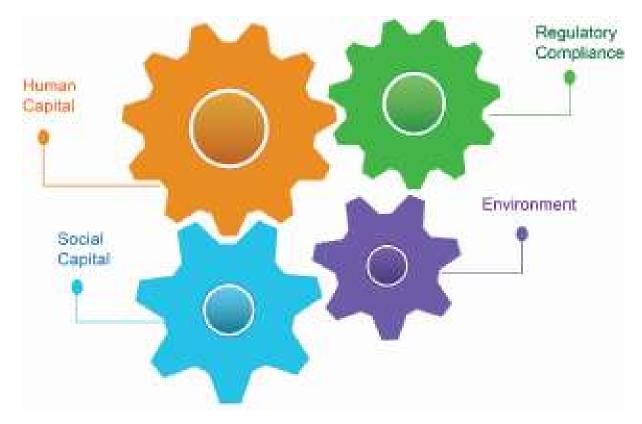
"Materiality" means different things to different organizations. Issues about which MTB stakeholders are concerned and think those may have sound impact on business of MTB are the "materiality" issues to MTB. In order to define materiality for MTB, we conducted a materiality analysis engaging all stakeholders. In the process, we obtained information from the stakeholders to learn what issues they think matter most to the business of MTB and how much concerned they are about that particular issue.

MTB ticked off the list of issues material to the stakeholders derived from the feedback of different stakeholder groups. The explored issues are as follows:



#### **Materiality Issues**

To identify the materiality issues, we went through a rigorous process of listing, ranking, mapping, and finally arrived at an exhaustive list of sustainability issues that are the most relevant to MTB. Through a qualitative analysis of the feedback of stakeholders, issues are categorized into more homogenous themes and thus are grouped into 04 (four) major themes of materiality.



Specific issues under the aforementioned 04 (four) major themes of materiality are as follows:

#### **1. Environment**

- 1.1 Energy efficiency
- 1.2 Green banking

#### 2. Social Capital

- 2.1 Access & affordability (Inclusive finance)
- 2.2 Data security and customer privacy
- 2.3 Corporate Social Responsibility

#### 3. Human Capital

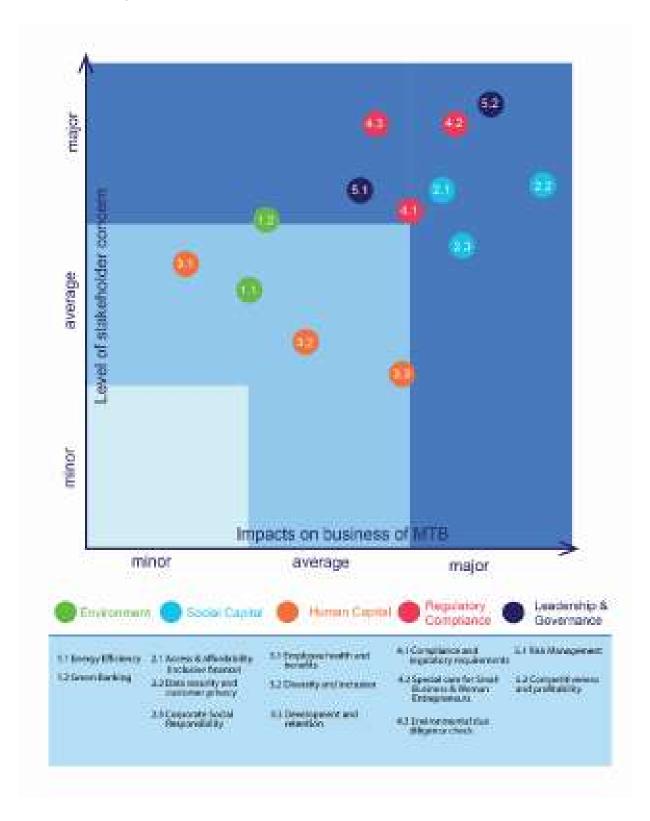
- 3.1 Employee health and benefits
- 3.2 Diversity and inclusion
- 3.3 Development and growth

#### 4. Regulatory Compliance

- 4.1 Compliance and regulatory requirements
- 4.2 Special care for Small Business & Women Entrepreneurs
- 4.3 Environmental due diligence check (prescribed by BB)
- 4.4 Risk management

#### **Materiality Mapping**

The selected materiality issues were ranked in terms of concerns of stakeholders and impact of the issues on MTB. Putting the impact on X-axis and concerns on Y-axis following Materiality Mapping has been accomplished.



### **PROFILE OF THE REPORT**

#### GRI Indicators <G428> to <G433>

Reporting period	GRI Indicator <g428></g428>	Date of most recent previous report	GRI Indicator <g429></g429>	
January 1, 2015 to Dece	mber 31, 2015	Sustainability Report 2014 Date: March 02, 2016		
Reporting cycle	GRI Indicator <g430></g430>	Contact point regarding the report	GRI Indicator <g431></g431>	
Reporting cycle: Annual		We welcome any feedback on this sustainability report. For further information and comments, — please contact Sustainability Reporting Team of the Bank through following addresses: e-mail: <u>sustainability@mutualtrustbank.com</u>		
GRI 'in accordance' option	GRI Indicator <g4-32></g4-32>			

• In this report, MTB has complied with the reporting framework of Global Reporting Initiative (GRI). Application level of the framework applied in this report is GRI 4.0.

External Assurance GRI Indicator <G4-33>

- External Assurance is under consideration by management.
- We are optimistic to have external assurance from the next repot.
- External Assurance Report: Nil



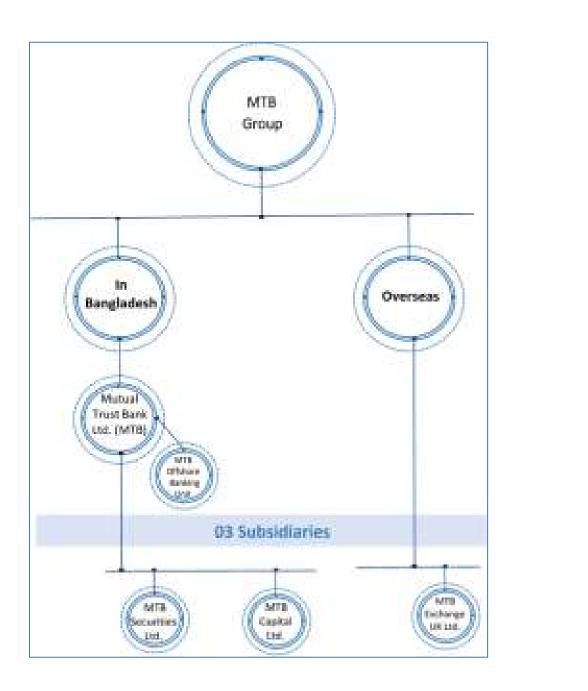
### **GOVERNANCE**

GRI Indicators <G4-34> to <G4-55>

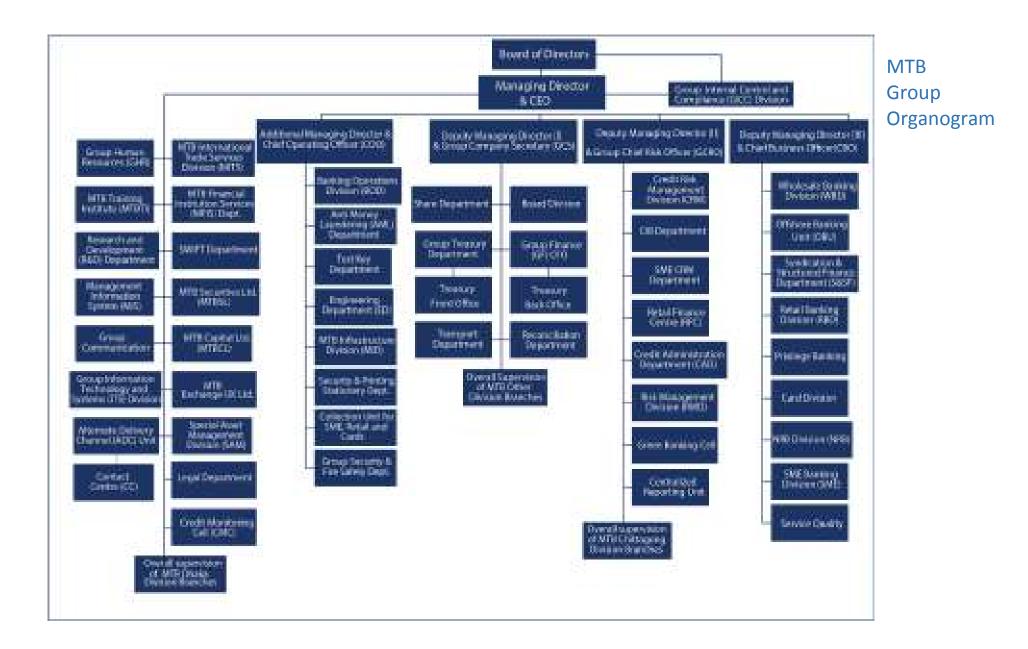
#### Governance structure and the committees

#### GRI Indicator <G4-34>

MTB GROUP STRUCTURE



MTB is now a group of financial institutions offering diversified financial services as to the need of its target customers. MTB, the bank is the centre of this group. MTB Offshore Banking Unit, a part of the group offers financing at offshore accounts. The group has three (03) subsidiaries, two is inside the country and one is working at the United Kingdom. The domestic subsidiaries are MTB Securities Ltd. and MTB Capital Ltd. MTB Exchange UK, an exchange house, is the overseas unit of MTB Group.



## **MTB Corporate Governance Process**

Following flow chart describes the corporate governance process of MTB:



# Composition of the highest governance body & its committees

GRI Indicators <G4-35> to <G4-38>

All members of the highest governance body of MTB are executive. All of them are highly educated esteemed professional and/or successful businessman with long experience in banking industry. All members of governance body are professionals in management law and business.

Executive or nonexecutive

	The number of Directors is 1 Directors and one is a femal	2 (twelve) out of whom 02 (two) are Independent e Director.
Independence		
	Directors:	10
	Independent Directors:	02

- Tenure on the governance body is two (02) years.	*	Tenure
- The numbers of Board members are 12 out of whom one female	*	Gender
<ul> <li>Director.</li> <li>There is no member at the governance body as of date, from under-represented social groups</li> </ul>	*	Membership of under-represented social groups

## Competences relating to economic, environmental and social impacts



In establishing its governance body MTB conforms to appropriate guidelines of Bangladesh Bank (The Central Bank of the country), Bangladesh Securities and Exchange Commission, and The Companies Act, 1994.

Members of the governance body are also known as Directors of the Board. All of the MTB directors are successful entrepreneurs and have their investments in diversified portfolios. Therefore it is assumed that they

possess a high level of skills, experience and knowledge to set directions and oversee the overall activities of the bank relating to economic, environmental and social impacts.

MTB Board of Directors approves the bank's budget and business plan and reviews those on quarterly basis so as to give directions as per changing economic, environmental and social environments. The board reviews the policies and manuals of the various businesses and processes in order to establish effective risk management in credit and other key areas of operations. It is the responsibility of MTB Board of Directors to endorse the organization's strategy, develop directional policy, appoint and supervise senior executives and to ensure accountability of the organization to its owners and regulatory authorities.

#### Stakeholder representation

General shareholders participate in AGM (Annual General Meeting) every year and share their views on banking activities. They participate in different decision making issues.

## **MTB Board Executive Committee**

The MTB Executive Committee (EC) is constituted to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. The number of members in EC is 5 (five) nominated by the Board of Directors (further mentioned as "*Board*"). During the year 2015, 9 (nine) Executive Committee meetings were held.

#### MTB Board Audit Committee

The bank formed its first Audit Committee (AC) on January 18, 2003. Thereafter, lastly it is reconstituted on March 16, 2014, comprising 05 (five) members of the Board including two independent directors, one of whom, chaired the meetings, as per prevailing rules/regulations of BB and BSEC. The AC plays an effective role in building a bridge among the board and management, shareholders, depositors and other stakeholders and helps in ensuring efficient, safe and sound banking practices. The key role of the committee is to assist the Board in fulfilling its oversight responsibilities. The Committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct. The Committee ensures conformity of the Financial Statements with the regulations and standard practices. Further the AC reviews process of Audit, effectiveness of Internal Control system & its Compliance thereof, recovery from non-performing assets and any other oversight functions as desired by the Board of Directors i.e. within the purview of its Terms of Reference set by the Board in the light of BB guidelines. During the year 2015, 4 (four) meetings of the MTB Board Audit Committee were held.

## MTB Board Risk Management Committee

To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, the MTB Board Risk Management Committee (MBRMC) was formed comprising 5 (five) members of the Board. The Committee takes various steps to identify risks, which are related to the lending foreign exchange, internal control & compliance, money laundering and other trading and operating activities of the bank. The Committee evaluates risk on a comprehensive basis including, among others, balance sheet management, capital adequacy, credit and operational risk.

## Asset Liability Committee (ALCO)

MTB has a fully functional Asset Liability Committee (ALCO) for prudent Balance Sheet Risk Management. The committee consists of the Managing Director & CEO as the Chairman of the committee along with Additional Managing Director, Deputy Managing Directors and strategically important Divisional Heads of Corporate Head Office. To address and mitigate various risks involved in the business, MTB Treasury prepares ALCO (Asset Liability Committee) papers as per the guidelines of Bangladesh Bank in each month and conducts monthly ALM meeting where global & economic outlook as well as financial fundamentals of the bank are highlighted. Head of Treasury Department is the member secretary for ALCO.

## MTB Management Committee (MANCOM)

MTB has a Management Committee (MANCOM) consisting Twenty One (21) members from senior management. MANCOM is responsible for the overall management of MTB's operations. It consists of the Managing Director, Additional Managing Director, Deputy Managing Directors and Heads of the Divisions. MANCOM reviews all the policies of the Bank. It ensures optimum utilization of three key resources of the bank namely (a) Human Recourses (b) Financial Resources and (c) System Resources. MANCOM appraises the Bank's financial data, position in the sector, profitability of business units, and new business developments. Head of Human Resource Division is the member secretary for MANCOM.

## MTB ML & TF Risk Assessment Committee

MTB Money Laundering (ML) & Terrorist Financing (TF) Risk Assessment Committee consists of Twenty Two (22) members. MTB Chief Anti Money Laundering Compliance Officer or CAMLCO is the Chairman of the committee. Main responsibilities of the committee are:

- 1) Identify business and regulatory risk in terms of Money Laundering & Terrorist Financing
- 2) Assess or evaluate the likelihood and impact of the identified risk
- 3) Develop and update Risk Register
- 4) Formulate ML & TF risk management strategies
- 5) Facilitate MTBians in implementing the MTB ML & TF Risk Assessment Guideline
- 6) Any other adhoc issues related to Money Laundering & Terrorist Financing

## Chair of the highest governance body

Chair of the highest governance body is the Chairman of the Board of Directors. Chairman is elected among the members of the Board every two (02) years. Chairman does not take part into day-to-day business of the bank. Chairman presides over the monthly meeting of the Board of Directors and provides strategic guidelines and directions for the business of the bank.

## Nomination and selection of the highest governance body

## Directors Appointment

Appointment of a new director is made with the consent of all directors at the immediate Annual General Meeting (AGM). A detailed biography, a declaration of his or her non-engagement with other financial institutions and that he/ she is not a loan defaulter is required to be submitted to Bangladesh Bank.

## Retirement and Re-election of the Directors

According to the Articles of Association of the bank and the Companies Act 1994, each Director other than Managing Director & CEO, retires by rotation once every three years and is required to stand for re-election by shareholders at the AGM.

## Independent Directors

Two Independent Directors at the Board of Mutual Trust Bank Ltd. have been appointed in compliance with the Bank Companies Act 1991 (Amended 2013) by the Central Bank.

## Selection of MANCOM and ALCO members

Management Committee (MANCOM) and Asset-Liability Committee (ALCO) members are comprised of senior members of the management and headed by the Managing Director & CEO of the Bank. Additional Managing Director, Deputy managing Directors, Heads of different departments are the member of the committees.

## Ensuring conflicts of interest are avoided and managed

## Conflicts with General Shareholders

The annual report including financial statements and the notice of the meeting are sent to shareholders at least 14 clear days prior to the AGM. The primary means of communication between the bank and shareholders are the MTB annual report and the AGM. Required information is received by the shareholders prior to the AGM, which gives them an opportunity to exercise their prerogative to raise any business-related issues, either verbally or in writing at the AGM. The Directors remain present at the AGM to answer any queries of the shareholders.

## Role of the highest governance body

The highest governance body plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policy, appoint and supervise senior executives and to ensure accountability of the organization to its owners and regulatory authorities. The highest governance body approves the bank's budget and business plan and reviews those on quarterly basis so as to give directions as per changing economic, environmental and social environment.

GRI Indicator <G4-45>

GRI Indicator <G4-41>

GRI Indicator <G4-39>

GRI Indicator <G4-40>

## MTB Sustainability Report 2015

# Highest governance body's role in reviewing risk management

- The highest governance body of the bank is MTB Board of Directors (mentioned as "Board" hereafter). The Board itself does not interfere into the day-to-day business of the bank. However, it sets directions and oversee the overall activities of the bank. The Board approves the bank's budget and business plan and reviews those on quarterly basis. Further the Board reviews the policies and manuals of the various businesses and processes in order to establish effective risk management in credit and other key areas of operations. The Board also appoints and supervises senior executives and formulates ToR for different committees that work on behalf of the Board in mitigating the risk and maximizing the returns.
- The Board has constituted MTB Executive Committee (EC) in order to ensure efficient, competent, compliant and secured structure for approval of credit proposals and business decisions. MTB Board Audit Committee is constituted by the Board for reviewing 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. MTB Board Audit Committee also reviews process of Audit, effectiveness of Internal Control system & its Compliance thereof, recovery from non-performing assets.
- The Board has constituted MTB Board Risk Management Committee (MBRMC) that takes various steps to identify risks, which are related to the lending foreign exchange, internal control & compliance, money laundering and other trading and operating activities of the bank. The Committee evaluates risk on a comprehensive basis including, among others, balance sheet management, capital adequacy, credit and operational risk.

## Frequency of the highest governance body's review

The highest governance body of the bank is MTB Board of Directors. Meeting of the Board of Directors is usually held once in a month at the premises of MTB Centre, MTB Corporate Head Office.

## Highest Committee or Position Approving Sustainability Report & Material Aspects

After the senior management has decided to publish Sustainability Report and its Material Aspects, it submitted a proposal to MTB Board of Directors. The Board approved the decision regarding the preparation and publication of Sustainability Report annually at the 185<sup>th</sup> meeting of the Board of Directors held on Sunday, November 08, 2015.

# Process for communicating critical concerns to the highest governance body

MTB has defined process of communication with the concerned authority. The process and reporting authority are specified in organogram. The primary process of communicating with the highest governance body is through the line manager of every department/division/branch. The line manager will transfer the critical concern of the organization according to the organogram. Besides, Customers can reach their concerning issues through email or feedback box located at the MTB premises.

GRI Indicator <G4-48>

GRI Indicator <G4-49>

GRI Indicator <G4-47>

Communication between the bank and general shareholders is arranged in every Annual General Meeting (AGM). Required information is received by the bank from the shareholders at the AGM, which gives them an opportunity to exercise their prerogative to raise any business-related issues, either verbally or in writing at the AGM. The directors remain present at the AGM to answer any queries of the shareholders.

Critical concerns communicated to the highest governance body & the mechanism(s) used to address and resolve

GRI Indicator <G4-50>

No such critical concern is recorded in this year.

# Remuneration policies for the highest governance body and senior executives

GRI Indicator <G4-51>

MTB follows the remuneration guideline provided by Bangladesh Bank, the central bank of the country for any remuneration or fees to be payable to the Directors of the Board.

## Remuneration of the Directors and Managing Director

The directors do not receive any type of remuneration or incentives. The board members only receive fees as prescribed by Bangladesh Bank for attending each Board and Committee meeting. The remuneration package of the Managing Director is determined by the Board duly approved by Bangladesh Bank. Managing Director is entitled for incentive bonus as per central bank's guidelines.

## **Disclosure of Directors' Remuneration**

The law requires the disclosure of information related to the remuneration paid to the Managing Director and Directors of the Board.

## Retirement and Re-election of the Directors

According to the Articles of Association of the bank and the Companies Act 1994, each Director other than Managing Director & CEO, retires by rotation once every three years and is required to stand for re-election by shareholders at the Annual General Meeting.

## Process for determining remuneration

## GRI Indicator <G4-52>

The Directors of the Board do not receive any type of remuneration or incentives. The remuneration package of the Managing Director and CEO is determined by the Board duly approved by Bangladesh Bank.

Employee remuneration is overseen by MTB Group Human Resources Division (GHRD) in consultation with Deputy Managing Directors, Additional Managing Director and Managing Director & CEO. GHRD defines pay scale (remuneration packages) based on market information as well as adjustment of cost of living that is subsequently approved by the Board of Directors.

There is **no variable remuneration** at MTB. There exists an incentive Bonus to which all employees are entitled of subject to their annual performance as recommended by respective line managers, which is defined based on Board approved "Incentive Bonus Policy". Line managers send the recommendations for incentive bonus to Regional Heads and / or Divisional Heads and subsequently the recommendations are submitted a "Bonus Committee". The Bonus Committee after scrutiny and evaluation send its recommendations to the Managing Director and CEO who may review it and stamp the final approval.

Stakeholders' views on remuneration policies and proposals	GRI Indicator <g4-53></g4-53>
Not applicable	
Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	GRI Indicator <g4-54></g4-54>
Not applicable	
Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	GRI Indicator <g4-55></g4-55>

Not applicable



## **ETHICS AND INTEGRITY**

GRI Indicators <G4-56> to <G4-58>

## Organization's codes of conduct and codes of ethics

#### GRI Indicator <G4-56>



### Code of Conduct

As an employee of WTB, one must observe the highest standards of impertality, integrity, objectivity and increatly in relation to the work sither 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 benking compliance.

#### Cody I: Out Visiter

Our code of conduct is in alignment with the bank's Vision MITESY

#### 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 write amay of financial products and services

#### Code III: Adhens to the highest ethical standards.

We ensure that our employees act with integrity, competence, dignity, and in an ethical marrier 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 or any of its associates; Stats only MTB's view and not her/his own, often speaking in a forom in which audiences would reasonably expect that s/he is speaking as a representative of MTB.

#### Code VE Relationship with & responsibilities to outsomer.

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 purpmen.

#### Code VE: Respecting minere

We treat colleagues, customers and angone with whom see do business, with respect, dignity, fermess and countesy: We commit to maintain a work environment that is like from disprimination or hard-servent based on receiveligion, creed, socials bility, age or any other relevant category.

#### **Code Dt Miscorduct**

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

## Code It mider trading

We are committed to not atilize 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 tanks provided to anyone who may be influenced to solucities, buy or self shares, or conduct any other business transactions with another person including family and friends.

#### Cinity 30 Control

The Cede 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 over elements supporting a self-regulatory approach to the wry we do basiness. Also, the Management monitors the compliance of the code of conduct.

The Association for Investment Management and Besearch (AUMR) 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 Othes and Standards of Professional Conduct of AMR.



MTB considers itself as a COMPLIANT BANK. We aim to increase our profits in a sostained and controlled manners taking into account our main philosophy of INTEGRITY. TRANSPARENCY and ETHICS. We aim to expand into new Notizons, unlocking the potential within to help us achieve mill goal.

## Internal and external communication mechanisms (Helplines or advice lines)

## 24/7 Contact Centre

MTB has a 24/7 state-of-the-art Contact Centre for any help and support for the customers.

## **Complaint Management**

At MTB, we believe in providing the best of services to our customers. We provide customers with easy access to information, products and services, as well as the means to get their grievance redressed. Customers are welcome to contact MTB Complaint Cell.



## Email Address: complaint@mutualtrustbank.com

Customers can also lodge complaints directly from MTB's website through the link: http://www.mutualtrustbank.com/customer-complaints

Further, they can call MTB Contact Centre 24/7 for any problem related to product and services.

#### Internal and external mechanisms for reporting concerns on GRI Indicator <G4-58> whistleblowing mechanisms or hotlines

Customers can send complain 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.



## **SPECIFIC STANDARD DISCLOSURES**

Ι.	CATEGORY: ECONOMIC	< G4-EC1> to < G4-EC9>
П.	CATEGORY: ENVIRONMENT	<g4- en1=""> to <g4- en34=""> <g4- fs1=""> to <g4- fs11=""></g4-></g4-></g4-></g4->
III.	CATEGORY: SOCIAL	
	SUB CATEGORY: LABOR PRACTICES AND DECENT WORK	<g4- la1=""> to <g4- la13=""></g4-></g4->
	CATEGORY: HUMAN RIGHTS	<g4- hr1=""> to <g4- hr7=""></g4-></g4->
	CATEGORY: SOCIETY (COMMUNITY)	<g4-so1> to <g4- so11=""></g4-></g4-so1>

MTB Sustainability Report 2015

<G4- PR1> to <G4- PR9>

## **Aspect: Economic Performance**

## Economic Value Addition

Economic Value Addition (EVA) by the bank has been estimated at BDT 12,116.63 million for the year 2015. EVA includes payments to Suppliers, Employees and Shareholders (investors).

## **Total Economic Contribution**

Total Economic Contribution by the bank has been estimated at BDT 13,016.94 million for the year 2015. This includes EVA, Total payments to the government and Social investments.

## GRI Indicator <G4-EC1>

< G4-EC1> to < G4-EC9>





## Market Value Added Statement:

Market Value Addition (MVA) is estimated by the difference between the current market value of the bank and the capital contributed by investors. As of December 31, 2015 Market Value Addition is estimated BDT 3,508.50 million compared to the previous year.

				BDT Million
Particulars	Number of Shares	Value	per share	Total Value
Market Value	369,315,967	BDT	19.50	7,201.66
Book Value	369,315,967	BDT	10.00	3,693.16
Market value added		BDT	9.50	3,508.50

## Coverage of the organization's benefit plans

#### GRI Indicator <G4-EC3>

GRI Indicator <G4-EC2>

**a) Provident Fund:** Provident fund benefits are given to the permanent employees of the Bank in accordance with Bank's service rules. 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 to that of the employees'. Interest earned from the investment is credited to the members' account on yearly basis.

**b) Gratuity:** MTB Employees' Gratuity Rules is first approved in 2000, and then amended as MTB Employees Gratuity Scheme on June 03, 2008 by the Board of Directors of the bank. The fund is governed by the scheme and managed by a Trustee Board, of 7 (seven) members. All employees who have continuously served MTB for a minimum of 5 (five) years would be considered entitled for gratuity. Employees who are in contractual service at the Bank and have completed a minimum of 05 (five) years' service, are also entitled to gratuity benefit at the time of termination of contract/resignation.

**c) MTB Employees' Welfare Fund:** MTB Employees' Welfare Fund is subscribed for a monthly contribution by 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 a Board of trustees consisting of four (04) members.

**d) MTB Employees' Medical Assistance Fund:** MTB Employees' Medical Assistance Fund is subscribed for a monthly contribution by the employees. The Bank also contributes to the fund from time to time. The fund has been established to provide medical assistance to the employees in need. The fund is governed and administered by a Board of trustees consisting of four (04) members.

**e) MTB Employees' Death Benefit Plan:** MTB Employees' Death Benefit plan has been formed to provide financial support 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 a Board of trustees consisting of four (04) members. In case of death of an employee while in active service, Death benefit is paid to the nominee of the deceased employee at a predefined amount ranging from 0.3 (three) million to 1 (one) million.

## f) 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.

Financial Assistance from Government Not Applicable GRI Indicator <G4-EC4>

## **Aspect: Market Presence**

Standard entry level wage by gender compared to local minimum wage at significant locations of operation

MTB's wages do not vary by gender or location of operation.

Proportion of senior management hired from the local community at significant locations of operation

MTB offers equal opportunity to all employees irrespective of location of operation.

< G4-EC5> to < G4-EC6>

GRI Indicator <G4-EC5>

GRI Indicator <G4-EC6>

## **Aspect: Indirect Economic Impacts**

<G4-EC7> to < G4-EC8>

## Development and Impact of Infrastructure Investments and Services Supported

GRI Indicator <G4-EC7>

During the year 2015, through financing the existing and new clients MTB has created economic impact in the three dimensions:

- a) Job Creation
- b) Contribution to economic growth
- c) More revenue to the national exchequer from growth of businesses of MTB and its clients

	Amount in BDT	
Concentration of Loans and Advances	2015	2014
Agriculture	2,504,645,545	1,150,828,592
SME loans	12,304,687,229	4,918,472,557
Loan to Other Industries (Total, excluding Agri & SME)	80,849,058,180	69,060,674,316

## SME investment by MTB:

Keeping rural development in mind, MTB has developed a strong footprint in financing Women Entrepreneurs, providing collateral free loans to SMEs and financing rural SMEs in Bangladesh. MTB won two prestigious awards given for the first time, jointly by Bangladesh Bank and the SME Foundation – "SME Bank of the Year 2014" as well as "Women Entrepreneur Friendly Bank of the Year 2014" at the SME Financing Fair 2014. This award is a recognition of the bank's outstanding contributions to the development of small and medium enterprises (SMEs) in Bangladesh.

## SME Financing in 2015 (Jan-Dec):

Segment	Outstanding (BDT Million)	Percentage of total (%)
SME	5318.79	57.33%
Agri (including Microfinance)	3,375.69	36.38%
Green Energy	583.25	6.29%
Total	9,277.73	100.00%

## **MTB SME Products:**

MTB SME Banking Division serves clients through a wide array of products .The products are designed to fulfill the different needs of the cottage, micro, small and medium enterprises as well as extend support to agriculture and inclusive banking.

Deposit Products	SME Generic Products	Sector Specific Products
MTB Probaho	MTB Small Business Loan	MTB Krishi
<ul> <li>MTB Buniad</li> </ul>	MTB Revolving	<ul> <li>MTB Krishijat</li> </ul>
	MTB Digoon	MTB Microfinance
	MTB Mousumi	MTB IT Genius
		MTB Gunabati
		MTB Bhagyabati
		MTB Youth Line
		MTB Light Engineering
		MTB Green Energy

## Significant indirect economic impacts

#### GRI Indicator <G4-EC8>

#### Green Financing through MTB Green Energy:

As a commitment towards developing sustainable energy finance the bank has developed a dedicated product called **MTB Green Energy** loan. This is an environment friendly Green Credit product that enables the customers to set up renewable energy projects and any other potential renewable plants and help reduce the carbon footprint in the country. Last year MTB disbursed Green Finance BDT 664.17 million to its customers.

	BDT Million	
MTB Green Energy	2015	2014
disbursed	664.17	344.80



## Smart Technology for Protecting Environment Pollution:

Traditional brick fields are one of the sources of environment pollution. Government, International Agencies and Bangladesh Bank are working for introduction of new, environment friendly technology for manufacturing of bricks. In line with government policy, last year MTB financed a state of the art automated and machine made brick producing project. At partial production capacity the factory is producing 9 million pieces brick per year.

#### Green Energy: Financing Renewable and Sustainable Energy Efficiency

		Taka in Million
Sector	2015	2014
Brick Field (Environment friendly technology)	133.32	280.00
Solar Home System	0.00	0.00
Solar irrigation Plant	1.15	64.80
Effluent Treatment Plant (ETP)	520.20	0.00
Production of Burnable Oil from waste Tire by the	9.50	0.00
Process of Pyrolysis		
Total	664.17	344.80

#### Other Green Banking Initiatives at MTB

1. Online Banking	Number
<ul> <li>Number of ATM</li> </ul>	198
<ul> <li>Number of branches with online coverage</li> </ul>	106
<ul> <li>Number of accounts availing internet banking</li> </ul>	32,171
2. Number of branches powered by solar energy	9
3. Number of ATM booths powered by solar energy	9

## MTB Agri Financing and Inclusive Banking:

MTB achieved and extended its targets assigned by Bangladesh Bank for financing in the agri sector. It has a dedicated agri cell through which the bank provides financial support to the farmers at preferential rate assigned by Bangladesh Bank time to time. As recognition of agri support, MTB received appreciation letter from Bangladesh Bank for achieving agri loan disbursement target for the FY 2014-2015.



#### **Financial Services for farmers:**

	2015	2014
Number of 10 tk. (for farmers)	1,002*	2,034*
account opened in		

\*Number based on MTB Shanchay Account opened in 2014 & 2015.

## Agri Financing: Sector Specific Disbursement

SL.	Sector	<b>2015 (Jan - Dec, 2015)</b> Taka in Million		<b>2014 (Jan - Dec, 2014)</b> Taka in Million	
		Disbursement	Outstanding as on Dec 2015	Disbursement	Outstanding as on Dec 2014
1.	Crops	755.02	1421.907	571.18	920.85
2.	Fisheries	159.20	370.117	142.90	279.25
3.	Livestock	336.63	925.643	379.97	860.65
4.	Irrigation Tools	28.47	32.67	19.80	65.25
5.	Agricultural Tools	96.90	115.982	46.07	62.19
6.	Crop storage	23.91	31.782	7.60	15.74
7.	Poverty Alleviation	95.65	352.156	147.81	436.71
8.	Spices & others	0.00	1.04	3.00	1.25
9.	Others	75.88	124.39	16.44	42.61
	Total	1,571.66	3375.69	1,334.76	2684.50

## **Aspect: Procurement Practices**

# Proportion of spending on local suppliers at significant locations of operation

MTB's spending do not vary subject to suppliers' locality.

< G4-EC9>

GRI Indicator <G4-EC9>

## **CATEGORY: ENVIRONMENT**

<G4-EN1> to <G4-EN34> <G4-FS1> to <G4-FS11>

Aspect: Materials Aspect: Energy Aspect: Water Aspect: Biodiversity Aspect: Emission



## **Aspect: Materials**

## Materials used by weight or volume

- Paper is the most widely used material in producing the bank's services. Consumption of paper is estimated at <G4-EN7>.
- Other materials are not reported in this report. Material usage reporting will be widened gradually in upcoming reports.

## Percentage of materials used that are recycled input materials

• Currently no material except water is recycled in the process.

Total Unit

MTB has water recycling process partially in some premises however the data tracking has not yet started.

## **Aspect: Energy**

Fuel / Source Type

## **Energy Consumption within the Organization**

The bank consumed **<u>13.69 million mega joules</u>** of energy in the year 2015 by using fuels, natural gas and electricity. The table below shows the detail:

Mega Joules

Diesel (in Liters)	15,696.13	565,060.68	
CNG (in m <sup>3</sup> )	4,494.00	169,877.69	
Octane (in Liters)	40,217.10	1,286,947.20	
Electricity (KWH)	3,240,020.00	11,664,072.00	
Total	-	13,685,957.57	
Conversion Source: http://www.epa.gov/cmop/resources/converter.html and http://www.convertworld.com/en/			

## **Energy Consumption outside of the organization**

In banking business, there is no scope as of date to consume energy outside of the organization's premises.

Energy consumption outside of	Total Unit	Mega Joules
the organization	0	0

## <G4-EN1> to <G4-EN2>

## GRI Indicator <G4-EN1>

GRI Indicator <G4-EN2>

## GRI Indicator <G4-EN3>

The car pool of the

bank has 24 cars and

02 motor bikes that consumed diesel,

CNG and octane for

running a total of

<u>281,932.00</u> KM in the year <u>2015.</u>

<G4-EN3> to <G4-EN7>

GRI Indicator <G4-EN4>

## **Energy Intensity**

## GRI Indicator <G4-EN5>

Fuel / Source Type	Mega Joules	Per employee* power consumption in <b>2015</b>	Per day* power consumption in <b>2015</b>
		(mega joules)	(mega joules)
Electricity (KWH)	11,664,072.00	6,829.08	32,400.20
Octane (in Liters)	1,286,947.20	753.48	3,574.85
Diesel (in Liters)	565,060.68	330.83	1,569.61
CNG (in m <sup>3</sup> )	169,877.69	99.46	471.88
Total	13,685,957.57	8,012.86	38,016.55
* Total Employee in Dec 2015		1708	
** Days in year		360.00	

## **Reduction of Energy Consumption**

## **Corporate Head Office Premises**

For ensuring a greener and an environmental friendly bank in true sense, MTB Centre, MTB Tower, Corporate Head Offices of the bank have been designed as truly green buildings



with motion censored lighting. No human intervention is needed to turn lights off and on.

#### Solar power & Rain water

Solar Power and rain water harvesting systems are installed on the roof top of MTB Centre and MTB Tower. Eco-friendly carpets, a carpet made of natural fibers without any chemical treatments, are used in both the building premises. Total environment is designed in a way that can reduce energy consumption significantly. MTB has installed 09 (nine) solar powered branches and 09 (nine) solar powered ATMs which save energy consumption significantly compared to other conventional banking outlets.

## M-Net the communication hub

The bank has an exclusive and very effective intranet system, called as M-Net which is one of the best solutions 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. All the Bangladesh Bank (BB) and MTB circulars are instantly circulated through i-mail. Most of the communications within the bank has become absolutely online. Electronic communication substantially reduces paper consumption thereby reduce deforestation.

To further reduce paper consumption, various information is posted on the intranet with the aim to increase employee awareness on the subject. All MTB outlets across the country send e-cards on 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 avoid papers.

## GRI Indicator <G4-EN6>

#### MTB Green Initiatives:

In compliance with Bangladesh Bank's guidelines, MTB has formed Green Banking Cell aiming to develop green banking policies, planning and overseeing the overall green banking activities of the bank. To ensure Green Banking practices in the bank, MTB has introduced "Green Banking Policy" as instructed by Bangladesh Bank.



# Reductions in Energy Requirements of Products and Services

GRI Indicator <G4-EN7>

#### **SMS Banking facilities:**

MTB offers SMS Banking services to customers that offers basic banking services to customers for a very little use of energy.

#### Internet banking facilities:

MTB offers Internet Banking services for free of cost to all customers. This service also uses much less energy compared to conventional banking.

#### MTB App for Android and iPhones:

MTB has its own App to be used for Internet banking at smart phone or similar devices that run on android OS or OSX. The App is free to use and use of the App enables the customer to pay bills, transfer funds and recharge mobile balance. Use of the App involves few energy compared to conventional banking.

#### MTB's Solar Power Capacity:

MTB has installed solar power panels at its Corporate Head Offices, branches and ATM booths. By 2015, total capacity installed is 44.6 KW of solar panel that reduces total power consumption by the bank.

	Year 2015
Name of the Branch	Solar Power Capacity (KWH)
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
Total	44600 W = 44.6 KW

## Enhancement of the Corporate Intranet (MNet) has reduced Energy Consumption:

The internal web-portal for communication and information sharing was revived this year (2015) as 'MNet', and it has seen a number of enhancements in the year. This home-grown system is used as the most convenient tool for knowledge management, communication across its various constituents for better sharing of information, user empowerment and system intelligence. MTB Corporate Intranet was officially launched on 21 Aug 2007 and holds various applications like:



<ul> <li>E-Attendance</li> </ul>
<ul> <li>MTB News</li> </ul>
<ul> <li>MTB Notice-board</li> </ul>
<ul> <li>External News (RSS integrated)</li> </ul>
<ul> <li>Staff News</li> </ul>
<ul> <li>Event Photo Albums</li> </ul>
<ul> <li>Department Homepages</li> </ul>
<ul> <li>Branch Homepages</li> </ul>
<ul> <li>Dictionaries</li> </ul>
<ul> <li>E-Signature Booklet</li> </ul>
<ul> <li>Forex-Rates</li> </ul>
<ul> <li>MTB Trivia (Quiz)</li> </ul>
<ul> <li>MTB E-Learning</li> </ul>
<ul> <li>Branch Reporting with monitoring</li> </ul>
<ul> <li>iMail with message readability tracking</li> </ul>
<ul> <li>Employees Salary Statement, Tax Statement, PF Statement, A/C Statement, Engagement statistics etc.</li> </ul>
<ul> <li>Dashboards (Staff Anniversary, Staff on Leave, BACH-EFT Dashboard, EFT Pending, etc.)</li> </ul>
<ul> <li>Deposit Contribution Tracker</li> </ul>
<ul> <li>Contractual Staff Management</li> </ul>
<ul> <li>Deposit Dash Board</li> </ul>
and many more

MNet saved a large number of paper works equivalent to 4,500,896 sheets or 9,002 reams of A4 paper. Saving 9000 reams of A4 paper is equivalent to saving 163 MWH of embodied energy and 102 tons of associated  $CO_2$  emissions.

Environment saved through omitting possible paper consumption	Paper Saved in <b>2015</b>	
No. of Sheets of A4 paper	4,500,895.60	
Energy saved in KWh (embodied energy)	162,932.42	
CO <sub>2</sub> emission in tones saved	101.67	
Saved amount of land required to sequester the $CO_2$ (ha)	19.32	
Source: http://c.environmentalpaper.org/		

## **Aspect: Water**

## Total water withdrawal by source

Banking business does not require water withdrawal for producing products and services like manufacturing units. Therefore, this indicator is Not Applicable for MTB.

Water sources significantly affected by withdrawal of water GRI Indicator <G4-EN9>

Banking business does not require water withdrawal for producing products and services like manufacturing units. Therefore, this indicator is Not Applicable for MTB.

## Water Recycled and Reused (Percentage and Total Volume)

There are water recycling systems in two of the premises at MTB. Data tracking process has not yet started in those two water recycling systems. Both the systems collect rain water and feed into the main water supply.

Aspect: Biodiversity	<g4-en11> to <g4-en14></g4-en14></g4-en11>
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Not Applicable	GRI Indicator <g4-en11></g4-en11>
Description of significant impacts of activities, products, and services on biodiversity Not Applicable	GRI Indicator <g4-en12></g4-en12>
Habitats protected or restored Not Applicable	GRI Indicator <g4-en13></g4-en13>
IUCN red list species and national conservation list species with habitats in areas affected by operations Not Applicable	GRI Indicator <g4-en14></g4-en14>

<G4-EN8> to <G4-EN10>

GRI Indicator <G4-EN8>

GRI Indicator <G4-EN10>

## Aspect: Emissions

## Direct greenhouse gas (GHG) emissions (scope 1)

	Units	CO <sub>2</sub> Emissions in Tonnes		
Electricity (KWH)	3,240,020.00	4,406.69		
Octane (Liters)	40,217.10	119.12		
Diesel (Liters)	15,696.13	52.3		
CNG (m3)	4,494.00	2,425.85		
Total	-	7,003.96		
Conversion Standards:				
http://www.epa.gov/cmop/resources/converter.html				
http://www.convertworld.com/en/				

## Indirect greenhouse gas (GHG) emissions (scope 2) Not Reported

## Other Indirect greenhouse gas (GHG) emissions (scope 3) Not Reported

## **Greenhouse gas (GHG) emissions intensity**

	Average CO <sub>2</sub> Emissions in Tonnes		
	Per employee Per day		
Electricity (KWH)	2.58	12.07	
Octane (Liters)	0.07	0.33	
Diesel (Liters)	0.03	0.14	
CNG (m3)	1.42	6.65	
Total	4.10	19.19	

## **Reduction of greenhouse gas (GHG) emissions**

	Per Employee GHG E		
	2015 2014		Change %
Electricity (KWH)	2.58	9.56	73.0%
Octane (Liters)	0.07	0.06	-16.7%
Diesel (Liters)	0.03	1.32	97.7%
CNG (m3)	1.42	1.75	18.9%
Total	4.10	12.76	67.9%

## <G4-EN15> to <G4-EN21>

## GRI Indicator <G4-EN15>

GRI Indicator <G4-EN16>

GRI Indicator <G4-EN17>

GRI Indicator <G4-EN18>

GRI Indicator <G4-EN19>

**Emissions of ozone-depleting substances (ODS)** Not Applicable

NOX, SOX, and other significant air emissions Not Applicable GRI Indicator <G4-EN20>

GRI Indicator <G4-EN21>

## Aspect: Effluents and Waste

< G4-EN22> to < G4- EN26>

Banking business does not produce effluents and waste similar to manufacturing units. Therefore, this indicator is Not Applicable for MTB.

Total water discharge by quality and destination Not Applicable	GRI Indicator <g4-en22></g4-en22>
Total weight of waste by type and disposal method Not Applicable	GRI Indicator <g4-en23></g4-en23>
Total number and volume of significant spills Not Applicable	GRI Indicator <g4-en24></g4-en24>
Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the basel convention2 annex i, ii, iii, and viii, and percentage of transported waste shipped internationally Not Applicable	GRI Indicator <g4-en25></g4-en25>
Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff Not Applicable	GRI Indicator <g4-en26></g4-en26>

Aspect: Products and Services	< G4-EN27> to < G4- EN28>
Extent of impact mitigation of environmental impacts of products and services Not Reported	GRI Indicator <g4-en27></g4-en27>
Percentage of products sold and their packaging materials that are reclaimed by category Not Reported	GRI Indicator <g4-en28></g4-en28>
Aspect: Compliance	< G4- EN29>
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations No fines were paid for non-compliance in the year 2015.	
Aspect: Transport	< G4- EN30>
Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce Not Reported	
Aspect: Overall	< G4- EN31>
Total environmental protection expenditures and investments by type Not Reported	
Aspect: Supplier Environmental Assessment	< G4-EN32> to < G4- EN33>
Percentage of new suppliers that were screened using environmental criteria Not Reported	GRI Indicator <g4-en32></g4-en32>
Significant actual and potential negative environmental impacts in the supply chain and actions taken Not Reported	GRI Indicator <g4-en33></g4-en33>

## Aspect: Environmental Grievance Mechanisms

Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms Not Reported

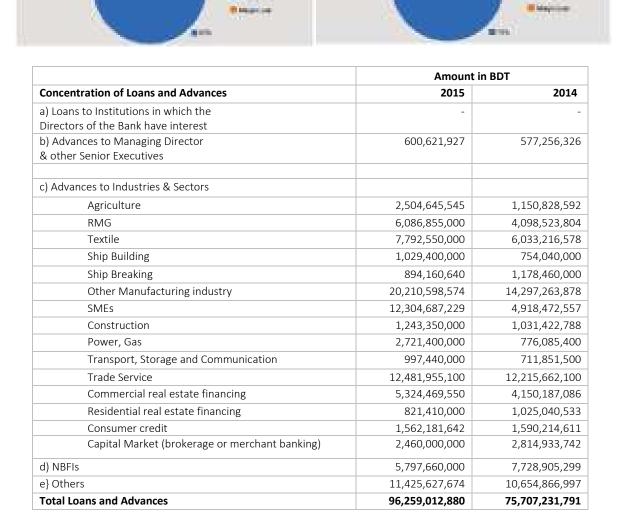
# Aspect: Product responsibility disclosures for the financial services sector

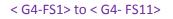
Policies with specific environmental and social components These issues are discussed under indicator G4-45 in this report.

# Portfolio for Business Lines by Specific Region, Size and Sector

0045.

Loans and Advances by Business Size:





GRI Indicator <G4-FS1 to G4-FS5>

GRI Indicator <G4-FS6>

1017-0

in the party

# Products and Services delivering social benefits broken down by purpose

## Mutual Trust Bank Ltd. Marine Ledice in Source Millions Mutual Trust Bank Ltd. MTB Craduate School L BANKING

BANKING

## GRI Indicator <G4-FS7>

## MTB School Banking

MTB has designed its school banking products for the students. MTB organizes school banking campaigns in different local school throughout the year.

At the program, kids can open a bank account and have a hands-on banking experience and can learn about the habit for savings.

## MTB SME Financing for Women Entrepreneur:

MTB has taken a comprehensive plan for increased credit lines with special focus on potential women entrepreneurs as par policy guidelines of Bangladesh Bank. **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.

In 2015 MTB disbursed loan BDT 221.10 million to Women Entrepreneurs.

Products and Services delivering environmental benefits broken down by purpose

GRI Indicator <G4-FS8>

## Use of IT based Infrastructure to provide automated service:

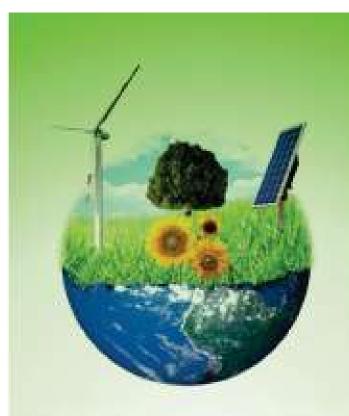
MTB provides online banking service through its core banking system. Now banking is paperless and faster. MTB Internet banking allows customers pay bills and transfer funds none of which generates any paper receipts. MTB ATM machines offer 24/7 services to the customers. Alternative Delivery Channels like ATM, Debit/Credit Card, Internet Banking, SMS Banking etc. are ensuring modern banking facilities. MTB thrives to be ahead of technology to offer services and protect environment.

## **MTB Green Finance:**

MTB Green Finance is the Green financing product for specialized projects that focus on renewable energy sources. Green finance is designed for financing installation of solar power plant, bio-gas plant and other renewable energy plants.



Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	GRI Indicator <g4-fs9></g4-fs9>
Not Reported	
Companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	GRI Indicator <g4-fs10></g4-fs10>
Not Applicable	
Percentage of assets subject to positive and negative environmental or social screening	GRI Indicator <g4-fs11></g4-fs11>
Not Applicable	



## **CATEGORY: SOCIAL**

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK SUB-CATEGORY: HUMAN RIGHTS SUB-CATEGORY: SOCIETY (COMMUNITY)

MTB Sustainability Report 2015

## LABOR PRACTICES AND DECENT WORK

## **Aspect: Employment**

Demography of total Employees, hiring and turnover



<G4-LA1> to < G4- LA3>

<G4-LA1> to < G4- LA13>

GRI Indicator <G4-LA1>

## Total New Recruitment in 2015 by Gender

New Recruitment	Male	Female
Number of Employee	216	59
Percentage	78.5%	21.5%
Total	2	75

## Total New Recruitment in 2015 by Gender, Age group

Age Group	Male	Female	Total	Percentage
Below 30 years	118	43	162	58.91%
30 years to 40 years	78	14	92	33.45%
40 years to 50 years	16	02	18	6.55%
50 years and above	04	00	04	1.45%
Total	216	59	275	100.00%

## Total New Recruitment in 2015 by Region (of posting)

Place of Posting	Male	Female	Total	Percentage
Dhaka	139	50	189	68.73%
Chittagong	42	07	49	17.82%
Rajshahi	12	00	12	4.36%
Rangpur	07	00	07	2.55%
Khulna	06	00	06	2.18%
Sylhet	04	02	06	2.18%
Barisal	06	00	06	2.18%
Total	216	59	275	100%



## Total Number of employees in 2015 by Age group & Managerial position

Total employees	Exec	Executive		Non-Executive		Total	
	Male	Female	Male	Female	Male	Female	
Below 30 years	0	1	237	101	237	102	
30 years to 40 years	57	7	831	174	888	181	
40 years to 50 years	115	6	88	34	203	40	
50 years and above	49	0	8	0	57	0	
Total	221	14	1164	309	1385	323	

Region of posting	Male	Female	Total	Percentage
Dhaka	994	289	1283	75.12%
Chittagong	231	18	249	14.58%
Rajshahi	55	06	61	3.57%
Rangpur	32	01	33	1.93%
Khulna	25	02	27	1.58%
Sylhet	31	07	38	2.22%
Barisal	17	00	17	1.00%
Total	1385	323	1708	100%

## Total Number of employees in 2015 by Gender & Region of posting

Benefits exclusively provided to full-time employees by locations

GRI Indicator <G4-LA2>

## Compensation and Benefits:

MTB has fixed salary structure approved by authority and a job applicant has the bargaining power to negotiate during the recruitment session. The benefits to the full time employee are equal for everyone irrespective of location. MTB does not employ part time employee. Apart from monthly salary employees are entitled to following benefits:

Employee House Building Loan	Gratuity Scheme
Employee Car Loan	Reward to Employees' Meritorious Children
Medical Assistance Fund	Day-Care facilities to Employee Children
Employee Provident Fund	

## MTB Employees' Service Benefit Fund – 2015

Name of the Funds	No. of employees benefited	Total disbursement in BDT
Employees' Provident Fund	38	27,098,479.00
Employees' Gratuity Fund	19	23,373,347.00
Employees' Welfare Fund	27	1,542,000.00
Employees' Medical Assistance Fund	227	6,533,892.00
Employees' Death Benefit Plan	0	-
Other (If any)	23	8,614,312.00
Total		67,162,030.00

## MTB Employees' Other Perks & Benefits

Company car for Top Level Executives	Employee loan at reduced interest rate
Car loan scheme for Executives	<ul> <li>Mobile phone allowance (handset &amp; tariff)</li> </ul>
Car maintenance allowance	Festival bonus
Employee Provident Fund	Reward to Employees' Meritorious Children
Employee House Building Loan Scheme	Leave fare assistance

## Retention rates after parental leave, by gender Not reported.

GRI Indicator <G4-LA3>

## **Aspect: Labor/Management Relations**

Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

Transfer of employees from one location to another is a common task for following compliance. The usual notification period of this transfer is 30 days, unless a requirement arises otherwise.

## **Aspect: Occupational Health and Safety**

# Joint management—worker health and safety committees and occupational health and safety programs

Bank employees are not usually exposed to work-related injury and occupational hazards because of its operating nature. Nevertheless, MTB also remains cautious so that hazardous work conditions can be avoided by standard procedures and its policies.

MTB has formed a rescue team comprised of members from every floor at the head office premises. The team works in line with MTB's Group Security & Fire Safety Department. MTB has:

First Aid Team	04
Fire Wardens	10
Deputy Fire Wardens	15
Rescue Team Members	30
Fire Marshal (Group Chief Security Officer)	01

Fire drill takes place twice a year.

## Health and safety policy:

Name of Policy	Approved on/ Signed on
MTB Security Policy	March 25, 2013
MTB Fire Safety and Firefighting Policy	February 12, 2013
Earthquake Emergency Procedure	April 24, 2013



GRI Indicator <G4-LA4>

<G4-LA5> to <G4- LA8>

<G4- LA4>

<G4-LA5>

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender Not applicable	<g4-la6></g4-la6>
Workers with high incidence or high risk of diseases related to their occupation Not applicable	<g4-la7></g4-la7>
Health and safety topics covered in formal agreements with trade unions Not applicable	<g4-la8></g4-la8>
Aspect: Training and Education	<g4-la9> to <g4- la11=""></g4-></g4-la9>
Average hours of training per year per employee by gender	<g4-la9></g4-la9>

Average hours of training per year per employee by gender, <G4-LA9>
and by employee category

Average hours of training undertaken by Employee (by gender) 2015

Employee Category	Gender	Average hours of training per Employee
Evecutive	Male	16.80 hours
Executive	Female	12 hours
Non Executive	Male	12.42 hours
Non-Executive	Female	10.95 hours

Programs for skills management and lifelong learning that support the <G4-LA10>
continued employability of employees and assist them in managing
career endings

#### Trend of Training Program

MTB Training Institute (MTBTI) provides in-house trainings. MTB also arranges domestic and foreign trainings for employees.

Training & Learning	2011	2012	2013	2014	2015
MTBTI Training	40	52	70	74	131
Outsourced Training (Local)	160	33	66	70	80
Outsourced Training (Foreign)	6	5	3	13	18
No. of Participations	858	1187	1130	1467	1530

#### Expenses for Training Program in BDT

	2011	2012	2013	2014	2015
Total Training Expenses (BDT)	8,597,668	12,051,178	7,785,898	12,534,198	10,244,364
Per Employee Cost (BDT)	6,775	9,150	5,650	7,903	5,688
Per Employee Profit Earning	949,769	1,011,641	1,470,146	1,641,336	1,560,675

# Performance and career development reviews, by gender and by employee category

Group Human Resource Division (GHRD) of MTB has a vigorous Performance Management System (PMS) for evaluating employees in terms of performance, and instill a performance-based culture within the organization, for all employees irrespective of gender. This is applicable for all full time employees.

In order to reduce carbon emission, increase efficient usage of time, and eliminate the complexity and MTB has automated the entire performance appraisal process.

### Aspect: Diversity and Equal Opportunity

# Composition of governance bodies and employees by demographics, diversity & category

#### Gender diversity among members of the Board of Directors, MTB in 2015

Gender	Number	Percentage
Male	11	91.66%
Female	1	8.34%
Total	12	100.00%

# Aspect: Equal Remuneration for Women and Men

Ratio of basic salary and remuneration of women to men

MTB is an equal opportunity employer. MTB does not discriminate based on gender, religion or job location.

<G4- LA13>

<G4- LA12>

<G4- LA12>

<G4-LA11>

<G4- LA13>

HUMAN RIGHTS Aspect: Investment Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening Not Reported	<g4-hr1> to &lt; G4- HR7&gt; <g4-hr1> to &lt; G4- HR2&gt; GRI Indicator <g4-hr1></g4-hr1></g4-hr1></g4-hr1>
Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained Not Reported	GRI Indicator <g4-hr2></g4-hr2>
Aspect: Non-discrimination	< G4- HR3>
Total number of incidents of discrimination and corrective actions taken No such discriminatory event occurred in this year.	GRI Indicator <g4-hr3></g4-hr3>
Aspect: Freedom of Association and Collective Bargaining We do not have Collective Bargaining Association (CBA) as par the norm	< G4- HR4> s of the banking industry.
Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights Not Reported	
Aspect: Child Labor Incidents of child labor MTB does not allow child labor.	< G4- HR5> GRI Indicator <g4-hr5></g4-hr5>
Aspect: Forced or Compulsory Labor	< G4- HR6>
Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	GRI Indicator <g4-hr6></g4-hr6>
NATE as a bank does not be a family service of the late	

MTB as a bank does not have forced or compulsory labor.

## **Aspect: Security Practices**

Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations Not reported < G4- HR7>

GRI Indicator <G4-HR7>

### **SOCIETY (COMMUNITY)**

### **Aspect: Local Communities**

Local community engagement, impact assessments, and development programs

"Swapno Sarathi" (স্বপ্ন সারথী) is a brand for MTB's CSR campaign of bicycle distribution amongst the underprivileged students, first Inaugurated by the then Bangladesh Bank Governor on October 25, 2015. Since the first distribution of bicycles at former enclaves in Garati, Panchagarh, MTB has so far (till Nov, 2016) presented about 1000 bicycles. The campaign aims at motivating students, mainly female, with the motto "School-e jete durotto jeno badha na hoy" (which means, *Distance should not be a barrier to school*)



by providing them with bicycles with a view to facilitating their movement to and from school.

Event / Project	Geographic coverage (district)	Number of Beneficiaries	Total Cost (BDT)
	Bogra	49	324,968
	Dhorkora Bazar	70	515,560
	Dinajpur	50	369,025
	Joypurhat	50	370,100
Shwapno Sarathi	Kadair Bazar	100	738,050
	Ramchandrapur Bazar	100	727,300
	Rangpur	50	370,100
	Sirajganj	80	592,590
	Thakurgaon	99	656,568
	Feni	50	365,800
White Cane	Faridpur	300	290,000

#### Description of the CSR Events in 2015:

GRI Indicator <G4-SO1>

<G4-S01> to < G4-S011>

#### Winter Clothes Distribution Drive 2015



Blanket distribution at Cadet College Club Ltd.



Blanket Distribution in Rajshahi

A total of 24,000 blankets were distributed in Feni, Thakurgaon, Dinajpur, Naogaon, Gaibandha, Rajshahi, Kushtia, Sirajganj, Lalmonirhat, Dhorkora Bazar, Kadair Bazar, Gournadi, Tangail and Meherpur regions of Bangladesh as winter clothes distribution drive in 2015. MTB financed the winter clothes distribution drive as a CSR activity. MTBians also contributed into collection of winter clothes for this drive.

#### Financial Support to Residents of Former Enclaves

MTB provided financial support to the farmers at Dashiar Chora (a former enclave) in Fulbari, Kurigram for their self-reliance. MTB distributed customized agricultural items to 235 selected farmers at the same place.

MTB also provides BDT 2.0 million to the people of former enclaves in Panchagarh district for building a secondary school at Garati, for improving their lifestyle.



MTB provides financial support to residents of Former enclaves at panchagarh



MTB supports the farmers of Dashiar Chorha enclave in Fulbari, Kurigram for their self-reliance

#### Other MTB CSR Projects in 2015

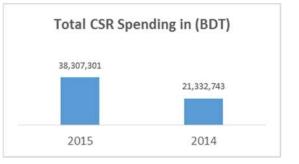
- Chobimela 2015
- Notre Dame College 1<sup>st</sup> International Nature Summit
- North South University Masters of Ideatio2015
- Ahsanullah University of Science & Technology (AUST) CSE Fest Fall 2015
- Supporting Assistance for Blind Children (ABC)
- Supporting 'White Cane Safety Day'
- Sponsorship of the campaign "Let's Clean Up the Country Day"
- Bravery Award to Constable Monir Hossain



MTB supports Assistance for Blind Children (ABC)

#### CSR Initiatives Category-wise in 2015:

Description of initiatives	Amount	No. of Beneficiaries
i. Education	173,60041	4,300
ii. Health	26,41012	1,105
iii. Disaster Management	51,41935	3,100
iv. Environment		
v. Sports	70,65000	4,050
vi. Art & Culture	12,21250	3,000
vii. Others	48,78063	21,201 (approx)
Total	383,07301	



### Significant actual and potential negative impacts on local communities

GRI Indicator <G4-SO2>

MTB does not approve any action that may have negative impacts on local communities.

Aspect: Anti-corruption	<g4-so3> to &lt; G4- SO5&gt;</g4-so3>
Total number and percentage of operations assessed for risks related to corruption and the significant risks identified <b>Not reported</b>	GRI Indicator <g4-so3></g4-so3>
Communication and training on anti-corruption policies and procedures	GRI Indicator <g4-so4></g4-so4>

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.

Prevailing laws and rules considered at MTB AML and CFT Policy:

- Money Laundering Prevention Act, 2012 (Amended 2015)
- The Anti-Terrorism Act, 2009 (Amended 2012 & 2013)
- Money Laundering Prevention Rules, 2013
- Anti-Terrorism Rules, 2013
- Money Laundering and Terrorist Financing Risk Management Guidelines by BFIU
- Other 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.

Some of the initiatives undertaken in the year 2015 as a part of its rigorous AML & CFT compliance program are as follows:

- a. MTB has revised its policy guideline in line with the Money Laundering & Terrorist Financing Risk Management Guidelines, prevailing laws of the land and BFIU circulars and instructions;
- b. MTB has developed its own ML & TF Risk Assessment Guideline entailing the ML & TF Risk Register in line with the BFIU guideline;
- c. Managing Director & CEO of the bank has issued statement of commitment in writing to all employees that clearly set forth MTB's policy against Money Laundering, Terrorist Financing & Proliferation Financing. In the year 2015, the Managing Director & CEO has made two statements, one entailing strategy, action plan, compliance & consequence of non-compliance, and the other with special focus to be more aware and highly vigilant, so that terrorists or perpetrators fail to use the bank as a channel to finance terrorism or weapon of mass destruction.
- d. MTB Anti Money Laundering Department has been reformed as 'Central Compliance Unit' (CCU) under the direct supervision of the Managing Director & CEO which consists of 8 (eight) personnel having expertise in the field of general banking and information technology.
- e. MTB has developed a customer acceptance policy approved by the Board which incorporates the detail customer due diligence procedure entailing policy for acceptance/ rejection of customer, procedures to open and operate different types of account.

- f. The CCU (Central Compliance Unit) has conducted inspection on AML & CFT compliance status of 47 (forty seven) MTB branches;
- g. MTB has further accelerated its monitoring endeavors with system based monitoring tools available at branch and CCU;
  - ✓ MTB has devised an automated sanction screening tool to perform screening against UNSCR, OFAC and domestic sanction list before establishing relationship and offering service to the customer.
  - ✓ MTB has submitted 17 (seventeen) Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR) to BFIU during the year 2015;
  - ✓ MTB has arranged Branch Anti Money Laundering Compliance Officer (BAMLCO) Conference in 2015 for all MTB BAMLCOs to guide them through the compliance strategy and action plans therein;
  - ✓ MTB conducts day long AML & CFT workshops to train all staff member of the bank irrespective of their functional area. This year it arranged 12 (twelve) workshops on AML & CFT compliance wherein total 950 MTBians availed the opportunity to enrich their knowledge on AML & CFT measures & compliance at their respective jurisdictions;
  - ✓ MTB has extended its initiative to educate the mass people by displaying awareness banner on conspicuous place of the branch and aware its clients by distributing awareness leaflets.

#### Development of Anti-Money Laundering (AML) Sanction Screening Software

Under the Bangladesh Bank AML & CFT guideline, for real-time screening of customers against UNSCR, OFAC and Domestic sanction lists MTB ITS Division developed a CBS integrated software titled as "Sanction Screening Server (3S)". The software screens an online application against the sanction lists at opening. The system facilitates search options for all the branches and users from the concerned divisions.

#### Implementation of goAML

MTB has developed a solution with its own resources, which is well known as 'goAML Middleware' to produce Cash Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) to Bangladesh Bank as per the guideline. goAML middleware is a web based application that can be accessed by the branches through a web browser. It generates XML files as required by Bangladesh Bank and uploads the data to the central bank.

#### List of Members of the Central Compliance Unit (AML Committee)

As per para (2), section 1.3 of Bangladesh Financial Intelligence Unit (BFIU) Circular no. 10 dated December 28, 2014, bank is required to set up a Central Compliance Unit (CCU) with senior executives including the Chief Anti Money Laundering Compliance Officer (CAMLCO) and DCAMLCO. Afterwards, BFIU issued Money Laundering & Terrorist Financing Risk Management Guidelines on September 10, 2015 wherein BFIU instructed (section 5.2.1) to establish CCU as a permanent setup with specific organogram like other department or division of a bank.

MTB formed Central Compliance Unit as a separate department at the organogram vide MTB Circular Letter # GHR/207/2015 dated November 03, 2015.

Number of Meeting Held at Central Compliance Unit (AML Committee) in 2015

Meeting No.	Meeting Date
Meeting – 1 (special meeting due to issuance of BFIU Circular No. 10)	29-01-2015
Meeting – 2	31-03-2015
Meeting – 3	28-06-2015
Meeting – 4	01-10-2015
Meeting – 5 (departmental meeting of CCU)	27-12-2015

#### Highlights of the meetings

- Revise the MTB Anti Money Laundering (AML) & Combating Financing of Terrorism (CFT) policy guideline and Customer Acceptance Policy
- Develop MTB Money Laundering and Terrorist Financing Risk Assessment Guideline
- Perform on-site inspection on AML & CFT compliance status of branches
- Carry out off-site monitoring of branches regarding AML & CFT compliance status
- o Develop automated sanction screening mechanism
- Conduct AML & CFT training for
  - New recruits
  - Existing employees
  - Officials of MTB Securities Limited & MTB Capital Limited
- Arrange Branch Anti Money Laundering Compliance Officer (BAMLCO) conference, 2015
- $\circ~$  Ensure submission of error free and on time reporting including Cash Transaction Report to BFIU
- Perform off-site monitoring of transactions at CCU level
- Ensure implementation of Unique Customer Identification Code at branch level
- Identify the accounts of influential persons with MTB branches and arrange post facto approval to continue relationship with them
- Design unique format of short Know Your Customer (KYC) for depositor & withdrawer of fund
- Arrange quiz as a part of e-learning

#### AML-CFT (Anti –corruption) Training

		No. of employee	No. of employees received training by category		
No. of training on	17	Executive	210		
AML-CFT in 2015	12	Non- Executive	740		
		Total	950		

# Confirmed incidents of corruption and actions taken Not reported

GRI Indicator <G4-SO5>

Aspect: Public Policy	< G4- SO6>
Total value of political contributions by country and recipient/beneficiary Not reported	GRI Indicator <g4-so6></g4-so6>
Aspect: Anti-competitive Behavior	< G4- S07>
Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes Not reported	GRI Indicator <g4-so7></g4-so7>
Aspect: Compliance	< G4- S08>
Monetary value of significant fines and total number of non- monetary sanctions for non-compliance with laws and regulations Not reported	GRI Indicator <g4-so8></g4-so8>
Aspect: Supplier Assessment for Impacts on Society	<g4-so9> to &lt; G4- SO10&gt;</g4-so9>
Percentage of new suppliers that were screened using criteria for impacts on society Not reported	GRI Indicator <g4-so9></g4-so9>
Significant actual and potential negative impacts on society in the supply chain and actions taken Not reported	GRI Indicator <g4-so10></g4-so10>
Aspect: Grievance Mechanisms for Impacts on Society	< G4- S011>
Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms Not reported	GRI Indicator <g4-so11></g4-so11>

### PRODUCT RESPONSIBILITY

# **Aspect: Customer Health and Safety**

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement Not Reported

Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes

Not Reported

# **Aspect: Product and Service Labeling**

Product and service information required by the organization's GR procedures

- Product information and recent rates and updates are circulated vide electronic notice through intranet called MNet among the employees.
- Product information for customers are served both at branch premises and the website. Branch premises also display different brochures and leaflets on product information, contents, limitation etc.
- Customers can call MTB's 24/7 Contact Centre for personal query.
- Following information are displayed in prominent and visible places of the branch premises:
  - $\checkmark$   $\,$  Interest rates on all deposit and loan products
  - ✓ Latest schedule of charges
  - ✓ Buying and selling rates of foreign currencies
  - ✓ Credit rating and financial information of the bank
  - ✓ Contact details of the bank's Central Customer Service and Complaints Management Cell
  - ✓ Banking hours and holiday notices

Total number of incidents of non-compliance with regulations	GRI Indicator <g4-pr4></g4-pr4>
and voluntary codes concerning product and service information	
and labeling, by type of outcomes	
Not Reported	

# Results of surveys measuring customer satisfaction Not Reported

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GRI Indicator <G4-PR5>

<G4-PR1> to < G4-PR9>

<G4-PR1> to < G4-PR2> GRI Indicator <G4-PR1> GRI Indicator <G4-PR2>

<G4-PR3> to < G4-PR5>

GRI Indicator <G4-PR3>

Aspect: Marketing Communications	<g4-pr6> to &lt; G4-PR7&gt;</g4-pr6>
Sale of banned or disputed products MTB does not sell banned products and services.	GRI Indicator <g4-pr6></g4-pr6>
Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes Not Reported	GRI Indicator <g4-pr7></g4-pr7>
Aspect: Customer Privacy	< G4-PR8>
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	GRI Indicator <g4-pr8></g4-pr8>
MTB has never had any incident of breaches of customer privacy or an	y loss of customer data.
Aspect: Compliance	< G4-PR9>
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of	GRI Indicator <g4-pr9></g4-pr9>

No such fine was charged.

products and services

# **GRI Index 4.0**

		☑ Rep	Key: oorted Fully
		the second s	ot Reported
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	opportunities	$\checkmark$	11-12
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G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change		49
G4-EC3	Coverage of the organization's benefit plans		49
G4-EC4	Financial Assistance from Government	×	49
Aspect: Market P			-
G4-EC5	Standard entry level wage by gender compared to local minimum wage at significant locations of operation	MTB's wages do not vary by gender or Location of operation	50
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	MTB offers equal opportunity to all employees irrespective of location of operation	50
Aspect: Indirect E	conomic Impacts		
G4-EC7	Development and Impact of Infrastructure Investments and Services Supported	$\checkmark$	51
G4-EC8	Significant indirect economic impacts Green Financing through MTB Green Energy		52-53
Aspect: Procuren			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	MTB's spending do not vary subject to suppliers' locality	53
Category: ENVIR			
Aspect: Materials			
G4-EN1	Materials used by weight or volume	$\overline{\checkmark}$	55

G4-EN2	Percentage of materials used that are recycled input materials	$\checkmark$	55
Aspect: Energy			
G4-EN3	Energy Consumption within the Organization		55
G4-EN4	Energy Consumption outside of the organization	$\overline{\checkmark}$	55
G4-EN5	Energy Intensity	$\checkmark$	56
G4-EN6	Reduction of Energy Consumption		56-57
G4-EN7	Reductions in Energy Requirements of	V	50-57
04-117	Products and Services	$\checkmark$	57-58
Aspect: Water			
G4-EN8	Total water withdrawal by source	×	59
G4-EN9	Water sources significantly affected by		
	withdrawal of water	×	59
G4-EN10	Water Recycled and Reused (Percentage and Total Volume)	$\checkmark$	59
G4-EN11	Operational sites owned, leased, managed in,		59
	or adjacent to, protected areas and areas of		
	high biodiversity value outside protected	×	
	areas		
G4-EN12	Description of significant impacts of		
	activities, products, and services on	×	59
	biodiversity		
G4-EN13	Habitats protected or restored	×	59
G4-EN14	IUCN red list species and national		
	conservation list species with habitats in	×	59
	areas affected by operations		
Aspect: Emission	ons		·
G4-EN15	Direct greenhouse gas (GHG) EMISSIONS		60
	(scope 1)	$\checkmark$	60
G4-EN16	Indirect greenhouse gas (GHG) EMISSIONS (scope 2)		60
G4-EN17	Other Indirect greenhouse gas (GHG) EMISSIONS (scope 3)		60
G4-EN18	Greenhouse gas (GHG) EMISSIONS INTENSITY		60
G4-EN19	Reduction of greenhouse gas (GHG)		
04-LINIJ	emissions	$\checkmark$	60
G4-EN20	Emissions of ozone-depleting substances		
G4 LINZO	(ODS)	×	61
G4-EN21	NOX, SOX and other significant air emissions	×	61
Aspect: Effluer	its and Waste		
G4-EN22	Total water discharge by quality and	×	62
	destination	^	02
G4-EN23	Total weight of waste by type and disposal	×	62
	method	^	02
G4-EN24	Total number and volume of significant spills	×	62
G4-EN25	Weight of transported, imported, exported,		
	or treated waste deemed hazardous under		
	the terms of the basel convention2 annex i, ii,	×	62
	iii, and viii, and percentage of transported		
	waste shipped internationally		
G4-EN26	Identity, size, protected status, and		
	biodiversity value of water bodies and related	×	62
	habitats significantly affected by the	0	02
	organization's discharges of water and runoff		
	ts and Services		
G4-EN27	Extent of impact mitigation of environmental		63
	impacts of products and services		0.0

G4-EN28			
	Percentage of products sold and their		
	packaging materials that are reclaimed by		63
	category		
Aspect: Complian	<u>ורכפ</u>		
G4-EN29	Monetary value of significant fines and total		
	number of non-monetary sanctions for non-	No fines were paid for non-	63
	compliance with environmental laws and	compliance in the year 2015	05
	regulations		
Aspect: Transpor			
G4-EN30	Significant environmental impacts of		
	transporting products and other goods and		
	materials for the organization's operations,		63
	and transporting members of the workforce		
Aspect: Overall	and datisporting memoers of the workforce		
G4-EN31	Total anvironmental protection evpenditures		
G4-EN31	Total environmental protection expenditures		63
	and investments by type		
	Environmental Assessment		[
G4-EN32	Percentage of new suppliers that were		63
	screened using environmental criteria		
G4-EN33	Significant actual and potential negative		
	environmental impacts in the supply chain		63
	and actions taken		
Aspect: Environn	nental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental		
	impacts filed, addressed and resolved		64
	through formal grievance mechanisms		
Aspect: Product	responsibility disclosures for the financial service	es sector	
G4-FS1 to G4-			
FS5	social components	$\checkmark$	39, 65
G4-FS6	Portfolio for Business Lines by Specific		
64-F30		$\checkmark$	65
C 4 557	Region, Size and Sector		
G4-FS7	Products and Services delivering social	$\overline{\checkmark}$	66
	benefits broken down by purpose		
G4-FS8	Products and Services delivering social		66
	benefits broken down by purpose		
G4-FS9	Coverage and frequency of audits to assess		
	implementation of environmental and social		67
	policies and risk assessment procedures		
G4-FS10	Companies held in the institution's portfolio		
	with which the reporting organization has	×	67
	interacted on environmental or social issues		
G4-FS11	Percentage of assets subject to positive and		67
	negative environmental or social screening	×	67
Category: SOCIAI			
Aspect: Employm			
G4-LA1	Demography of total Employees hiring and		
CT LILL	turnover	$\checkmark$	69-70
G4-LA2	Benefits exclusively provided to full-time		
UH-LAZ		$\checkmark$	70
C4 1 4 2	employees by locations		
G4-LA3	Retention rates after parental leave, by		70
	gender		
Acport Lobor /M	anagement Relations		
	Minimum notice periods regarding	_	
G4-LA4			
	operational changes, including whether	$\checkmark$	71
	operational changes, including whether these are specified in collective agreements	V	/1
			/1
G4-LA4	these are specified in collective agreements	✓	71

G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-	×	71
	related fatalities, by region and by gender		
G4-LA7	Workers with high incidence or high risk of	×	71
G4-LA8	diseases related to their occupation Health and safety topics covered in formal	×	71
	agreements with trade unions	^	71
Aspect: Training	and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	$\checkmark$	72
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	V	72-73
G4-LA11	Performance and career development reviews, by gender and by employee category	V	73
G4-LA12	Composition of governance bodies and employees by demographics, diversity & category	V	73
Aspect: Equal Re	muneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men	MTB is an equal opportunity employer. MTB does not discriminate based on gender, religion or job location	73
Category: HUMA	N RIGHTS		
Aspect: Investme	ent		
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		74
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		74
Aspect: Non-disc	rimination	· · · · · · · · · · · · · · · · · · ·	
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No such discriminatory event occurred in this year	74
Aspect: Freedom	of Association and Collective Bargaining		
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights	We do not have Collective Bargaining Association (CBA) as par the norms of the banking industry	74
Aspect: Child Lab			
G4-HR5	Incidents of child labor	MTB does not allow child labor	74
Aspect: Forced o G4-HR6	r Compulsory Labor Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	MTB as a bank does not have forced or compulsory labor	74
Aspect: Security	Practices		
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations		74

Category: SO	CIETY		
Aspect: Loca	l Communities		
G4-SO1	Local community engagement, impact assessments and development programs	$\checkmark$	76-78
G4-SO2	Significant actual and potential negative impacts on local communities	MTB does not approve any action that may have negative impacts on local communities	78
Aspect: Anti-	corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified		79
G4-SO4	Communication and training on ant- corruption policies and procedures	$\checkmark$	79-81
G4-SO5	Confirmed incidents of corruption and actions taken		81
Aspect: Publ	ic Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary		82
Aspect: Anti-	competitive Behavior		
G4-SO7	Total number of legal actions for ant- competitive behavior, ant-trust, and monopoly practices and their outcomes		82
Aspect: Com	pliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non- compliance with laws and regulations		82
Aspect: Supr	blier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were		
	screened using criteria for impacts on society		82
G4-S10	Significant actual and potential negative impacts on society in the supply chain and actions taken		82
Aspect: Griev	vance Mechanisms for Impacts on Society		
G4-S11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		82
Category: PR	ODUCT RESPONSIBILITY		
Aspect : Cust	tomer Health and Safety		
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement		83
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		83
Aspect: Prod	uct and Service Labeling		
G4-PR3	Product and service information required by the organization's procedures	$\checkmark$	83
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		83
G4-PR5	Results of surveys measuring customer satisfaction		83
-	keting Communications		
G4-PR6	Sale of banned or disputed products	MTB does not sell banned products and services	84

G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		84
Aspect: Custome	r Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	MTB has never had any incident of breaches of customer privacy or any loss of customer data	84
Aspect: Complian	ice		
G4-PR9	Monetary value of significant fines for non- compliance with laws and regulations concerning the provision and use of products and services	No such fine was charged during the reporting year	84

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