

MUTUAL TRUST BANK LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)





মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড Mutual Trust Bank Ltd.

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01 January to

Condensed Consolidated Statement of Cash Flow (Unaudited)

For the period ended 30 September 2020

In compliance with the Bangladesh Securities and Exchange Commission (BSEC) letter No. SEC/CFD/Misc/233/2004/615, dated 2 February, 2010 and the Dhaka and Chittagong Stock Exchange (Listing) Regulations, 2015, we are pleased to present the un-audited Consolidated Financial Statements of Mutual Trust Bank Limited as at and for the third quarter ended 30 September, 2020. These Consolidated Financial Statements are comprised of the financials of Mutual Trust Bank Limited including Off-shore Banking Unit and its subsidiaries i.e. MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) Limited, which are prepared as per International Accounting Standard (IAS) 34 "Interim Financial Reporting"

Condensed Consolidated Balance Sheet (Unaudited) As at 30 September 2020 30 September'2020 31 December'2019 **Property and Assets** BDT BDT 14,556,500,624 12,691,404,418 In Hand (Including Foreign Currency) With Bangladesh Bank and its agent Bank(s) (including Foreign 9,714,781,429 11,669,624,514 Balance with Other Banks & Financial Institutions 4.301.597.423 3,385,050,274 In Bangladesh Outside Bangladesh 3,245,264,645 2,737,266,881 Money at Call and Short Notice 2,890,000,000 206,800,000 34,199,538,201 35.464.015.248 Investments Government 32.136.668.263 31.064.307.864 Others 3,327,346,985 3,135,230,337 Loans and Advances 202,332,273,111 189,729,715,862 Loans, Cash Credits, Overdrafts, etc. 186,991,247,910 Bills Purchased and Discounted 1.970.059.611 2.738.467.951 Fixed Assets including Premises, Furniture & Fixtures 4,925,603,818 4,301,132,697 Other Assets 13,383,466,095 10,534,428,577 **Non-Banking Assets** 256,913,166,235 275,988,360,114 **Total Property and Assets** Liabilities and Capital Borrowing from other Banks, Financial Institutions & Agents 27,371,838,977 21,701,177,487 Deposits and Other Accounts 194,907,167,647 190,947,704,349 Current Deposits & Other Accounts 19,021,483,338 1,178,802,713 1.643.542.846 Savings Bank Deposits 34,370,359,950 29,884,510,508 Special Notice Deposits 15.644.030.154 12.933.757.149 Fixed Deposits 83.446.548.442 91.060.961.747 Deposit Products 41,245,943,05 39,074,403,799 Other Liabilities 25.671.100.980 21,174,287,503 Subordinated Debts 10,800,000,000 6,800,000,000 258,750,107,604 240,623,169,339 **Total Liabilities** Capital/Shareholders' Equity Paid-up Capital 7 386 324 180 7.034.594.460 Statutory Reserve 5.056.819.980 4.691.953.779 1 095 304 778 Share Premium 1.095.304.778 Revaluation Reserve on Investment in Securities 421.956.410 478.114.092 5,480,556 5,392,239 Foreign Currency Translation gain/(loss) General Reserve 786,777,324 786,777,324 **Retained Earnings** 2,253,888,061 16,289,867,051 **Total Shareholders' Equity** 17,238,122,022 **Minority Interest** 130,488 129,845 256,913,166,235 Total Liabilities and Shareholders' Equity 275.988.360.114 Net Asset Value (NAV) per share (2019 Restated) 22.05 23.34 30 September'2020 31 December'2019 Off-Balance Sheet Items BDT BDT **Contingent Liabilities** Acceptances and endorse 28.080.703.195 Letters of guarantee 38,757,772,490 30.336.492.151 22,398,091,176 Bills for collection 6,487,329,919 1,753,276,921 Other contingent liabilities Total Off-Balance Sheet Items including Contingent Liabilities 98,218,154,976 82.568.563.443

Managing Director & CEO

DISCLOSURE ON THIRD QUARTER UN-AUDITED **CONSOLIDATED FINANCIAL STATEMENTS 2020**

Particulars	As on 30 September 2020	As on 30 September 2019
Net Asset Value (NAV) (Million)	17,238.12	15,259.39
Net Asset Value (NAV) per share (2019 Restated)	23.34	20.66
Earnings Per Share (2019 Resatated)	1.68	1.67
Net Operating Cash Flow Per Share (2019 Restated)	0.67	12.48

Condensed Consolidated Profit and Loss Account (Unaudited) For the period ended 30 September 2020

<u>Particulars</u>	01 January to 30 September 2020 BDT	01 January to 30 September 2019 BDT	01 July to 30 September 2020 BDT	01 July to 30 September 2019 BDT	
laterat la cons					
Interest Income	12,033,804,772	13,590,472,044	3,582,726,525	4,799,822,236	
Less: Interest Paid on Deposits and Borrowings, etc.	9,218,485,009	9,494,767,227	2,812,725,604	3,537,023,665	
Net Interest Income	2,815,319,763	4,095,704,817	770,000,922	1,262,798,571	
Investment Income	2,730,206,569	1,615,936,922	838,385,259	646,495,731	
Commission, Exchange and Brokerage	1,262,989,745	1,972,129,663	482,098,976	688,470,092	
Other Operating Income	438,950,963	408,017,197	144,428,237	138,568,491	
	4,432,147,276	3,996,083,781	1,464,912,473	1,473,534,315	
Total Operating Income	7,247,467,039	8,091,788,598	2,234,913,394	2,736,332,887	
Less: Operating Expenses:					
Salary and Allowances	2,627,355,106	2,148,427,233	866,337,569	853,304,730	
Rent, Tax, Insurance and Electricity etc.	462,102,406	603,953,617	157,908,507	208,581,352	
Legal Expenses	1,437,985	2,793,027	738,774	1,060,167	
Postage, Stamps and Telecommunication etc.	11,214,285	11,623,230	3,693,920	4,102,884	
Stationery, Printing and Advertisements etc.	40,226,818	93,444,238	15,474,562	29,969,124	
Managing Director's Remuneration	16,740,725	15,511,333	5,106,825	4,884,000	
Directors' Fees	1,307,949	2,093,200	504,400	577,600	
Auditors' Fees	217,729	324,124	-	127,554	
Depreciation and Repair of Bank's Properties	564,886,767	368,726,772	196,946,692	135,305,843	
Other Expenses	836,560,494	873,043,526	304,592,177	262,761,959	
Total Operating Expenses	4,562,050,266	4,119,940,301	1,551,303,426	1,500,675,212	
Profit Before Provision	2,685,416,772	3,971,848,298	683,609,968	1,235,657,674	
Less: Provision for Loans,Investment & Other					
Specific Provision for Loans & Advances	302,753,587	1,535,899,850	(63,887,178)	645,423,200	
General Provision for Loans & Advances	335,448,658	225,788,000	265,809,073	19,824,000	
Provision for Off Balance Sheet Items	113,775,524	126,451,950	78,681,903	39,604,000	
Provision for Margin Loan & Investment in Shares	60,000,000	59,300,000	26,000,000	16,300,000	
Provision for Other Asset	-	30,000,000	-	20,000,000	
Total Provision	811,977,769	1,977,439,800	306,603,798	741,151,200	
Profit Before Tax	1,873,439,003	1,994,408,498	377,006,170	494,506,474	
Less: Income Tax Expenses	629,699,667	760,132,203	221,673,544	160,805,662	
Current Tax Expenses	738,645,812	1,330,210,501	197,840,383	411,457,699	
Deferred Tax Expenses/(Income)	(108,946,145)	(570,078,298)	23,833,161	(250,652,037)	
Net Profit After Tax	1,243,739,337	1,234,276,294	155,332,627	333,700,813	
Shareholders' of the Bank	1,243,738,694	1,234,274,267	155,332,179	333,700,397	
Minority Interest	643	2,028	448	416	
Betained Combine Brought Forward	1,243,739,337	1,234,276,294	155,332,627	333,700,813	
Retained Surplus Brought Forward	2,253,888,061	2,175,943,964	2,253,888,061	2,175,943,964	
Appropriations:	3,497,626,755	3,410,218,231	2,409,220,240	2,509,644,361	
Bonus Share Issued during the year	351,729,720	663,894,040	351,729,720		
Cash Dividend Paid during the year	351,729,722	-	351,729,722		
Transferred to Statutory Reserve	364,866,201	378,796,899	68,203,587	94,625,848	

1,068,325,643

2,429,301,112

1,042,690,939

771,663,029

1,637,557,211

30 September' 2020 30 September' 2019 BDT BDT A) Cash Flows from Operating Activities: 14,852,328,964 Interest Received 12,450,827,738 Interest Paid on Deposits, Borrowings, etc. (8,923,987,939) (7,796,222,026 12,669,442 19,754,304 Dividend Income 1,262,989,745 1,972,129,663 Fees & Commission Income Recoveries of Loans previously written off 16.416.395 42.710.800 (2.644.095.831) (2.163.938.566 Cash Paid to Employees as Salaries and Allowances Cash Paid to Suppliers (40.226.818) (93.846.120 Advance Income Tax Paid (973.218.216 (703.165.393 Cash Received from Other Operational Income 1,304,392,130 498,838,473 Cash Paid for Other Operational Expenses (1,379,282,615) (1,571,060,585) Cash Flows from Operating Activities before 1,086,484,029 5,057,529,515 Changes in Net Current Assets Loans & Advances (11.313.281.183 (15.411.662.080 (1,655,363,158) (949,473,027 Other Assets Bank Deposit (5.499.850.000) (10.899.675.000 9 212 840 630 26 328 517 167 Customers' Deposits Borrowing from Other Banks, Financial Institutions & Agents 5.670.661.490 4.295.175.874 Other Liabilities 2.990.695.245 800,908,505 (594,296,976) 4,163,791,439 9,221,320,954 **Net Cash Flows from Operating Activities** 492,187,053 B) Cash Flows from Investing Activities: (1.091.209.551 Investments in T. Bills, T. Bonds and other (7.737.569.326) Investments in Shares & Bonds (192,134,131 (165.182.109 Purchase of Premises & Fixed Asset (net) (1,122,916,123) (542,491,514) **Net Cash Flows from Investing Activities** (2.406.259.805) (8,445,242,949) C) Cash Flows from Financing Activities: Issue of new share with premium 820 598 598 4.000.000.000 Subordinated debt Dividend Paid (351,729,722) **Net Cash Flows from Financing Activities** 3,648,270,278 820,598,598 D) Net Increase in Cash and Cash Equivalents 1,734,197,527 1,596,676,602 E) Effect of Changes of Exchange Rates on Cash and 2,358,692 Cash Equivalents F) Opening Cash and Cash Equivalents 18,150,276,998 17,059,496,243 18,658,531,538 Closing Cash and Cash Equivalents (D+E+F) 19,884,562,841 The above closing Cash and Cash Equivalents include: Cash in Hand 2,976,622,990 Balance with Bangladesh Bank and its Agent Bank 9,714,781,429 10,801,450,813 Balance with Other Banks & Financial Institutions 4,301,597,423 4,471,487,459 Money at Call and Short Notice 2,890,000,000

Condensed Consolidated Statement of Changes in Equity (Unaudited) For the period ended 30 September 2020

94,625,848

2,415,018,513

Prize Bond

Net Operating Cash Flows Per Share (2019 Restated)

Particulars	Paid-up Capital	Statutory Reserve	Share Premium	Revaluation Reserve on Investment in Securities	Foreign Currency Translation Gain/(Loss)	General Reserve	Retained Earnings	Total	Minority Interest	Total
Balance as at January 01, 2020	7,034,594,460	4,691,953,779	1,095,304,778	421,956,410	5,392,239	786,777,324	2,253,888,061	16,289,867,051	129,845	16,289,996,896
Bonus Share Issued	351,729,720			-	-	-	(351,729,720)	-	-	-
Cash Dividend Paid during the year				-			(351,729,722)	(351,729,722)	-	(351,729,722)
Currency Translation differences	-			-	88,317		-	88,317	-	88,317
Revaluation Reserve transferred during the period	-			56,157,682	-		-	56,157,682	-	56,157,682
Net Profit for the period after Tax	-			-	-		1,243,738,694	1,243,738,694	643	1,243,739,337
Appropriation made during the period	-	364,866,201		-	-		(364,866,201)	-	-	-
Balance as at 30 September, 2020	7,386,324,180	5,056,819,980	1,095,304,778	478,114,092	5,480,556	786,777,324	2,429,301,112	17,238,122,022	130,488	17,238,252,510
Palaras as at 00 Cartambar 2010	0.000.004.440	4 474 004 057	F40 000 F70	400.000.000	0.504.050	700 777 004	0.007.507.000	45.050.004.050	400.470	45 050 505 400

518,828,578 403,663,802 Balance as at 30 September, 2019 6.699.294.440 4.474.801.257 <u>8,501,958</u> <u>786,777,324</u> <u>2,367,527,292</u> <u>15,259,394,652</u>



Transferred to General Reserve

Retained Surplus, Carried Forward

Earnings Per Share (EPS) (2019 Restated)







Net operating cash flow/No. of

1,561,000

19.884,562,841

1,843,400

12.48

18,658,531,538

Amount in BDT

Mutual Trust Bank Limited and Its Subsidiaries Selective Notes to the Condensed Interim Financial Statements As at and for the period ended 30 September 2020

1.0 Legal status and nature of the Bank

Mutual Trust Bank Limited (MTB) was incorporated in Bangladesh in the year 1999 as a Banking Company under the Companies Act, 1994 as a Public Limited Company, All types of commercial banking services are provided by the Bank within the stipulations laid down by the Bank Companies Act, 1991 (as amended up to date) and directive as received from the Bangladesh Bank from time to time. Registered office of the Bank is at MTB Centre, 26 Gulshan Avenue, Gulshan 1, Dhaka 1212. The Bank started its commercial business from October 24, 1999. The Bank is listed with the Dhaka and Chittagong Stock Exchanges Limited Authorized Capital of the Bank is BDT 10 billion The Bank has 118 (One Hundred and Eighteen) branches including 14 (Fourteen) SME/Agri Branches and 18 (Eighteen) sub branches all over the Bangladesh, 154 (One Hundred and Fifty Four) Agent Banking Centre, 03(Three) air lounge and 02 (Two) Booth located at Hazrat Shahjalal

1.1 Principal Activities

The principal activities of the bank are to provide all kinds of commercial banking services to its customers through its branches and offices in Bangladesh such as accepting deposits, corporate, SME and retail banking

1.2 Off-Shore Banking Unit (OBU)

The Bank obtained Off-shore Banking Unit Permission vide Letter No. BRPD (P-3)744(105)/2009-4470 dated December 3, 2009 and commenced its operation on December 07, 2009. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. The principal activities of the Unit are to provide all kinds of commercial banking services to its customers in foreign currencies approved by the Bangladesh Bank.

1.3 Subsidiary Companies

1.3.1 MTB Securities Limited (MTBSL)

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

1.3.2 MTB Exchange (UK) Limited (MTB UK)

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

1.3.3 MTB Capital Limited (MTBCL) The Bank obtained permission to embark upon Merchant Banking from the exposures.

Securities and Exchange Commission (SEC) vides its certificate 2.5 Calculation of Deferred Tax: No.MB-55/2010 dated December 06, 2010 under the Securities and Exchange Commission Act. 1993. The operation has started as on April 17, 2011.

2.0 Significant Accounting Policies

2.1 Basis of Accounting

The financial statements of the Bank as at and for the period ended 30 September 2020 have been prepared under the historical cost convention a going concern basis and in accordance with the "first schedule (Sec-38)" of the Bank Companies Act. 1991 (as amended up to date) and as per the BRPD circular no. 14 dated 25 June 2003, other Bangladesh Bank Circulars, International Financial Reporting Standards (IFRS) approved by the Institute of Chartered Accountants of Bangladesh (ICAB) as the Bangladesh Financial Reporting Council is yet to issue any financial reporting standard, The Companies Act 1994, The Securities and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges Listing Regulations 2015, The Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh, All inter-branch account balances and transactions among the Corporate Head Office and the branches have been taken into account

2.2 Basis of Consolidation The consolidated financial statements include the financial statements of

Mutual Trust Bank Limited, Off-shore Banking Units and its subsidiaries i.e. MTB Securities Limited, MTB Capital Limited and MTB Exchange (UK) imited. The consolidated financial statements are prepared to a common financial period ending 30 September, 2020.

2.3 Cash Flow Statement

Cash flow statement has been prepared in accordance with the International Accounting Standard-7 "Cash Flow Statement" under direct Ca method as recommended in the BRPD Circular no.14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh

2.4.1 Loans and Advance

Provision for Loans and Advance has been made as per directives/letter issued by Bangladesh Bank from time to time. As well as Bangladesh Bank letter Reference No. DBI-1/119/2020-1616 dated 24 June. 2020 regarding approval to defer the required provision amount over the next four years from 2020 to 2023.

2.4.2 Investment

Provisions for diminution in value of investment is made for loss arising from decrease of the value of investment in quoted shares as per directives of the

2.4.3 Off - Balance Sheet Exposures

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

	BUT
Taxable temporary difference arising from the carrying value of fixed assets	(831,064,107)
Deductibles temporary difference arising from the provision of classified loan	3,415,228,085
Net deductible temporary difference (a)	2,584,163,978
Tax rate (b)	37.50%
Closing deferred tax assets (a*b)	969.061.492
Opening deferred tax assets	860,438,349
Deferred tax income of the Bank	108,623,143
Deferred tax income of subsidiaries	323,002
Consolidated deferred tax income	108,946,145
2.6 Composition of Shareholders' Equity:	

2.6 Composition of Shareholders' Equity:	
	BDT
Paid up Capital (738,632,418 Ordinary shares @	10.00 each) 7,386,324,180
Statutory Reserve	5,056,819,980
Share Premium	1,095,304,778
Revaluation Reserve on Investment in Securities	478,114,092
Foreign Currency Translation gain	5,480,556
General Reservé	786,777,324
Retained Earnings	2,429,301,111
Total Shareholders' Equity	17,238,122,022

2.7 Net Asset Value Per Share (NAVPS): Net assets value (NAV) per share as of Q3 2020: BDT 23.34 which was BDT 22.05 (Restated) in December 2019. Calculation of the NAVPS furnished

	f shares outstanding
	<u>BDT</u>
otal net assets value (a)	17,238,122,022
umber of shares outstanding as of 30 September 2020	(b) 738.632.418

2.8 Earnings Per Share (EPS)

The Bank calculates EPS in accordance with International Accounting Standard (IAS) 33 "Earning per Share" which has been shown in the profit and loss account. EPS as of Q3 2020: BDT 1.68 as against BDT 1.67 (Restated, Original EPS: BDT 1.90) of Q3 2019. EPS has increased compared to the same period of last year due to lower requirement of loan loss provision & increase of investment income. Calculation of EPS as of Q3 2020 is as under:

Calculation of Basic EPS:

Net profit after tax (a)

ulation of NAVDS

Net asset value per share (a/b)

Net profit after tax/ No. of shares outstanding Weighted average number of shares outstanding (b) 738.632.418

23.34

2.9 Net Operating Cash Flows Per Share (NOCFS)

NOCFS for the period has stood at BDT 0.67 compare to the same period of last year of BDT 12.48 [Restated, Original NOCFS: BDT 13.76] mainly due to reduction of gap between collection of deposits / fund and deployment of fund through advances over the same period of previous year. Calculation of NOCFS as of Q3 2020 is as under:

Calculation of NOCFPS:

shares outstanding BDT Total net operating cash flows (a) 492,187,053 Number of shares outstanding as of 30 September 2020 (b) 738,632,418 Net operating cash flow per share (a/b)

2.10 Reconciliation of statement of cash flows from operating activities 01 January to 01 January to September' 2020 September' 2019

	Profit before provision	2,685,416,772	3,971,848,298
-	Adjustment for non-cash items		
-	Depreciation on fixed assets	450,985,132	249,904,470
	Amortization on software	44,348,270	18,303,249
	Interest on lease liability	76,573,955	
	•	571,907,357	268,207,719
)	Adjustment with non-operating activities	es	
)	Recovery of written of loan	16,416,395	42,710,800
	Accounts Receivable	(1,509,732,211)	(487,405,607)
	Accounts Payable on deposits	217,923,115)	1,698,545,276
	Loss on sale of share	17,483	(677,922)
	Loss on sale of assets	3,111,600	(1,715,017)
	Loss on revaluation of Government Securities	74,641,733	269,181,361
-		(1,197,621,885)	1,520,638,891
-	Changes in operating assets and liabilit	ies	
	Changes in loans & advances	(11,313,281,183)	(15,411,662,080)
Γ	Changes in deposits & other accounts	3,712,990,630	15,428,842,167
d	Changes in borrowings	5,670,661,490	4,295,175,874
	Changes in other accete	(1 655 363 158)	(949 473 027)

ondinged in borrowinge	0,010,001,100	1,200,170,071
Changes in other assets	(1,655,363,158)	(949,473,027)
Changes in other liabilities	2,990,695,245	800,908,505
•	(594,296,977)	4,163,791,439)
Income tax paid	(973,218,216)	(703,165,393)
·	492,187,053	9,221,320,954

2.11 Reporting Period These financial statements cover the period from 01 January to 30 September, 2020.

a) These financial statements are presented in BDT, which is the bank's

functional currency. Figure appearing in these financial statements have been rounded off to the nearest BDT. b) Figures of the previous year have been rearranged to conform to the current

2.13 Review of the Financial Statements

These Un-Audited Financial Statements were reviewed by the MTB Board Audit Committee in its 3rd meeting for 2020 held on 25 October, 2020 and was subsequently approved by the MTB Board in its 254th meeting held on 28

2.14 Credit Rating

January to December 2018

Credit Rating Information and Services Limited (CRISL) has rated the Bank based on December 31, 2019 with "AA" (pronounced as Double A) in the Long Term and ST-2 for the Short Term. The date of rating was July 15, 2020.
 Periods
 Rating Validity
 Long Term Rating
 Short Term Rating

 January to December 2019
 14July, 2021
 AA
 ST2

 January to December 2018
 15 July2020
 AA
 ST2