

Directors' Report to the Shareholders

Dear Valued Shareholders,

On behalf of the Board of Directors, I take this opportunity to welcome you all to the 24th Annual General Meeting (AGM) of Mutual Trust Bank Limited. In line with the requirements of Section 184 of the Companies Act, 1994, stock exchange regulations and Bangladesh Securities and Exchange Commission Order no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, I have the pleasure to place before you the Directors' Report for your consideration. The report briefly presents the overall performance of the bank in a year of very competitive and eventful banking industry environment.

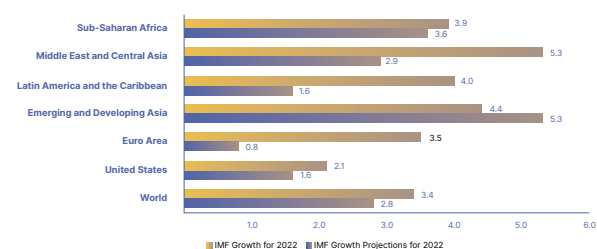
Global Economy

World economy was in the pathways of recovery from the unprecedented disruptions of the last three years, while the banking sector turmoil increased uncertainties. Overall, global economy experienced a series of severe and interconnected shocks in 2022 such as the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency. As a result, the baseline forecast is for growth to fall from 3.4 percent in 2022 to 2.8 percent in 2023, before settling at 3.0 percent in 2024 as per the IMF's World Economic Outlook of April 2023.

The outlook remains fragile and downside risks predominate. High uncertainty generated by the war could take a heavy toll on activity. Trade tensions are high and could worsen. Concerns about financial vulnerabilities have risen, including in financial institutions, housing markets and low-income countries. Global headline inflation in the baseline is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices but underlying (core) inflation is likely to decline more slowly.

To combat inflation and enhance economic conditions, structural reforms can play a crucial role by improving productivity and alleviating supply constraints. Moreover, multilateral cooperation becomes imperative in expediting the transition to green energy and preventing the risk of fragmentation.

Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies.

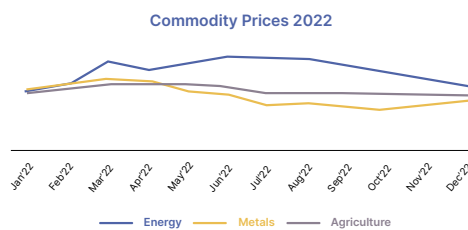


The financial environment remains fragile as central banks navigate the uncharted territory of shrinking their balance sheets. It is crucial to monitor risk build-up and address *Source: IMF World Economic Outlook April, 2023*

vulnerabilities, particularly in the housing sector and less-regulated non-bank financial sector. According to IMF, emerging market economies should allow their currencies to adjust in response to tightening global monetary conditions. In cases of excessive volatility unrelated to economic fundamentals, foreign exchange interventions or capital flow measures can help manage it.

In response to the cost-of-living crisis, many countries implemented broad and untargeted policies to support individuals and businesses, providing a cushion against the shock. However, these measures have proven costly and increasingly unsustainable. Instead, countries should adopt targeted measures that preserve fiscal space, allow high energy prices to naturally reduce energy demand, and avoid excessive stimulus to the economy.

Supply-side policies also have a role to play. They can address growth constraints, enhance resilience, ease price pressures, and facilitate the transition towards a greener economy. These measures would help mitigate the output losses accumulated since the beginning of the pandemic, particularly in emerging and low-income economies.



Index 2010=100

Source: World Bank Commodity Price Data, 2023

Bangladesh Economy

Bangladesh's stable economic growth over the past two decades and its gradual integration into the global economy has made it a model for economic development. The country is poised to become the fastest growing economy in Asia-pacific. Being the 41st largest economy of the world within 49 years of independence, Bangladesh is now considered as a model for growth even in this difficult global economic outlook. The ready-made garment industry is a key factor in the country's phenomenal success story (providing about 4.5 million jobs and accounting for nearly 80% of total merchandise exports). Country is on track to graduate from the UN's Least Developed Countries (LDC) list in 2026 and has been making great advancement in terms of social, economic and technological transformation.

The war between Russia and Ukraine, originating at a distance of approximately 5,800 kilometers, has triggered a crisis in the cost of living within Bangladesh, depleting the reserves of the central bank at an alarming rate and forcing the government to implement stringent austerity measures. Presently, this conflict continues to impede the recovery efforts from the COVID-19 pandemic. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25 percent

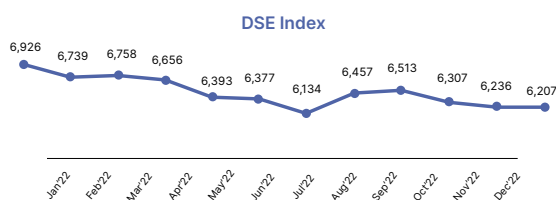
in FY 2021-22. The World Bank forecasted a 5.2 percent growth for Bangladesh's gross domestic product (GDP) in the current fiscal year.

Despite this dismal state of the world economy, Bangladesh achieved an astonishing 7.25% GDP growth during the fiscal year 2021-22. A momentous event for the nation was the inauguration of the highly anticipated Padma Bridge on June 25th, 2022, which instilled a profound sense of confidence as it showcased the country's ability to undertake massive projects utilizing its own resources. Another significant milestone for Bangladesh was the successful attainment of 100% electricity coverage for its entire population. Additionally, the country celebrated the inauguration of its first-ever metro rail on December 28, 2022, introducing a new mode of public transportation in Dhaka that is expected to alleviate traffic congestion. On the bright side, throughout 2022, Bangladesh exhibited unwavering determination for progress, overcoming tremendous challenges and achieving remarkable milestones. Forecasts made by multi-lateral institutions (MLI) i.e. World Bank, IMF etc., sound promising. The most cheerful estimate about the growth of Bangladesh economy in the midst of the insidious pandemic has been made by International Monetary Fund (IMF), the traditionally conservative MLI. According to its finding and calculation the Bangladesh economy's resilience in turning around has been so steady and robust that it has crossed the USD 1.0 trillion dollar mark in value, a landmark event without any doubt. In its serial estimates the size of Bangladesh economy was USD 267.99 billion dollar in FY 2006, USD 540.42 billion in FY14, USD 966.48 billion in 2019 and has become USD 1,061.57 billion recently in 2022 crossing the trillion dollar mark (Bonik Barta, January 14, 2022). It has been estimated that on this trend Bangladesh economy's size will be USD 1.5 trillion by 2026.

Capital Market

Bangladeshi capital market witnessed a difficult year in 2022, following two consecutive years of double-digit returns. The country's broad market index, known as the Dhaka Stock Exchange (DSEX), witnessed an 8.1% decline throughout the year, while the daily average turnover plummeted by 35%.

In absence of regulatory enforcement of the "Floor Price" during the last half of 2022, the decline in the index and the decrease in daily average turnover could have been even more severe. In 2022, the participation of Foreign Portfolio Investors (FPIs) in Bangladesh's stock market continued to diminish.



Source: Dhaka Stock Exchange

A mere 1.8% of the major stock exchange's turnover originated from FPIs, a notable drop from the previous figure of over 5% recorded until 2019. FPIs divested shares worth BDT 30 billion, resulting in a net FPI sale of Tk 19 billion. The trend of FPIs being net sellers in the Bangladesh capital market, which began in 2018, persisted throughout 2022, causing foreign ownership in the country's capital market to dip below 4%.

As Private sector credit growth started to pick up with economic activity restoring at a fast pace, seasonal funds exited the market. Meanwhile commodity prices in the international market peaked up rapidly as economic activity across the globe resumed, resulting in excessive pressure in the form of outward payments. Price of USD rose rapidly in the curb market, as high as to 119, resulting in a USD support from central Bank causing further monetary tightening. All these developments significantly dampened the outlook of the market, resulting in sell pressure from institutional investors.

Banking Industry

Banking sector of Bangladesh is one of the major sectors, which contributes fairly to the national economy. The contribution of bank's (monetary intermediation) to the country's Gross Domestic Product (GDP) is reported to be 2.91%. The sector is highly competitive with a total of 61 Banks, including 43 local private commercial banks.

Irregularities and problems of various nature related to country's banking and financial sector impacted its growth over the years. Moreover, the Covid-19 pandemic did cause disruptions to the sector. Loan scams, soaring non-performing loans (NPLs), problems with interest rates and low demand for funds from the private sector, among others contributed to the substantial decline in the growth of the financial sector. Bangladeshi banks have the lowest capital to mitigate risks compared to their peers. Low capitalization paired with a higher NPL limits the ability of banks to supply credit to the private sector and be efficient in the long run. In current fixed interest rate regime, banks are struggling to secure profits amidst fierce competition. As a result, Commercial banks are making riskier lending decisions for higher returns. So, private sector credit is on the rise. At the same time, a higher portion of these loans is getting defaulted. That is causing further erosion in Banks' capital.

Total deposit of the scheduled banks was reported to be BDT 14,891 billion at the end of December 2022, increased by BDT 798 billion or 5.66 percent from BDT 14,892 billion of December 2021. Advances by banks recorded an increase of BDT 1,736 billion or 13.70 percent to be BDT 14,411 billion at the end of December 2022 compared to BDT 12,676 billion of December 2021. The spread between weighted average advances and deposit rates stood at 2.99 percent in December 2022, decreased from 3.08 percent at December 2021.

Money Market

Banking sector is the heart of an economy, strong policies and recovery plans for post-pandemic period can ensure



sustainability of the industry. Fixed income securities play significant role in a well-diversified financial system. In our country, treasury bonds are the available government debt instruments. Bangladesh Bank arranges auction for treasury bills and treasury bonds. Banks and financial institutions are the main participants of treasury bills and treasury bonds. As per the regulatory requirement, banks in Bangladesh need to meet minimum SLR of 13% of average demand and time liabilities. At December 2022, the yield on 91 days, 182 days and 364 days T-bills was 7.3 percent, 7.5 percent and 8.0 percent, increased yield rates from previous year end, i.e. 2.37 percent, 3.24 percent and 3.47 percent. On the other hand, yield on 2 years T. Bond, 5 years T. Bond and 10 years T. Bond settled at 7.57 percent, 7.91 percent and 8.33 percent in December 2022. A year ago, the rates were 4.73 percent, 6.50 percent and 7.40 percent.

During 2022 few banks faced a cash reserve ratio (CRR) shortage, forcing them to secure funds at a higher interest rate from others that led to liquidity crunch during the last half of 2022. After the business recovery from the Covid-centric dismal situation, the demand for liquidity rose significantly and the money market started feeling the pressure as it could not match with the sudden high demand. Call money rate rose to as high as 5.80 percent during the end of year from 2.05 percent of March 2022. Loan irregularities in some banks and rumors on the social media about the bleak situation in banks have created distrust among depositors and instigated them to withdraw funds significantly that worsened liquidity shortage in some banks. Government's increased borrowing from the banking system, BB's dollar sales to banks to settle import bills and a rise in treasury bill rates also created stress on the liquidity. Whereas, rise in inflation created credit demand. The amount of excess liquidity in the country's banking sector plunged by BDT 577 billion crore to BDT1,457 billion at the end of December 2022 from that of BDT 2,034 billion in June 2022. The Bangladesh Bank on September 29 raised its key policy rate or repurchase agreement rate by 25 basis points to 5.75 per cent in a bid to tackle inflationary pressure and revive stability on the foreign exchange market.

MTB at a Glance

During 2022, MTB gained 12.57 percent and 9.70 percent growth over 2021 in loans and advances and customers deposits, respectively. Despite a stiff environment, the bank ended the year with a credit-deposit ratio of 83.97 percent. In 2022, the number of branches across the country reached 156, number of sub branches extended to 37, agent banking centers decreased to 198 from 201 in 2021, while the reach as well as the number of MTB 24/7 ATM, POS devices, kiosks, Internet banking and SMS banking services also increased. In February 2022, MTB inaugurated its fifth air lounge at the domestic terminal of Hazrat Shahjalal International Airport (HSIA).

The bank is moving towards centralization and to execute the process liability and assets has been centralized in the very first phase. The bank is also opening agent banking centers as a part of guidelines given by central bank. Moreover, operation of Islamic banking wing has been initiated from 2021.

Business Goal

MTB's vision, mission, corporate core values, strategic priorities and outlook for 2022 have been given at the beginning of the report. The bank has established the highest level of ethical standards in order to achieve MTB3V:

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

Brief History of MTB

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

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

Currently, the bank has a network of 157 branches, which includes SME/Agri branches and 38 sub-branches, and 198 agent-banking centers across the country, and two wholly-owned subsidiary companies - MTB Securities Ltd. (MTBSL) and MTB Capital Ltd. (MTBCL).

Strategic Priorities

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

8. Launching new and/or improved products and services
9. Improving the funding and liquidity position with the provision of maintaining a high level of asset quality through portfolio diversification and lower provisioning
10. Ensuring that MTB's high compliance and governance standards are maintained at all times
11. Recruiting and retaining talent as well as motivating the existing human capital
12. Reviewing and improving business processes on a regular basis
13. Enhancing security and authentication system with specific focus on cyber security
14. Partnering with Fintech providers to face the new challenges of the market
15. Contributing to the progress of the economy and the people by continuing to work as a socially responsible organization
16. Ensuring appropriate use of latest technologies to improve the alternative delivery channels to provide access to the unbanked population as part of financial inclusion.

Corporate Governance

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

Risk Management

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

The main concern of the bank is to manage risks, prudently and efficiently, to ensure profitability, capital adequacy and liquidity in a balanced manner. Strategically, MTB Board of Directors, through the Board Risk Management Committee (BRMC) and the senior management team, sets up risk governance structure and risk philosophy, endorses risk strategies and reviews and approves risk policies as well as the risk threshold in line with the bank's risk appetite. These limits are continuously monitored by an experienced risk management team and overseen by BRMC. MTB has put in place a number of risk management policies, some of which are-

- Fraud Risk Management Policy
- MTB Security Policy
- MTB Fire Safety and Firefighting Policy
- Earthquake Emergency Procedure
- MTB Procurement Manual
- Business Continuity Plan

- COVID 19 Risk Management Policy
- MTB RMD Policy 2023
- Six Core Risks Policies.

Details of the policies and activities are given in the Risk Management chapter of this Annual Report.

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

Developing Human Capital

MTB has been working persistently with a view to transforming MTBians into human capital through exposure to appropriate training courses and development programs, both at home and abroad. It has created a congenial environment, where employees enjoy coming to work. The MTB Code of Conduct, is being strictly practiced in order to ensure complete transparency and integrity in all its operations.

Even during the COVID 19 pandemic, MTB continued on sharpening its human capital with utmost diligence. Virtual training platform was adopted and regular training was provided using digital amenities throughout the year. A total of 217 training programs were held and 2,427 employees were given training in different fields of banking and management practices in 2022 and most of the trainings were conducted using the virtual platform. Total expenditure incurred for conducting these trainings were BDT 17 million.

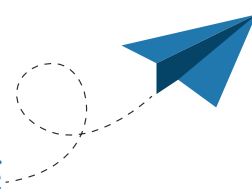
Corporate Social Responsibility (CSR)

In respect of corporate sustainability, MTB has focused on key areas like extending support to the community and protection of the environment. The bank has set up "Mutual Trust Bank Foundation" and contributes, as donation, a part of its profit to the foundation for undertaking various projects, particularly in the health and education sectors.

Apart from the CSR activities carried out by the foundation, the bank also undertook various CSR activities, during the year 2022, details of which are given in the "Corporate Social Responsibility" part of this Annual Report. A total amount of BDT 184.52 million was spent on purpose of CSR activities from MTB.

Adequate Accounting Records

MTB maintains all books of accounts and other records in accordance with the prevailing rules and regulations - The Companies Act, 1994 (amended), The Bank Companies Act, 1991 (amended), Tax Ordinance and Rules, VAT Act, Bangladesh Securities and Exchange Commission (BSEC) and Dhaka Stock Exchange (DSE) rules and regulations and Bangladesh Bank guidelines.



Accounting Policy and Implementation of IAS/IFRS

The Board of Directors is responsible for ensuring good governance within the Bank and does supervise Management for the preparation and fair presentation of the Bank's Annual Financial Statements, incorporating its Balance Sheet as at 31 December 2022, Profit and Loss Account, Statement of Cash Flows, Statement of Changes in the Equity during the year along with the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Bank Companies Act, 1994(amended). IFRS 16: Leases has been incorporated in preparing Financial Statements of 2022 as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

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

Financial Statements Related Risk Mitigation

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

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

Internal Control and Compliance (ICC) System

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

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

Money Laundering Risk Management

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

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

Standards of Reporting

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB), the Bank Company Act, 1991, (amended), applicable provisions of the Companies Act, 1994, (amended); Bangladesh Securities and Exchange Commission rules and regulations, and Bangladesh Bank's BRPD Circulars including guidelines published time to time.

The Directors of MTB, in conformance with the BSEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, confirm compliance with the financial reporting framework for the following:

- The financial statements, prepared by the management of MTB make a fair presentation of its activities, operational details and results, cash flow information and changes in equity structure.
- Proper books and accounts of the Company have been maintained.
- Appropriate accounting policies, including International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS)/ as applicable/adopted in Bangladesh, have been consistently applied in

preparation of the financial statements. Any change or deviation has been adequately disclosed.

- Accounting estimates are based on reasonable and prudent judgment.
- Internal control processes have been properly designed and effectively implemented and monitored.
- Minority shareholders have been duly protected as have effective means of redress.
- No significant doubt exists upon the Company's ability to continue as a going concern.
- Comparative analysis of significant deviations have been highlighted and reasons have been explained in the sections above.

CEO and CFO's Declaration

The CEO and CFO's declaration to the Board is appended on page no 362.

Going Concern

Going concern is one of the fundamental assumptions in accounting, on the basis of which the financial statements are prepared. According to the going concern assumption, a business entity will continue to operate in the foreseeable future, without the need or intention on the part of its management to liquidate the entity or to significantly curtail its operational activities. Therefore, it is assumed that the entity will realize its assets and settle its obligations in the normal course of the business. It is the responsibility of the management of a company to determine whether the going concern assumption is appropriate in the preparation of financial statements. MTB has prepared its financial statements considering the going concern assumption.

Control Environment

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

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

Supplier Payment Policy

MTB has developed and implemented a set of payment policies for all its suppliers. The payment methods and system are explained to the vendors before issuing

purchase orders. Bills are paid according to the payment terms, and VAT and other withholding taxes are deducted from bills as per the law. As of date, there is no legal case filed by the Bank or filed against it by any supplier.

Core Banking Software (CBS) Transformation

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

On 5 November, 2020, TCS Go-Live was successfully implemented and the bank is currently operating on the cutting edge CBS system.

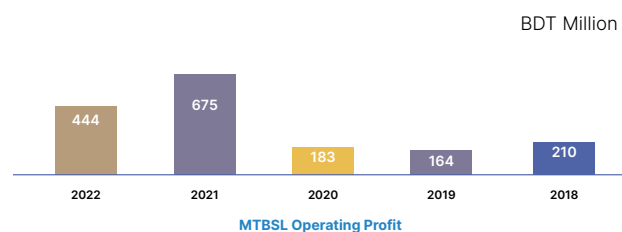
Review Report on MTB Operations, Products and Services

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

MTB Subsidiaries:

MTB Securities Ltd

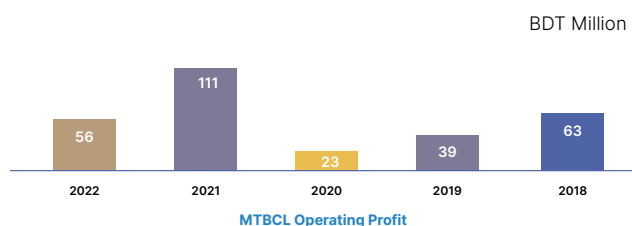
Mutual Trust Bank Ltd. started its brokerage functions from June 2006 as a division of the bank. Subsequently, as per directives of Bangladesh Bank and Bangladesh Securities Exchange Commission, the division emerged as MTB's subsidiary company, MTB Securities Limited (MTBSL). MTBSL is currently operating with 18 strategically located offices, including 4 digital booths and 2 extension offices, spread across the country. During the year 2022, the company made an operating profit of BDT 443.86 million as against BDT 674.95 million in 2021.



MTB Capital Ltd

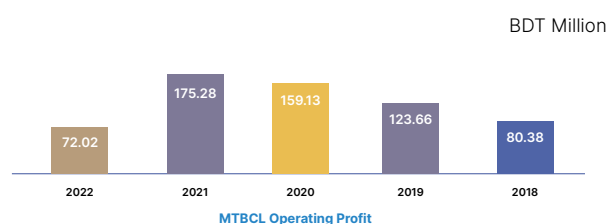
MTB Capital Limited (MTBCL) is a wholly owned subsidiary of Mutual Trust Bank Limited and a full-fledged merchant bank, licensed by the Bangladesh Securities and Exchange Commission (BSEC) in December 2010. MTBCL was incorporated to explore new markets and meet the demand for merchant banking services. The company extends co-op-

eration and value added services to its respected clients. During the year 2022, the company made an operating profit of BDT 56.18 million as against BDT 110.74 million in 2021.



Offshore Banking

MTB was permitted to operate an Offshore Banking Unit (OBU) by Bangladesh Bank in 2009. The total loans and advances of the OBU stood at BDT 20.22 billion in December 2022 compared to 22.79 billion in December 2021, with a de-growth of 11.28%. In 2022, the OBU's operating profit stood at BDT equivalent 72.02 million, as against BDT equivalent 175.28 million, in 2021.



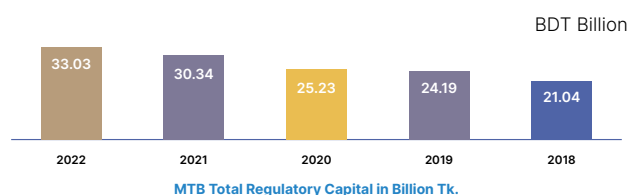
MTB Yaqeen Islamic Banking

MTB Yaqeen is the Islamic Banking Wing of Mutual Trust Bank Limited. May 12, 2021 marks the inception of MTB Yaqeen which aims to provide comprehensive shari'ah-based banking solutions. The total investments of the Islamic Banking stood at BDT 4,430.11 million, against BDT 344.91 million in December 2021. The operating profit stood at BDT 72.70 million, as against an operating loss of BDT (4.52) million in 2021.

Capital Management

As per Bangladesh Bank's guideline, at the end of 2022, a bank is required to maintain capital equal to at least 12.50% (Including Capital Conservation Buffer 2.50%) of its risk-weighted assets under the Basel-III guidelines. Bank's capital has two components, Tier-I and Tier-II. Tier-I capital should be minimum 6% of the total capital. Tier-I includes the paid-up capital, share premium, statutory reserve and retained earnings, and Tier-II includes general provision on unclassified loans and advances, revaluation reserves, unsecured subordinated debt and exchange equalization account. In consolidated basis, MTB's total capital registered an increase of BDT 2.68 billion and stood at BDT 33.03 billion in 2022. Tier-I capital grew by BDT 1.73 billion, and was recorded at BDT 22.05 billion in 2022. Total capital is now equivalent to 14.50% of total risk weighted assets. MTB standalone total capital stood at BDT 32.42 billion, tier-I capital was recorded at BDT 21.68 billion in 2022 and total capital was equivalent to 14.48% of total risk weighted assets.

To improve the Tier-I and strengthen the capital of the bank, MTB initiated the process of issuing BDT 4 billion perpetual bond as Additional Tier I capital in 2019, which is in fact, the first time for the bank issuing this type of financial instrument. In 2020, the bank completed taking regulatory permission for the perpetual bond and was able to collect BDT 650 million amid the uncertainties created on account of COVID 19. Collection of rest of the fund was completed in 2021. The details of capital adequacy and capital management are given in the "Market Discipline-Disclosures on Risk Based Capital (Basel-III)" chapter of this Annual Report.



Financial Analysis

This section depicts performance and position for the year 2022. Explanation is provided, if there is any significant deviations from the last years operating results, which might arise due to any of the internal and external reasons. There has not been any significant change in the financial performance and position from quarterly financial performance.

A comparative analysis of key financial performance and position for current year and preceding four immediate years, with explanations, is available under Shareholder's Information (Pg. 328). Comparison for the performance and position with peer industry, risks, future plan and projection is discussed under Managing Director and CEO's Statement (Pg. 51).

Total Assets

The consolidated assets of the bank stood at BDT 353.64 billion in 2022 compared to BDT 306.50 billion in 2021. Total assets of MTB stood at BDT 350.96 billion in 2022 compared to BDT 304.74 billion in 2021, with a growth of 15.16%. MTB has been successful in marketing significant amount of loans and advances by launching new and innovative products in the market.

MTB's Consolidated Funds under Management

Particulars	2022	2021	Growth
Deposits	232.66	211.78	9.86%
Advances	253.84	226.01	12.31%
Funds Under Management (FUM)	486.49	437.79	11.12%

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

MTB's consolidated cash and balances with Bangladesh Bank and its agents stood at BDT 19.20 billion in 2022 compared

to BDT 14.82 billion in 2021 due to increase in balances in terms of both cash-in-hand and local and foreign currency with Bangladesh Bank.

Balances with Other Banks and Financial Institutions

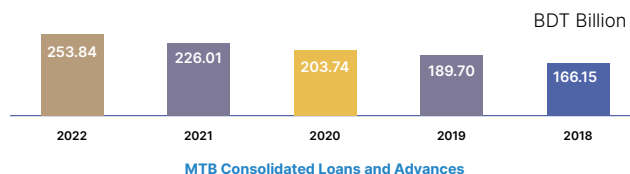
MTB's consolidated balance with other banks and financial institutions including money at call and short notice stood at BDT 7.84 billion in 2022 compared to BDT 4.17 billion in 2021. This was BDT 7.57 billion in 2022 compared to BDT 3.91 billion in 2021 for MTB only.

Investments

MTB's consolidated investments increased during the year under review by BDT 4.86 billion to BDT 52.28 billion. The bank purchased government treasury bills and bonds to cover the increased statutory liquidity requirement. MTB, as a primary dealer bank, had to purchase and participate in government securities auctions set by Bangladesh Bank.

Loans and Advances

MTB's consolidated loans and advances stood at BDT 253.84 billion in 2022. Outstanding loans and advances of off-shore banking units was BDT 20.22 billion in 2022 compared to BDT 22.79 billion in 2021. Yield on loans and advances increased to 7.32% in 2022 from 7.05% in 2021 due to extraordinary efforts in recovery drive. Details of credit are given in No. 7 of the Notes to the Financial Statements. The ratio of non-performing loans of MTB stood at 5.77%, which was much below the industry average of 8.20% in 2022.



Liabilities

The consolidated total liabilities of the bank stood at BDT 332.31 billion in 2022 compared to BDT 286.85 billion in 2021. Only MTB's total liabilities rose to BDT 330.05 billion in 2022 from BDT 285.58 billion in 2021, with a growth of 15.57%. The increase in liability was mainly due to growth in deposits, other liabilities and borrowings.

Deposits and Other Accounts

MTB's consolidated deposits increased by 12.21% to BDT 211.78 billion in 2021. With 118 branches, 37 sub branches and 309 ATMs, MTB was able to acquire more low cost funds in 2022. High-cost deposits accounted for 55.82% of the total deposits. Cost of deposit increased to 4.12% in 2022 compared to 3.80% in 2021

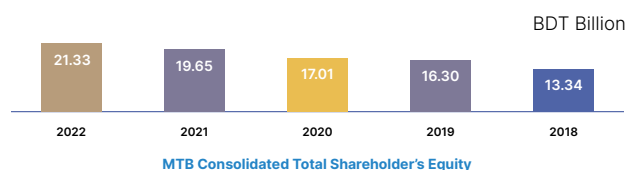
BDT Billion

Deposits and Other Accounts	2022	2021	Growth Over 2021
Current Deposit & Other Accounts	29.30	26.91	40.08%
Bills Payable	2.18	1.98	-0.65%
Savings Deposit	44.73	42.59	17.61%

Fixed Deposit	105.84	91.53	21.52%
Special Notice Deposit (SND)	26.04	25.16	63.74%
Deposit Products	24.55	23.62	-41.88%
Total Deposits	232.66	211.78	12.21%

Shareholders' Equity

MTB's consolidated shareholders' equity increased by 8.53% to BDT 21.33 billion in 2022. Paid-up capital of the bank increased by 10.00% to BDT 8.94 billion in 2022. Statutory reserves increased by 10.27% to BDT 6.28 billion during the year.



Analysis of Consolidated Income Statement of MTB BDT Million

SL	Particulars	2022	2021	Growth over 2021
1	Interest Income	16,065	14,562	10.32%
2	Interest Expenditure	12,198	8,815	38.38%
3	Net Interest Margin (NIM)	3,867	5,747	-32.71%
4	Net Interest Margin (NIM) Ratio	1.62%	2.70%	
5	Income from Investment, Commission, Brokerage & Others	8,588	3,387	153.56%
6	Total Operating Income (Net Interest Income + Non Interest Income)	16,102	12,804	25.76%
7	Operating Expenditure	8,299	7,143	16.18%
8	Profit Before Provision	7,803	5,661	37.84%
9	Net Profit after Tax	2,369	2,973	-20.32%

Interest Income

Interest income decreased by 10.32% to BDT 16.07 billion in 2022. The gross yield on advances stood at 7.32% in 2022 compared to 7.05% in 2021.

Interest Expense

Interest expenditure increased by 38.37% to BDT 12.20 billion in 2022.

Net Interest Margin

Net Interest Margin (NIM) decreased by 32.71% to BDT 3.87 billion in 2022. The decrease in interest expense contributed largely to the increase of net interest margin. The net interest margin ratio stood at 1.62% in 2022 compared to 2.70% in 2021.

Income from Investment, Commission and Brokerage and Other Operating Activities

Income from investment, commission, brokerage & others increased to BDT 12.24 billion in 2022 compared to BDT 7.06 billion in 2021.

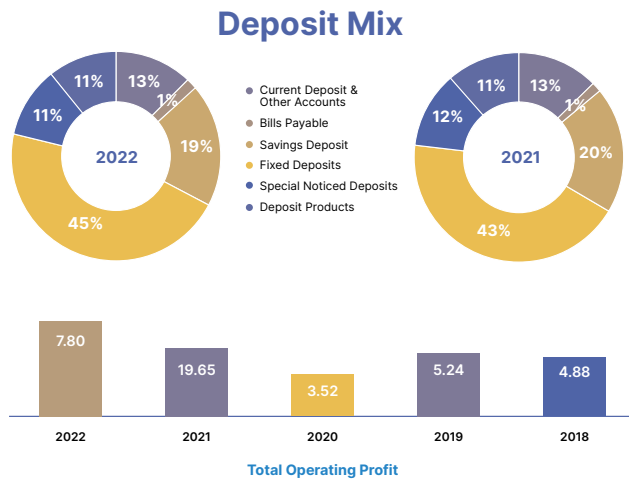
Total Operating Expense

Total operating expenses increased by 16.18% to BDT 8.30 billion in 2022 compared to BDT 7.14 billion in 2021.

Total Operating Profit

Total operating income increased by 37.84% to BDT 7.80 billion during the year 2022 compared to BDT 5.66 billion in 2021.

BDT Billion



Provision for Classified Loans

Total provision against classified loans and advances stood at BDT 6.83 billion in 2022 compared to BDT 5.95 billion in 2021. Provision increased against classified loans by BDT 0.87 billion in 2022. The non-performing loan ratio during the year is given below:

Year	2022	2021
Consolidated NPL Ratio	5.77%	5.80%
Solo NPL Ratio	5.84%	5.88%

Profit before Tax

Profit before tax stood at BDT 3.23 billion in 2021 with a degrowth of 8.77% as against BDT 3.54 billion in 2021.

Tax Expenditure

Provision for current tax expenses stood at BDT 1.47 billion in 2022 compared to BDT 1.45 billion in 2021.

Net Profit after Tax

Net profit after tax registered a degrowth of 20.32% to BDT 2.37 billion in 2022 compared to BDT 2.97 billion in 2021. Basic earnings per share (EPS) increased to BDT 2.65 in 2022 compared to BDT 3.66 in 2021 (Restated).

Statutory Reserves

As per the Bank Company Act, 1991, (as amended up to date), 20 percent of profit before tax is required to be transferred to statutory reserve. As such, an amount of BDT 584.95 million was transferred to statutory reserve in 2022.

Dividends

Management of Mutual Trust Bank Ltd (MTB) takes initiative to formulate a Dividend Distribution Policy that serves as guiding principal to decide on bank's dividend while complying with prevailing regulatory requirement, keeping the internal and external matters in consideration. This policy has been adopted and published in compliance with the comprehensive directive issued by Bangladesh Securities and Exchange Commission (BSEC) vide directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021. The Dividend Distribution Policy was approved at the 260th meeting of the Board of Directors held on 29 April, 2021, and is published in the Annual Report as well as on official websites of MTB so that shareholders can have avail the policy.

In order to maintain a satisfactory capital adequacy ratio of the bank, in 2022, the Board has decided to recommend 10 % stock dividend for the year 2022. Mentionable that, during the year 2022, no interim dividend was declared by the Board.

Management's Discussion and Analysis

Detailed analysis of the company's position and operation can be found in Managing Director & CEO's Statement (Pg. 51), Management Discussion & Analysis (Pg. 214) & Shareholders' Information (Pg. 328)

Remuneration of Directors

As per the BRPD Circular No. 09 dated 19/09/1996, the Chairman of the bank may be provided a car, telephone, office and private secretary. However, MTB pays only fees to its Directors for attending the meetings of the Board of Directors, Executive Committee, Risk Management Committee and Audit Committee. Managing Director is paid a salary and allowances, as per approval of the bank's Board of Directors and Bangladesh Bank.

The statement of 'remuneration paid to the directors including independent directors' is available at page 166 under 'Corporate Governance Report'

Shareholding Pattern:

A report on the pattern of shareholding disclosing the aggregate number of shares' is available at page 178 under 'Corporate Governance Report'.

'Details of Directors, Chief Executive Officer, and Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children' are available at page 179 of 'Corporate Governance Report' as well as under the 'Related Party Transaction'. Details of the executives are stated at page 179 under the same Report.

Election/Re-election of Directors

As per the Companies Act, each year one-third of the Directors retire from office at the Annual General Meeting (AGM), except Independent Directors, and, if eligible, as per the bank company act, may offer themselves for re-election by shareholders at the AGM.

At the 24th AGM to be held on June 21, 2023, Md. Hedayetullah, Director, Khwaja Nargis Hossain, Director, Syed Shahriyar Ahsan, Director (Representing Pioneer Insurance Company Ltd.), and Daniel Donald de Lange, Director (Representing NORFUND) will retire and are eligible for re-elections.

Board of Directors' Profile

Brief profile depicting the nature of expertise in specific functional areas of all the directors is available at page 32 under "Board of Directors' Profile"

A statement detailing 'the name of companies in which the directors of the bank have interest' is available at page 429 under the segment 'Financial Statements'

Declaration (certification) by the CEO and CFO has been published in the page 362 under corporate governance report.

Contribution to National Exchequer

MTB made significant contribution to the government in boosting its revenue collection which will help in developing the society and the country as a whole. As per the prevailing law of the country, the bank being a corporate citizen pays tax and VAT on its own income. Besides, the bank collects tax, VAT and excise duty at source from clients, deposits and suppliers. All the collected amounts are deposited to the national exchequer in due time. During the year 2022, the bank contributed BDT 4.94 billion to national exchequer as against BDT 4.44 billion in the previous year.

Related Party Transactions

The Bank has formulated a policy on related party transactions in light of the act's, circulars and international accounting standards/ or International Financial Reporting Standards (IFRS) as applicable. As per terms of the policy disclosures of the related party transactions are given in the note 49 of the Financial Statements.

Insider Trading

The members of the board of MTB, or its sub-committee, or its senior management and their family members did not involve in any insider trading and did not violate the provision with regard to insider trading.

Shareholders' Value

MTB remains fully committed to delivering higher shareholder value. The high profitability track record underpins the value the shareholders derived from investing in the shares of the bank. The Earnings Per Share (EPS) stood at BDT 2.65 and return on average equity stood at 11.56% during 2022. Market capitalization of MTB stood at BDT 13.57 billion as on December 31, 2022.

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

Meeting of the Board of Directors of MTB

15 meetings of the Board of Directors of MTB were held in 2022. Total number of meetings attended and the amount of remuneration received by board the members of the committees are stated at page- under corporate governance report.

Appointment of Auditors

The Board of Directors' of the bank at the 289th meeting held on April 30, 2023, recommended to appointed MABS & J Partners as External Auditor of the bank for the year 2023, for shareholders approval at the ensuing 24th Annual General Meeting (AGM), which is scheduled to be held on June 21, 2023, as recommended by the MTB Board Audit Committee at its 2nd meeting for 2023, held on April 30, 2023.

Annual General Meeting

The Virtual Meeting of Mutual Trust Bank Ltd Annual General Meeting (AGM) will be held on Wednesday, June 21, 2023 at 11.30 a.m. using digital platform. The financial statements were approved at 289th meeting of the Board of Directors of MTB, held on April 30, 2023 for presentation to the shareholders.

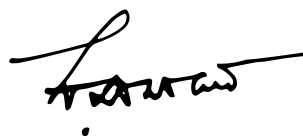
Compliance of Corporate Governance Checklist:

MTB has complied with the conditions of corporate governance conditions code of the Bangladesh Securities and Exchange Commission (BSEC) which are in line with the regulation of Bangladesh Bank (BB).

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

Thank you.

On behalf of the Board of Director



Md. Abdul Malek
Chairman

