Modhumoti Bank Limited

Your Access to Success

ANNUAL REPORT 2015

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While we run banking business, we have to face many challenges everyday, most of them are quite contrast to each other. There are pressure for increasing loans and advances to maximize profit, but clients ask for lower rate of interest. On the other hand, depositors could not be satisfied at a lower interest rate. If a borrower fails to pay regularly, provision has to be made, required capital to be deployed accordingly. A Banker needs to solve all the puzzles at the end of the day like a Rubik's Cube. We need to return to a single goal, maximizing stakeholders' interest by undertaking minimal risk, alike returning to a single color to each face of a cube.

We, at Modhumoti Bank, believe in solving puzzles, overcoming hurdles, and aim to reaching customers even crossing boundary. Impossible? No way, if you are with us!

Modhumoti Bank Limited

Your Access to Success

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Letter of Transmittal

All Respected Shareholders
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms

Sub: **Annual Report for the year ended 31 December 2015**

Dear Sir(s),

We are pleased to enclose a copy of Bank's Annual Report 2015 together with the audited financial statements including balance sheet as at 31st December 2015 and profit and loss account, cash flow statement, statement of changes in equity, liquidity statement for the year ended 31st December 2015 along with notes thereto of Modhumoti Bank Limited for your kind information and record.

Best regards,

Yours truly,

Md. Shafiul Azam
Managing Director & CEO

Corporate Profile

Modhumoti Bank Limited

Background
Modhumoti Bank Limited, a fourth generation private commercial bank, commenced its banking operation on September 19, 2013 focusing to be a responsible bank, which is not limited just to a stable financial institution with quality products, but also becoming an integral part of the community, help others to go ahead for positive changes and improve the life of people around by providing stakeholders the highest level of stability, reliability, honesty and quality of services, which is reflected in our tagline as *'Your Access to Success'*!

Legal form
A scheduled commercial bank incorporated in Bangladesh as a Public Limited Company limited by shares under the Companies Act 1994 and Bank Companies Act, 1991 as ammended upto 2013.

Incorporation on
4 June 2013

Received Banking License on
9 June 2013

Chairman, The Board of Directors
Mr. Humayun Kabir

Vice-Chairman, The Board of Directors & Chairman, Audit Committee
Mr. Shaikh Salahuddin

Chairman, Executive Committee of the Board
Barrister Sheikh Fazle Noor Taposh, MP

Chairman, Risk Management Committee of the Board of Directors
Mr. Mostafa Kamal

Managing Director & CEO
Mr. Md. Shafiul Azam

VAT Registration
19011088268-Area Code 190101
Tax-Payer Identification Number
718496557566/LTU/Dhaka

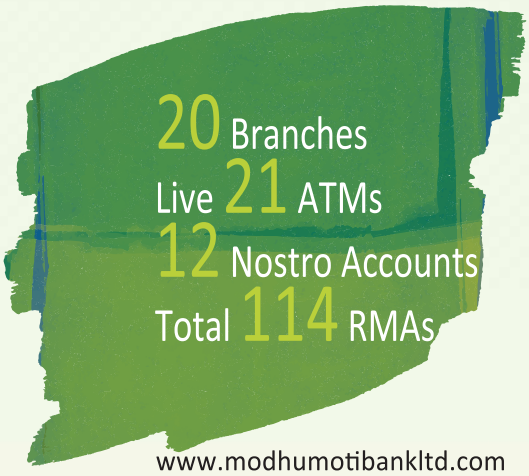
Auditors
M/s. Hoda Vasi Chowdhury & Co.
Chartered Accountants

Rating Agency
Credit Rating Agency of Bangladesh Limited (CRAB)

Legal Retainer
Barrister Ali Asif Khan
Hossain & Khan Associates

Head office
DCCI Building, 2nd, 3rd & 4th Floor
65-66 Motijheel Commercial Area, Dhaka-1000
Phone: 02-958 3809, Fax: 02-958 3808

Registered Office
Banglar Bani Bhaban
81 Motijheel Commercial Area, Dhaka-1000



www.modhumotibankltd.com

Notice of the Third Annual General Meeting

Notice is hereby given to all members of Modhumoti Bank Limited that the Third Annual General Meeting of the shareholders of the company will be held on Wednesday, the 28th September 2016 at 12:30 p.m. at Radisson Blu Water Garden Hotel Dhaka to transact the following businesses and adopt necessary resolutions:

A G E N D A

a) To receive, consider and adopt the Audited Financial Statements for the year ended on 31st December 2015 together with Directors' Report and Auditors' Report thereon.

b) To declare dividend for the year ended on 31st December 2015 as recommended by the Board of Directors.

c) To elect/re-elect Director(s) as per provisions of Articles of Association of the Company and prevailing laws/regulations.

d) To appoint Auditor(s) for the term until conclusion of the next Annual General Meeting and to fix their remunerations.

e) To transact any other business with the permission of the Chair.

By order of the Board of Directors

Sd/-
Ashutosh Talukder
Company Secretary (Current Charge)

September 07, 2016
Dhaka

Notes:

a. The Register of Members and Share Transfer Books of the Company shall remain closed from 7 September 2016 to 28 September 2016 (both days inclusive). The Members whose names appear in the Register of the Company shall attend the AGM and qualify for dividend.

b. Any Member of the Company entitled to attend and vote at the general meeting may appoint a Proxy to attend and vote on his/her behalf. No person shall be appointed a Proxy who is not a Member of the Company and qualified to vote save that a company being a Member of the Company may appoint as its representative any person whether Member of the Company or not. The Proxy Form duly filled in and signed by the Member and stamped, must be submitted at the Registered Office of the Company at least 48 (forty eight) hours before the meeting.

c. The Board of Directors has recommended cash dividend @ 10.00%, i.e., at the rate of Tk. 1.00 against per share of Tk. 10.00 each.

d. Election of Directors shall be dealt in accordance with the provisions of the Articles of Association of the Company and the relevant rules/circulars of the regulatory authorities.

e. The Board of Directors has recommended for appointment of M/s. A. Qasem & Co., Chartered Accountants, as External Auditors of the Bank.

f. Members are requested to notify the change of address, if any, well in time.

Paying homage to the Martyrs of 1971 & 1975 at the launching ceremony in 2013

Celebrating the first anniversary in 2014

Chronicles

Up to 2013	Application for Bank License	29 November 2011
	Received Letter of Intent (LOI) from Bangladesh Bank	17 April 2012
	Registration with RJSC&F	4 June 2013
	Received 'Banking License' from Bangladesh Bank	9 June 2013
	Launching Ceremony	6 July 2013
	Opened Head Office at DCCI Building, Motijheel	1 August 2013
	The First Meeting of the Board of Directors	01 August 2013
	Opening the First Branch at Motijheel	19 September 2013
	The First Meeting of the Executive Committee of the Board	10 October 2013
	The First Meeting of the Audit Committee of the Board	30 December 2013
2014	Launched Debit Card through ITCL	17 April 2014
	Holding the Statutory Meeting of the Shareholders	6 May 2014
	Launched 'Priority Banking' service	1 September 2014
	Celebrating the First Anniversary	20 September 2014
	The First Meeting of the Risk Management Committee of Board	22 September 2014
	Holding the First Annual General Meeting	25 November 2014
2015	Participated at Dhaka International Trade Fair	01 January 2015
	Signed MOU with Central Procurement Technical Unit (CPTU)	14 January 2015
	Arranged Foundation Training at BIBM for Probationary Officers	15 February 2015
	Inauguration of Dhaka WASA Bill Collection activities	26 February 2015
	Obtained license for Off-shore Banking	02 April 2015
	Signed IME-Sub Agency Agreement with NCC Bank Limited	27 May 2015

Celebrating the second anniversary in 2015

Celebrating the third anniversary in 2016

	Signed agreement with Access to Information (a2i), PMO	17 June 2015
	Obtained license for Agent Banking	30 June 2015
	Inauguration of BRTA MV Tax & Fees Collection activities	13 July 2015
	Contributed to the 'Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust'	06 August 2015
	Holding the Second Annual General Meeting	14 September 2015
	Celebrating the Second Anniversary and unveiled logo for Agent Banking operations	14 September 2015
	Launched 'Off-shore Banking'	23 September 2015
	Participated in 5 day long Banking Fair Bangladesh 2015	24 November 2015
	Launched the first Off-site ATM Booth at Ashulia	06 December 2015
	Signed MoU with Jamuna Bank for strengthening Foreign Remittances Services	06 December 2015
2016	Launched 'VISA Card'	12 January 2016
	Launched Agent Banking operation	04 February 2016
	Inaugurated Business Development Centre at Chittagong EPZ	18 February 2016
	Received 'Letter of Appreciation' for achieving target of Agriculture & Rural Credit for FY 2014-2015	11 May 2016
	Celebrated the Third Anniversary and Farewell Ceremony in honour of Founding Managing Director, Mr. Md. Mizanur Rahman	04 June 2016
	Inaugurated Revenue Collection Booth at DNCC (Zone-3)	14 June 2016
	Signed an agreement with Bangladesh Bank for participation of utilization of Re-finance Scheme for Tk. 10/- Accountholders	26 June 2016
	Joining of Mr. Md. Shafiul Azam as Managing Director & CEO	08 August 2016

Vision

Our vision is to lead the new generation of local commercial banks by excelling in customer delivery through insight empowered employees, smart use of technology and a full range of highest quality products and services.

Mission

- Fast customer service
- Maintain sustainable growth
- Follow strong business ethics
- Offer quality financial services with latest technology
- Provide smooth return on shareholder's equity
- Attract and retain qualified human resource
- Maintain Corporate Social Responsibility
- Explore un-banked areas

Strategic Objectives

- To conduct business operation in a transparent manner based on market mechanism within the legal and social framework as focused in our mission towards vision of the organization.
- To provide customers efficient, innovative and quality products and services with excellent delivery system in such manner where we shall compete with ourselves every moments.
- To attract and retain good employees as well as enhancing their career through training.
- To contribute meaningfully towards the progress of the nation through socially responsible business.
- To generate profit and fair returns to our shareholders ensuring sustainable growth.

Core Values

- Ethics
- Innovation
- Transparency
- Responsibility
- Teamwork
- Customer Centricity

Our **Commitment**

- Focus on customers' satisfaction
- Committed to deliver best financial services to
  - Retail
  - Small and Medium Enterprises (SMEs)
  - Corporate
  - Government and
  - Individual clients
- Planning strategies to meet the upcoming demands of the market
- Catering high degree of professionalism and use of modern technology
- Creating and maintaining long-term relationship based on mutual trust
- Sharing the values and beliefs of our customers
- Grow as our customers' grow
- Offering competitive pricing with no hidden costs
- Ensuring safety and security of the valuables of our customers put in trust with us.

LEADERS
BEHIND THE SUCCESS

The best promoters having strong background gathered in this Bank. The Board of Directors has been formed with prudent personalities of the country.

The Management Team is leaded by long experienced officials who are the innate strength of the Bank.

The **Board of Directors** in Meetings

Composition of the **Board of Directors and Committees**

The Board of Directors

Mr. Humayun Kabir, Chairman

Mr. Shaikh Salahuddin, Vice-Chairman

Mr. Sheikh Fazle Noor Taposh, MP

Mr. Md. Ismail Hossain
Representing Sharmin Apparels Limited

Mr. Nemai Kumer Saha
Representing Sandhani Life Insurance Company Limited

Mr. Salahuddin Alamgir

Mr. Mostafa Kamal
Representing Tanveer Oils Limited

Ms. Tanjima Binthe Mostafa
Representing Everest Power Generation Co. Limited

Mr. Humayun Kabir

Mrs. Shahana Yasmin

Mrs. Sultana Jahan

Mr. A. Mannan Khan
Representing Mango Teleservices Limited

Mrs. Ferdousi Islam
Representing Azbal International Limited

Mr. Manwar Hossain
Representing Anwar Jute Spinning Mills Limited

Mr. Md. Abul Hossain*
Representing S. Jute Industries Limited

Mr. Rezin Ahmmad Talukder
Representing D&S Pretty Fashions Limited

Mr. Yousuf Ali
Representing Meghna Flour & Dal Mills Limited

Mr. Md. Mahbubur Rahman
Representing Mona Financial Consultancy & Securities Limited

Mr. Md. Didarul Alam, MP

Mr. Md. Shafiul Azam, Managing Director & CEO (Ex-officio)

*Office of the Director has fallen vacant on 5 September 2016, due to transfer of entire shareholding.

Composition of the **Board of Directors and Committees**

The Executive Committee of the Board of Directors

Chairman : Barrister Sheikh Fazle Noor Taposh, MP
Members : Mr. Mostafa Kamal
Mr. Salahuddin Alamgir
Mr. Md. Ismail Hossain
Mr. Nemai Kumer Saha
Mr. Humayun Kabir
Mr. Manwar Hossain

The Audit Committee of the Board of Directors*

Chairman : Mr. Shaikh Salahuddin
Members : Mr. Md. Abul Hossain
Mr. A Mannan Khan

As of Balance Sheet date of 2015

Chairman : Mr. Shaikh Salahuddin
Members : Mr. A Mannan Khan
Mr. Md. Mahbubur Rahman

** Reformed on 28 July 2016*

The Risk Management Committee of the Board of Directors

Chairman : Mr. Mostafa Kamal
Members : Mr. Md. Didarul Alam, MP
Mr. Rezin Ahmmad Talukder

Profile of the Board of Directors

Humayun Kabir
Chairman

Mr. Humayun Kabir, the Chairman of the Board of Directors of Modhumoti Bank Limited, was born in a respectable Muslim family in 1967 in Dhaka. His father Late Al Haj Amanullah Miah was a pioneer industrialist of the country and also had been the Chairman of the Board of Directors of former Al Baraka Bank Bangladesh Limited while Mr. Kabir was a Director.

During his long professional life, Mr. Kabir worked in different organizations in different capacities. To flourish himself in modern Management technique, he also obtained the degree of EMBA in Accounting and Finance. He is a renowned industrialist and is currently the Managing Director of Zest Agro Food Processing Limited and also the Chairman of Dhaka Ice Cream Industries Limited (Polar Ice cream), Managing Director of Northern Hatcheries Limited (Deshi Meat).

Mr. Kabir is the President of Gulshan Youth Club and also a member of Gulshan Club and Kurmitola Golf Club, Dhaka. Besides, he involves with different social welfare activities.

Shaikh Salahuddin
Vice-Chairman

Mr. Shaikh Salahuddin is the Vice-Chairman of the Board of Directors and the Chairman of the Audit Committee of the Board of Directors of the Bank. He was born in a respectable Muslim family in 1967 in Khulna. His father, Late Shaikh Abu Naser, younger brother of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman, was martyred on 15 August, 1975.

He is a successful businessman having vast experiences in transport and shipping businesses. Mr. Salahuddin is proprietor of Fardin Fishing and Ajmeer Navigation and also a sponsor shareholder of Islami Commercial Insurance Company Limited.

Mr. Salahuddin is associated with many socio-political and trade body activities. He is the President of Khulna Nou-Paribahan Malik Group.

Sheikh Fazle Noor Taposh, MP
Director

Sheikh Fazle Noor Taposh, Barrister-at-Law, is the Chairman of the Executive Committee of the Board of Directors since inception of the Bank. He is also a Member of Parliament in the Bangladesh National Parliament.

He completed his LL.B (Honours) with Upper Second Class from the University of Wolverhampton, U.K. in 1996 and then completed his Bar Final Course under the General Council of the Bar of England and Wales in 1997. He is a Member of the Honourable Society of Lincoln's Inn, U.K. He is also a Member of the Bangladesh Bar Council and has been practicing in the High Court Division of the Supreme Court of Bangladesh since 2001 and has been enrolled as an Advocate in the Appellate Division of the Supreme Court of Bangladesh on 24th August, 2010. He was the lead Counsel to the Honourable Prime Minister Sheikh Hasina and had successfully defended her in all her cases. He was also the Counsel in the 'Bangabandhu Sheikh Mujib Murder Case' before the High Court Division and the Appellate Division of the Supreme Court of Bangladesh. He specializes in Constitutional Law (Law of Judicial Review), Commercial Litigation, General Corporate Practice, Banking Law, Power, Energy and Natural Resources, Telecommunication, Real Estate, Trade & Customs, Mergers & Acquisitions and also Criminal Law. He was a Member of the International Bar Association (IBA) and a Member of the Mining Law Committee and War Crimes Committee of the IBA. He worked as Local Legal Counsel in various projects funded by the World Bank, Department for International Development of UK (DFID), Asian Development Bank (ADB) and Japan Bank of International Co-operation (JBIC). He was one of the eminent Lawyers who were called by the 'Special Committee on Amendment of the Constitution of Bangladesh' for opinion on constitutional reforms and amendment of the Constitution of Bangladesh. Presently, he is a Member of the Standing Committee in Parliament for the Ministry for Food and the Committee on Estimates.

He was an International Observer in the UK General Election 2010 on behalf of the Commonwealth Parliamentary Association (UK Branch) and the Royal Commonwealth Society, UK. He was also a Member of the Senate of the Dhaka University.

Md. Ismail Hossain
Director

Mr. Md. Ismail Hossain, representing Sharmin Apparels Limited, was born in a respectable Muslim family in 1966 at Faridpur. He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

Mr. Hossain is the Managing Director of Sharmin Group, one of the largest 100% export oriented garments industry in the country. He is also a Director of FBCCI, an apex body of the country's trade and business.

Nemai Kumer Saha
Director

Mr. Nemai Kumer Saha, representing Sandhani Life Insurance Company Limited, was born in a respectable Hindu family in 1965 at Narail. Currently he is serving Sandhani Life Insurance Company as Deputy Managing Director and Chief Financial Officer. He obtained M.Com in Accounting from Jagannath University College in 1987.

He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

Salahuddin Alamgir
Director

Mr. Salahuddin Alamgir was born in a respectable Muslim family at Tangail. He is the Chairman of Labib Group, a renowned businessman in sector of apparel manufacturing and exporting, IT, trading and distribution of mobile handset since long. He is a Member of the Executive Committee of the Board of Directors since inception of the Bank.

Mr. Alamgir is the President of BDYEA and a Director of Bangladesh Mobile Phone Importers Association. He has engaged himself in many social and charity activities like financial help to poor and old aged people and also to educational, religious and social institutions.

Mostafa Kamal
Director

Mr. Mostafa Kamal, representing Tanveer Oils Limited, was born in a respectable Muslim family in 1955 at Chouddagram, Comilla. He is the Chairman of the Risk Management Committee and also a Member of the Executive Committee of the Board of Directors of the Bank.

Mr. Kamal started career with trading in the year 1976 and became a successful importer within a very short span of time. He had taken endeavor in 1989 to setting up industries and subsequently became a successful and leading entrepreneur of the country establishing as many as 35 major industries of different categories including heavy industries like cement, chemical, shipbuilding, steel, power generation etc.

Mr. Kamal is entrusted with various prestigious positions in business arena. He has engaged himself in numerous social welfare activities to uplift the socio economic condition and uphold the cause of humanity in the society. He also established a number of educational institutions to disseminate education in his locality. He is embellished with lot of awards from home and abroad for outstanding leadership and positive role in contribution in country's economy and employment generation by establishing a good number of industries.

Tanjima Binthe Mostafa
Director

Mrs. Tanjima Binthe Mostafa, representing Everest Power Generation Company Limited, is a director of Meghna Group of Industries which is one of the biggest & leading conglomerates of Bangladesh. She is the daughter of Managing Director of the Group, Mr. Mostafa Kamal, one of the country's leading business personalities.

Mrs. Tanjima obtained her graduation from Babson College, Boston in 2009, majoring in Marketing and Economics. She is a young, energetic and potential director being engaged herself for the growth and development of the company. Meantime she has developed such skill and ability to manage and monitor the day-to-day business affairs of the Group, capable to run the business smoothly and efficiently shoulder-to- shoulder with her entrepreneur father.

She had received 'Best Younger Entrepreneur' of the year 2010, an award handed over by Lt. Col. (Retd.) Mohammad Faruk Khan, Hon'ble Minister, Ministry of Commerce, Government of the People's Republic of Bangladesh, as a part of her recognition in the field of business and industry.

Humayun Kabir
Director

Mr. Humayun Kabir (Bablu) is graduated from California State University, Los Angeles, CA, USA in 1996 in Production & Operation Management.

Mr. Kabir is a Director of Bengal Group of Industries, one of the leading business groups in the country and Managing Director of Bengal Media Corporation Limited (RTV). He is a member of the Executive Committee since inception of the Bank.

He is declared as Commercially Important Person (CIP) by the Government of Bangladesh (GOB) for his remarkable contribution in exports.

Shahana Yasmin
Director

Mrs. Shahana Yasmin was born in a respectable Muslim family in 1968 in Khulna. Her grand father Late Professor Sanaullah was principal of Hoogly Mohsin College, West Bengal. Mrs. Yasmin obtained M. Com. in Accounting. She is engaged in business since long. She is proprietress of Farzan Fishing and Haraj Market (2nd floor), Khulna.

Sultana Jahan
Director

Mrs. Sultana Jahan was born in a respectable Muslim family in 1975 at Chandpur. She is the Vice Chairman of Labib Group, a renowned entrepreneur affiliated with apparel manufacturing and exporting, trading and distribution of mobile handset since long.

She has engaged herself in many social and charity activities like financial help to poor and old aged people and also to educational, religious and social institutions.

A. Mannan Khan
Director

Mr. A. Mannan Khan, Chairman of Mango Teleservices Limited, was born on 3rd January 1966 at Singair, Manikganj. He Graduated from Tianjin University of China in Computer Engineering with specialization in Telecommunication. He is a Member of the Audit Committee of the Board of Directors since inception of the Bank.

After returning from China, he stared business as Chairman of Communication Solutions Limited (CSL) and contributed substantially to the nation undertaking many world class office automation solutions and innovative projects like Air to Ground Communication System. Later on, in 2008, he established Mango Teleservices Limited, the first private sector International Internet Gateway (IIG) of the country and connected the country with the rest of the world. He also ventured into the business of voice network and established Platinum Communications Limited as an International Gateway, and Purple Telecom Limited as an Interconnection Exchange.

Mr. Khan is the founder chairman of Baira College, Singair, Manikganj, which is established in 1994. He is also the managing director of Playpen which is an English medium school catering the urban people and offering education up to A level to about 1500 students in Dhaka city. He has attended many works/ seminars at home and abroad. In personal life Mr. A Mannan Khan is married and the proud father of a son and a daughter.

Ferdousi Islam
Director

Mrs. Ferdousi Islam, representing Azbal International Limited, was born in a respectable Muslim family in 1965 in Narsingdi. She obtained M.A. degree from University of Dhaka in 1990. She is the Chairman of Azbal International Limited. She is also the Chairman of China-Bangla Ceramic Industries Limited, Managing Director of Trustee Securities Limited and Director of Northern General Insurance Company Limited and United Shipping Lines Limited.

Mrs. Islam is also associated with many philanthropic activities and travelled many countries.

Manwar Hossain
Director

Mr. Manwar Hossain, son of country's renowned Business philanthropy, Mr. Anwar Hossain, is the chief flag bearer of Anwar Group of Industries, a legacy of 180 years of business, and now boasts as the most diversified business conglomerate in Bangladesh. He is a Member of the Executive Committee of the Board of Directors of the Bank.

Mr. Hossain began his career in the Group, a family business, in 1994 after completing his undergraduate and graduate studies from University of New Hampshire, USA in business studies. He presently leads his role as Group Managing Director.

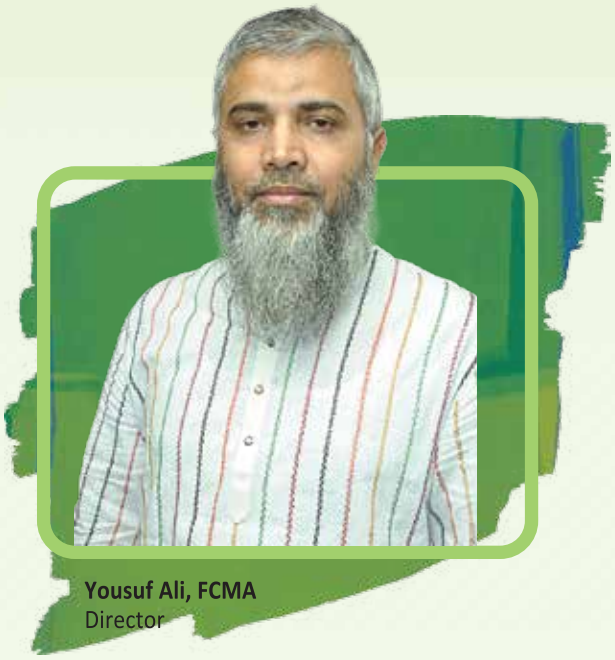
Mr. Hossain is a Director of BD Finance Securities Limited, BD Finance Capital Holdings Limited and Commerce Bank Securities and Investment Limited. He was former Chairman of BD Finance & Investment Company Limited, former Vice Chairman of The City Bank Limited and also a former Director of Bangladesh Commerce Bank Limited.

Mr. Hossain is associated with different social and trade bodies. He played a vital role as a Director of Dhaka Chamber of Commerce & Industry (DCCI). He is the Vice Chairman of Bangladesh Auto Re-Rolling & Steel Mills Association. He is also a member of Bangladesh Steel Mill Owner's Association, Bangladesh Re-Rolling Mills Association, Dhaka Club, Kurmitola Golf Club, Army Golf Club, American Alumnae and FBCCI.

Rezin Ahmmad Talukder
Director

Mr. Rezin Ahmmad Talukder comes from a respectable Muslim family from Bakergonj, Barisal. Being a visionary entrepreneur, he was founder director of 'Pretty Group', a conglomerate of 100% export oriented manufacturing companies and has been officiating as its Managing Director. Mr. Talukder received Award from Hon'ble Prime Minister of Bangladesh to become the YOUNG ENTREPRENEUR in the Export-oriented industries in 2015.

He is a Member of the Risk Management Committee of the Board of Directors of the Bank.



Yousuf Ali, FCMA
Director

Mr. Yousuf Ali, FCMA, representing Meghna Flour & Dal Mills Limited, was born in a respectable Muslim family in 1972 at Shariatpur. He completed post-graduation in Commerce from Dhaka University in 1996 and qualified Cost and Management Accountancy in 2000.

Md. Mahbubur Rahman
Director

Mr. Md. Mahbubur Rahman, representing Mona Financial Consultancy and Securities Limited, is an MBA, major in Finance & ITP. He is a member of Dhaka Tax's Bar Association, was born in a respectable Muslim family in 1970 at Mandari, Lakshmipur.

He is a Member of the Audit Committee of the Board of Directors of the Bank.

Md. Didarul Alam, MP
Director

Mr. Md. Didarul Alam is a prominent innovative and successful businessman in the country, born in a glorious and highly respectable Muslim family of North Kattali, Pahertali, Chittagong. He is a Member of the Parliament of the country. He is also a Member of the Risk Management Committee of the Board of Directors of the Bank.

Mr. Alam holds a Bachelor Degree in Arts. He has started his glorifying business career in the field of ship breaking. He has expanded his business in many dimensions. He played a vital role in different companies as Chairman, Managing Director & Director of those companies, i.e., T.R Fishing Limited, TR Ship Breakers Limited, Golden Bricks Limited, Kumira Ship Breakers Limited, Emerald Holdings Limited, Mostafa Hakim Shipping Lines Limited, Golden Auto Workshop Limited, Golden Oxygen Limited, Taher & Company Limited, Golden Ispat Limited, Alhaj Mostafa Hakim Cement Industries Limited, Alhaj Mostafa Hakim Housing and Real Estate Limited etc. He was also a Director of Bangladesh Finance and Investment Company Limited.

Mr. Alam is associated with different social and trade bodies. He played a vital role as a Director of Chittgong Chamber of Commerce & Industry (CCCI). He actively associates with several distinguished educational and socio-cultural organizations including Alhaj Mostafa Welfare Foundation. He is a life member of Bhathiary Golf & Country Club and Chittagong Club Limited. Mr. Alam traveled widely across the globe.

Md. Shafiul Azam
Managing Director & CEO

Mr. Md. Shafiul Azam has taken over Leadership of the Management of Modhumoti Bank Limited on 8th August, 2016 as Managing Director and Chief Executive Officer (CEO). Mr. Azam was the Additional Managing Director of the Bank prior to getting the new assignment.

A young, energetic, self-motivated banker, Mr. Azam, started his career with AB Bank Limited in 1991 as a Probationary Officer after completing post-graduation in Marketing from University of Dhaka. As a part of his career progression, later he joined Shahjalal Islami Bank Limited in 2001 and by dint of his honesty, sincerity and dedication to the work; he became the Deputy Managing Director of the Bank within very short span of time.

A highly connected, positive minded, customer centric banker, Mr. Azam possesses more than 25 years banking experience where he discharged responsibilities in different capacities including Head of corporate at Head office & Branch Manager/ Deputy Manager of major corporate Branches like Motijheel, Dhanmondi, Karwan Bazar, Mohakhali & Gulshan. He has been accoladed several times for his contributions to previous Banks. He has visited many countries of the world on official purpose and enriched his experience by attending various seminars, workshops and trainings.

Mr. Azam is personally associated with many social activities.

The **Sponsors**

Mr. Humayun Kabir

Mr. Shaikh Salahuddin

Barrister Sheikh Fazle Noor Taposh, MP

Mr. Noor-E-Alam Chowdhury, MP

Sharmin Apparels Limited
Rep. by Mr. Md. Ismail Hossain

Sandhani Life Insurance Co. Limited
Rep. by Mr. Nemai Kumer Saha

Alhaj Anwar Hossain

Mr. Salahuddin Alamgir

Tanveer Oils Limited
Rep. by Mr. Mostafa Kamal

Anwar Jute Spinning Mills Limited
Rep. by Mr. Mafizuddin Sarker

Mr. Humayun Kabir

The **Sponsors**

Mrs. Shahana Yasmin

Mrs. Sultana Jahan

S. Jute Industries Limited
Rep. by Mr. Md. Abul Hossain

Mr. Mohammad Ali Talukder

P. N. Composite Limited
Rep. by Mr. Tapan Kumar Saha

Mr. Abdullah Al Islam Jakob, MP

Everest Power Generation Co. Limited
Rep. by Ms. Tanjima Binthe Mostafa

Mr. Md. Irshad Ali

Niki Dyeing, Printing & Finishing Mills Limited
Rep. by Mr. Md. Serajul Islam Bhiuyan

Mr. Mohd Jashim Uddin

Mr. Faiz Ahamed Khan

Mr. Syed Salman Masud

The **Sponsors**

Crystal Apparels Limited
Rep. by Mr. Md. Showket Hossain

Mr. Sheikh Fazle Shams

Barrister Rahat Khalil

Barrister Imranul Kabir

Barrister Khandaker Reza-E-Raquib

Dr. Golam Mohiuddin

Barrister Mejbahur Rahman

Barrister Khandoker Reza-E-Rabbi

Barrister Mohammad Mehedi
Hasan Chowdhury

E. B. Solutions Limited
Rep. by Mr. Rafiur Rahman Khan Yusufzai

Mr. Iqbal Aziz

Mr. Sk. Belal Uddin

The **Sponsors**

Mona Financial Consultancy & Securities Limited
Rep. by Mr. Md. Mahbubur Rahman

Mr. Md. Didarul Alam, MP

Meghna Flour & Dal Mills Limited
Rep. by Mr. Yousuf Ali

D & S Preety Fashions Limited
Rep. by Mr. Mohammad Ali Talukder

Mango Teleservices Limited
Rep. by Mr. A Mannan Khan

Azbal International Limited
Rep. by Mrs. Ferdousi Islam

The **Management Committee,** MANCOM

Chairman : Mr. Md. Shafiul Azam, Managing Director & CEO

Members : Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management

Mr. Khondaker Rahimuzzaman, SEVP and Head of Operations

Mr. Md. Shaheen Howlader, EVP and Head of SME & Retail Banking

Mr. Sufi Tofail Ahamed, EVP and Head of ICT

Mr. Javed Khan, SVP and Head of Corporate & Investment Banking

Ms. Fahmida Saeed Saki, SVP and Head of International Division

Mr. Shaikh Mohammed Shoieb, VP and Head of Trade Services

Mr. Md. Zainul Abedin, VP and Head of ICCD

Mr. Arif Hasan Khan, VP, Business Development & Marketing Division (Corporate)

Mr. Biswas Arifur Rahman, FVP and Head of Treasury

Mr. Md. Gias Uddin, AVP, Finance and Accounts Division

Mr. S. M. Imran Alam, AVP, Human Resources Division

Mr. Ashutosh Talukder, AVP and Company Secretary (Current Charge)

The **Asset Liability Committee, ALCO**

Chairman : Mr. Md. Shafiul Azam, Managing Director & CEO

Members : Mr. Sheikh Talibur Rahman, SEVP and Head of Risk Management

Mr. Khondaker Rahimuzzaman, SEVP and Head of Operations

Mr. Md. Shaheen Howlader, EVP and Head of SME & Retail Banking

Mr. Sufi Tofail Ahamed, EVP and Head of ICT

Mr. Javed Khan, SVP and Head of Corporate & Investment Banking

Ms. Fahmida Saeed Saki, SVP and Head of International Division

Mr. Shaikh Mohammed Shoieb, VP and Head of Trade Services

Mr. Arif Hasan Khan, VP, Business Development & Marketing Division (Corporate)

Mr. Biswas Arifur Rahman, FVP and Head of Treasury

Mr. Md. Gias Uddin, AVP, Finance and Accounts Division

Mr. S. M. Imran Alam, AVP, Human Resources Division

Mr. Md. Mojammel Hoque, AVP, Risk Management Division

CHAIRMAN'S MESSAGE & CEO'S ROUND-UP

'In discharging the duties and responsibilities to run the Bank, we have given due emphasis on compliance of all regulatory requirements effectively to ensure adequate transparency in banking activities and also try to maintain the highest ethical standards and professionalism.'

Message from Chairman

Bismillahir Rahmanir Rahim

Honourable Shareholders,
My Respected Colleagues at the Board of Directors,

Assalamu Alaikum.

I feel proud and honoured to welcome you to the Third Annual General Meeting of Modhumoti Bank Limited.

I am pleased to take the opportunity once again to share with you our activities and progress of the Bank for the financial year 2015. As you know, with the corporate slogan, Your Access to Success, our operation was launched on 19 September 2013 amid a climate of tense political situation in the country which continued during the initial month of 2014 and again in the initial months of 2015 we witnessed political volatility and violence. However, the situation improved and the country began to move forward again in 2015. For the Bank, 2015 was also a very challenging year because as a new player establishing a strong position in the market was and still is a key challenge for us.

Performance of the Bank in 2015

Despite the challenges, I am pleased to convey to you that the Bank progressed well in 2015 as our performance steadily improved throughout the year. We focused more on lending operation than treasury or money market investment. Among the 4th generation private commercial banks in the country, our achievement was remarkable in terms of operating profit. The Bank's operating profit and net profit after tax were to the tune of BDT 1,061.27 million and BDT 764.93 million respectively, which increased earnings per share (EPS) to BDT 1.69 from BDT 0.68 in 2014.

Shareholder's equity at the end of the year also increased to BDT 5,525.45 million from BDT 4900.28 million in 2014.

The Bank's Balance Sheet expanded significantly during the year. Total assets of the Bank as on 31 December 2015 grew 45.15 percent to BDT 23,765.50 million over the previous year. The Bank's loans and advances also grew steadily to BDT 9,983.04 million and I am pleased to inform you that there was no non-performing loan in the portfolio. The Bank's other significant assets were investments in government securities for BDT 2,590.41 million and balance with other banks and financial institutions for BDT 8,727.00 million at the end of the year. These assets contributed a major portion of profit for the Bank. The Bank's deposit base also expanded 71.82 percent to BDT 16,903.42 million in 2015.

Products and services of the Bank

The Bank continued to introduce products and services in 2015 to attract and serve wide range of customers from individuals, corporate, SMEs and public sector. In 2015, the Bank became the lone Off-shore License holder among the new 4th Generation Private Banks in the country. The Bank has introduced some attractive products, both deposit and lending, specifically for SME, agriculture, women, retail clients. MMBL is the first bank in Bangladesh to have introduced privilege banking services to the Freedom Fighters of the country. The Bank also launched several campaigns to popularize the products.

The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at reasonable cost. That is why the Bank opened 5 new branches in the areas such as Kanchan, Aganagar, Rajshahi, Shibchar and Charfassion with online banking network from the very first moment of operation of these branches in 2015. The Bank started activities for opening agent banking in 2015 to serve unbanked population in rural and far flung places in the country. We have so far opened 19 agent points. Opening of more branches and agent points in the country is under process. We are going to open a new branch at Shambhugonj Bazar, Mymensingh shortly for which a minimum presence of the Bank in all the Divisions of the country would be ensured. The branches are connected to online banking network and equipped with ATMs and modern technology. The Bank also entered into agreements with state owned utility service companies to collect bills from their customers.

There is no denying of the fact that in these days banks are emphasizing SME financing and financial inclusion. We believe SME and micro and cottage enterprise are the two most potential sectors for expansion of our business.

As you know today's banking industry is technology based and our bank is no different. We have strong conviction of applying information technology in our operation for ensuring prompt and accurate service to our customers. We have already implemented SMS alert service and limited internet banking service. We are contemplating introducing other technology based services such as Tele Banking, full-fledged Internet Banking and Mobile Banking within a short period. All these, we believe, would take our Bank to a newer height in auto-banking services.

Corporate Governance

We strive to practice and follow standard principles in accordance with the guidelines from Bangladesh Bank for ensuring corporate governance and we are in constant efforts for adhering to the rules, regulations and guidelines of regulatory authorities. The Bank formed the Executive Committee, Audit Committee and the Risk Management Committee of the Board of Directors and Committees are performing accordingly.

Corporate Social Responsibility

Alongside commercial banking operation we contemplate to serve the society as part of our responsibility. We are committed to the cause of humanity and fulfilling social responsibilities. The Bank has spent amounting BDT 24.37 million to carry on various CSR activities during 2015. The bank plans to widen its corporate social responsibility activities as it is sensitive to the needs of the community.

Human Resources

The Bank's human resources are essential for our success. We firmly believe that, 'Our people are our assets which are required to be maintained with due care.' For this, we are in constant efforts

to boost their morale by creating congenial working atmosphere for them and giving them reasonable compensation package. We believe in maintaining forward looking human resources and enhancing their competence through continuous in-house and on-the-job trainings. Human Resources Division arranged trainings, workshops, and seminars for the employees. For maintaining a well-motivated team for our success, we reward them with performance bonus, promotions, and increments.

The year 2016 shall be another challenging year for us due to high competition in the banking sector and cautious growth in private investment. We shall have to compete with many players with strong footing in the industry. I believe Bangladesh economy will continue to grow and macro-economic stability would exist as political stability has already returned. As we know, the economic growth is expected 7 per cent and I am optimistic, Bangladesh will maintain positive growth momentum and the bank shall perform well and grow in 2016 and beyond as we are always committed to building an organization on sound fundamentals, prudence, diligence and financial acumen. Upto June 2016, the Bank achieved operating profit of BDT 318.60 million riding on expanding loans and advances portfolio and deposit base which increased to BDT 14,064 million and BDT 21,094 million respectively. I am highly confident that the highly competent management team of the Bank will take the bank to new heights and deliver expected results to the shareholders at the end of the year.

Note of Appreciation

I would like to express my gratitude to the Honourable Prime Minister Sheikh Hasina and also to the Honourable Minister, Ministry of Finance, Mr. Abul Maal Abdul Muhith for including 4th generation banks enjoying 2.50% less tax alike other banks from FY 2015-2016, impact of which is reflected in the financial statements of 2015. This unique decision has enhanced our ability for competing with other banks and also facilitates us serving our customers at a reduced rate.

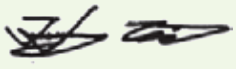
I am immensely indebted to my colleagues for their continued supports and prudent counsels. I would like to thank members of the Executive Committee, Audit Committee and Risk Management Committee for their commendable role in our quest for success. I express deep gratitude to all our customers, well-wishers, shareholders, regulators for their supports and invaluable guidance in our journey.

I thank Hoda Vasi Chowdhury & Co., Chartered Accountants for conducting external audit with professionalism and advising us for last three years on various matters concerning International Accounting Standards and Bangladesh Accounting Standards.

We recognize the employees led by the Management Team as the innate strength of our Bank. We will strive together for achieving our stated goals and vision.

May Allah help us and shower His unending blessings upon us.

With warm personal regards,



Humayun Kabir
Chairman

Managing Director & CEO's Roundup

Bismillahir Rahmanir Rahim

Respected Shareholders, Honourable Members of The Board of Directors and all Members of Modhumoti Bank family

Assalmu Alaikum.

Though it is a routine activity, still I feel the pride to have this great privilege and honour to present before you the on-going and up-coming activities and performance parameters of our beloved Bank for the year ended December 31, 2015 on the occasion of the Third Annual General Meeting of the Bank.

Modhumoti Bank Limited (MMBL) has completed another financial year of operation in 2015 after making its footprint in the financial sector of the country through inaugurating its Motijheel Branch on 19th September 2013. The Bank continued to remain true to its vision of leading the new generation of local commercial banks by excelling in customer delivery through insight, empower employees, adaption of technology and range of highest quality products and services with customization as per requirement of the business within the purview of all existing rules and regulations of the country.

Business Review

Bangladesh has undergone the year 2015 by taking some new challenges in terms of economic activities. However, the economy of the country more or less show its resilience overall. For the Bank, it was rather a challenge and a matter of prudency to react efficiently and effectively to these challenges and make the outcome of the changes in its favour in a highly competitive market where, the key element of growth – the demand for credit remained low as private sector investors remained continuing lukewarm about investment. I would like to share with you briefly the developments of global and national economic scenario as the business of the bank is directly linked to them.

Global economic growth was lower than expected in 2015 as the developed countries especially Japan and euro zone countries are still struggling to gain growth momentum and developing countries growth has been slowed. Economic growth in low income

countries remains robust. Global trade growth has also been slowed in both developed and developing countries since the 'financial crisis' and has not reached the trends of 1990s and 2000s. Global economic growth registered at 3.1 percent in 2015 due to continued lower oil price and growth in United States and other major economies such as Japan and Euro Zone countries.

Despite political and other crisis, during the fiscal year 2015, economy of the country grew 6.6 percent over 6.1 percent in 2014. Economic activities were mainly driven by growth in public investment, agriculture, service whereas growth of industry declined. Inflation has been on the declining trend during 2015. Export, import and remittance trend continued showing positive growth in 2015 and value of Taka remained stable. Foreign exchange reserve of the country continued to increase and set a new record level. Balance of payment (BOP) was in the surplus despite deficit in the current account. Domestic credit growth was 10.90 percent year on year at end of December 2015 which is lower than the target of Bangladesh Bank. Deposit and lending interest rates of Banks and Financial Institutions have been coming down in line with decline in CPI inflation. NPL ratio in the banking sector has come down to 9.3 percent at the end of 2015. These mixed trends show that the country is well poised to achieve desired growth if certain bottlenecks be removed, for example, extensive support for large investments in infrastructure and making available of smooth supply of utilities, inadequate rail and road links, skilled manpower and lower rate of interest on bank borrowing, longer tenure for financing by the Banks etc., which shall open new avenues for the Bank's to expand its footprint in the economy of the country.

In 2015, our Modhumoti Bank operated for a full financial year alike 2014, during which the Bank's business continued to grow in slow but steady manner. I am happy to report that despite the complex environment and limited branch presence in the country, our Bank achieved operating profit of BDT 1,061.27 million in 2015 which was BDT 510.70 million in 2014, i.e., there is a marvellous increase of 107.81% and net profit after tax increased to BDT 764.93 million in 2015 from BDT 306.30 million in 2014. The Bank opened 5 new branches in the areas such as Kanchan, Aganagar, Rajshahi, Shibchar and Charfassion with online banking network from the very first moment of operation of these branches and complying with all the rules existing. It may be mentioned that at this moment, we have 20 branches throughout the country right now and one branch is going to be opened very shortly at Shambhugonj Bazar, Mymensingh, for which a minimum presence of the Bank in all the Divisions of the country would be ensured. Besides, few new branches would be opened soon.

We are a believer in financial inclusion and are committed to deliver best customized financial services to the business community of the country, our commitment for expansion of branch network in different regions, urban and rural, shall continue. In addition to expansion of branch network, we have already opened many agent points in rural areas with modern technology to facilitate banking services to less privileged people.

Total deposits of the Bank stood at BDT 16,903.42 million in 2015, which registered growth of 71.82% over BDT 9,838.13 million in 2014. Total Loans and Advances grew significantly to BDT 9,983.04 million in 2015 over BDT 4,130.90 million in the previous year. In 2015, NRB remittance amounting to BDT 56.40 million was channelled through the Bank by using the distribution channel of Western Union Money Transfer, etc. Total Assets of the Bank stood at BDT 23,765.50 million which continued to increase from BDT 16,373.10 million in the last operation year registering growth of 45.15%. Total Shareholders' Equity increased at 12.76% which in terms of amount from BDT 4,900.28 million in 2014 to BDT 5,525.45 million in 2015.

In 2015, the Bank became the lone Off-shore License holder among the new 4th Generation Private Banks in the country. The Bank facilitated import of BDT 5,143.10 million in 2015, export of BDT 1,932.80 million through its 3 AD branches, which definitely shows the scope of improvement. Presently we have 4 AD branches, 12 nostro accounts and 114 local and foreign correspondents and these numbers are increasing with the passage of time.

Like before, this year also, the Bank continues deploying its fund in loans and advances, alongside investments in treasury bills and bonds and money market instruments to explore each and every possible business aspect. As a result of efficient management of the fund, Bank earned significant amount of revenue of BDT 1,163.26 million from treasury operation. Outstanding investment in government security, which is comparatively safer, was BDT 2,590.41 million at the end of the year. The

Bank's placement of funds with other banks and financial institutions was another source of healthy income for BDT 364.28 million, stood at BDT 8,727.00 million at the end of the year.

The Management with the prudent guideline of the Board of Directors has become able to diversify its loan portfolio to include all types of enterprises in various sectors of the economy. The Bank's experienced business teams at Head Office and branches have been working relentlessly to develop a healthy and well-balanced portfolio which is free from any classified/non-performing loan. The Bank has been trying to diversify its deposit mix by increasing no cost-low cost deposits and reducing dependency on fixed term deposits. The Bank has already entered into agreements to open collection accounts of various Government utility services, some of which are for the first time among the 4th Generation banks. At the end of 2015, the Bank had 13,186 deposit accounts, which were 6,217 in 2014. We would like to inform you that the Bank is aware of maintaining spread between advance and deposit interest rate according to Central Bank's guideline.

Since the beginning of operation of the Bank, we have been offering various tailored loan and deposit products through our branch network. In 2015, we continued operations through corporate banking, SME and Retail banking under which many products have already launched like deposit product for school, college and university students, remittance services, debit cards, ATM services, SMS and internet banking and so on. Besides, we have already launched priority banking, which is designed to meet the standards of 5-star luxury, giving the ultimate banking experience; essentially a world-class combination of the latest financial products and services, wealth management solutions as well as other special advisory services. With a view to serve more customers in the serve net of the Bank, VISA cards, mobile banking and agent banking are introduced in the year 2015. Modhumoti Bank is so far the only bank in the country to have introduced privilege banking services for the Freedom Fighters of the country as a token of recognition of their contribution to the country. To enhance our brand image, we have continued our participation in some expo and trade fairs in the country.

The Bank has been maintaining sensitivity to make positive impact on the society and the environment. The Bank introduced green banking in 2014, just few months later from inception, by undertaking initiative such as green finance, green banking policy and guidelines for staff, to operate as a responsible corporate entity and continued exerting its best effort to implement in all operational levels of the Bank. In the year 2015, the Bank continued participation in a number of events under corporate social responsibility (CSR) through which spent BDT 24.37 million in totals. Besides, Modhumoti Bank has already taken steps for opening of BDT 10 Farmers accounts through our rural branches, and also extended credit facilities to farmers at a discounted interest rate.

In this modern age and being one of the leading 4th generation private commercial banks in the country, the Bank believes in utilization of Information and Communication Technology (ICT) for conducting its operation efficiently and effectively and continuous improvement of technological support to ensure highest degree of customer satisfaction along with necessary precaution to avoid forgery. From the very first day of its operation, the Bank started using centralized real time core banking solution and state-of-art Data centre. With the expansion of branches' network, ICT department has been providing all kinds of technical setup and facilities in diversified delivery channels to deliver class service to the customers of that locality.

As for any growing organization, we believe that employees of the Bank are the key valuable resource and the driver of the Bank's success. As such, we continued focusing on creating a congenial work place and are trying to attract talented people with leadership quality, cultural diversity and adoption capability along with team spirit. In 2015, number of employees of the Bank stood at 388 including sub-staffs to keep the service of the bank smooth.

In discharging the duties and responsibilities to run the Bank, we have given due emphasis on compliance of all regulatory requirements effectively to ensure adequate transparency in banking activities and also try to maintain highest ethical standards and professionalism for protecting the best interest of all the stakeholders.

Future Outlook

We are at growing stage of the Business cycle and as such, we strongly strict to the hope that the year 2016 will give us more opportunity to consolidate our position in the industry based on the success of previous years. We know that this year will also be another challenging year for us due to our increasing

integration with global economy as well as growing complex nature of local economy. In spite of all these, we shall have to maintain the growth momentum and be more innovative in our approach to business. As competition in the industry is getting more intense due to limited client base and limited resources, we will have to explore business opportunities in new areas of the country to increase our client base keeping in mind the existing Industry Policy, Thrust Sectors, etc. The political and economic situation of the country is almost stabilized and the Government is facilitating a stable environment where new opportunities for investment, export and import are expected to grow and we keep ourselves ready to reap the maximum advantages of the business environment.

To operate in a prudential manner to overcome the challenges in 2015, the Bank has adopted the following Strategic priorities in 2016:

- maintain operational efficiency, high standard of customer service and sustainable business growth;
- open more branches in rural and urban areas to spread the service net to capture maximum number of customers;
- provide customer centric, tailored, innovative, modern technology based secured banking products;
- increase low cost deposit base by taking several initiatives including some on-going activities;
- increase SME loan portfolio and maintain an overall balanced portfolio to minimize business risk;
- maintain customer loyalty through personalized customer service;
- increase footprint in untapped sectors, niche sectors of the business economy, enhance corporate image and build a brand with national pride;
- attract and retain dynamic and talented human capital in line with the mission and vision of the Bank;
- explore, maintain and maximize alternative delivery channels to provide mass banking services by enhancing customer confidence on the Bank.

Development is a continuous process and while developing this Bank, we focused on developing something unique– a catalyst of growth since its very inception. We would like to continue our vow to participate directly in the socio-economic development of this country by being a stable financial institution with quality products and timely delivery of the services as an integral part of the community, and improve the life of people around. We are open to share and want to be the partner with our counterparts towards making the society and the country as a whole better. We shall make ensure growth with our customers together by providing the highest level of services that our customers deserve – with a smile and a friendly attitude. We shall always adhere to our core values: ethics, responsibility, innovation, teamwork, transparency all focused on customer centricity.

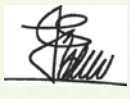
Appreciations

I would like to express my gratitude to the Honourable Governor and other Officials of Bangladesh Bank, and Registrar of Joint Stock Companies and Firms for their continuous assistance, valuable guidelines and co-operation since the very inception of the bank and I sincerely hope that this will continue in the days to come.

I am also thankful to our clients for keeping their trust and belief on us in choosing their business partners.

I express my gratitude to our very capable and qualified Board of Directors for their visionary role and guidance despite of their busy schedule. I always find them very supportive and responsive to the speedy implementation of various policies and programs of the Bank. At this stage, it is worth-mention to acknowledge the contributions of my fellow colleagues and staff here at the Bank towards achieving the success of the Bank up to this level which shall continue to grow.

With best regards,



Md. Shafiul Azam
Managing Director & CEO

BUSINESS AT A GLANCE

The Management continues its quest by taking various steps keeping in mind the country's business environment through enhancing the standard of superior customer service.

Products and Services

Corporate & Structured Finance

- Term Loan / Time Loan
- Lease Finance
- Trade Finance
- Trust Receipt
- Working Capital
- Bill Discounting
- Agency Function
- Letter of Guarantee
- Corporate Advisory Service
- Equity Financing & Arrangement
- Syndication Arrangement & Participation

Treasury and Foreign Exchange Products

Money Market

- Overnight (call)
- Term
- Repo
- Reverse Repo
- SWAP

FX Market

- Spot
- Forward

Small & Medium Enterprise (SME) Loan Products

- Modhumoti Goti
- Modhumoti Progoti
- Modhumoti Agrogoti
- Modhumoti Moushumi
- Modhumoti Labonnyo

Agriculture Loan Products

- Modhumoti Shamolima (Crop Loan)
- Modhumoti Shamolchhaya (Farm Loan)
- Modhumoti Shamolmaya
  (Any Agri-purpose Loan)

Retail Products

- Modhumoti Personal Loan
- Modhumoti Vehicle Loan
- Modhumoti Vehicle Loan (Special)
  (for Parliament Members only)
- Home Loan
  - Modhumoti Thikana & Modhumoti Ashroy
- Automated Cards
  - Debit/Credit Card with VISA
  - ATM Debit Card through 'Q-Cash' & NPSB networks

Deposit Accounts

- Savings Account
- High Performance Savings Account
- Savings Account for Freedom Fighters
- Salary Savings Account *(Under corporate agreement/for RMG Sector)*
- Farmers Savings Account
- Modhumoti পাঠশালা
  (Savings Account for students aging less than 18 years)
- Modhumoti তারুণ্য
  (Savings Account for students aging beyond 18 years)
- Special Notice Deposit
- Current Account
- Fixed Deposit for different terms
- Foreign Currency Account
- NFCD / RFCD

Scheme Deposits

- Monthly Savings Scheme
- Monthly Savings Scheme for Freedom Fighters
- Monthly Income Scheme
- Double Benefit Scheme
- Triple Benefit Scheme
- Modhumoti প্রত্যাশা

Remittance Service

- Modhumoti Talent Source (Student File)
- Modhumoti Probash Cash (প্রবাস ক্যাশ)
  (NRB remitting arrangements with world famous exchange houses, like Western Union, Ria, Cash Express, Xpress Money, IME, TRANSFAST, Placid Express)

Service Products

- Priority Banking services
- Locker Service
- 24 hour ATM access
- Online Banking / SWIFT
- SMS Banking / Internet Banking
- Utility Bill Collection Services
  - BRTA Fees
  - CPTU (e-Gp)
  - DESCO/DPDC /PDB/REB
  - DNCC Fees & Taxes
  - Jalalabad Gas Co.
  - TITAS Gas
  - WASA
  - WZPDCL

Off-Shore Banking Services

Agent Banking Services

Alternate initiative of delivering services to unbanked community

MODHUMOTI Priority BANKING

The Ultimate Banking Experience

Priority Banking is designed to meet the standards of 5-star luxury, giving the ultimate banking experience; essentially a world-class combination of the latest financial products and services, wealth management solutions as well as other special advisory services. Modhumoti Priority Banking offers considerable perks to HNWIs (High-Net-worth-Individuals) to obtain them as clients. Priority Banking clients with large accounts generally receive enviable rates and services guaranteeing them instant access to the employees working with their accounts. Priority Banking clients never have to wait in line or use a teller for services. Anything the client needs can be done with a phone call. A Priority Banking client can contact the lead advisor working with his account and complete just about any transaction, from cashing a cheque or ordering more cheques to moving large sums of money from one account to another.

Priority Banking have gathered pace in Bangladesh as some local banks are now jumping on the band wagon to tap affluent people. Though such banking was introduced nearly 15 years ago by a foreign bank, but is still relatively new in Bangladesh context. In this form of banking, the bank identifies its priority customers on the basis of wealth and some extra privileges are provided to these "priority customers" by the bank.

Modhumoti Priority Banking goes beyond the way you bank and to live up to the essence of priority banking, MMBL Priority Banking always ensure that your banking activities should be conducted in style, comfort and with precision. Equipped with a world-class combination of the latest financial products and services, wealth management solutions as well as other special advisory services, it should be able to draw your attraction as a potential customer who wishes to avail such services by offering such innovative offers to tangle your interests with them.

MMBL provides financial service that includes a complete range of advisory services exclusively by a Priority Relationship Manager who guides all of your financial needs, acting as your personal financial assistant who will be able to gather all relevant information regarding your business and advise you in various dimensions ranging from wealth management to providing essential information regarding the capital market and share trading to asset and real estate management to brighten your current and future business prospect.

Highlights 2015

Figures in Million BDT

Deposits
2015: BDT 16,903.42
2014: BDT 9,838.13
▲ +71.82%

Operating Income
2015: DBT 1,556.91
2014: BDT 806.43
▲ +93.06%

AD Ratio
2015: 59.06%
2014: 41.99%
▲ +40.65%

Loans
2015: BDT 9,983.04
2014: BDT 4,130.90
▲ +141.67%

Operating Profit
2015: DBT 1,029.27
2014: BDT 497.70
▲ +106.81%

Cost of Fund
2015: 10.31%
2014: 12.26%
▼ -15.91%

Import Business
2015: BDT 5,143.10
2014: BDT 1,800.00
▲ +185.73%

Profit after tax
2015: DBT 764.93
2014: BDT 306.30
▲ +149.74%

ROE
2015: 14.67%
2014: 6.46%
▲ +127.09%

Export Business
2015: BDT 1,932.80
2014: BDT 550.00
▲ +251.42%

Total Assets
2015: BDT 23,765.50
2014: BDT 16,373.10
▲ +45.15%

ROA
2015: 3.81%
2014: 2.53%
▲ +50.93%

Bank Guarantee
2015: BDT 855.70
2014: BDT 820.00
▲ +4.35%

Equity
2015: DBT 5,525.45
2014: BDT 4900.28
▲ +12.76%

NAV
2015: 12.22
2014: 10.84
▲ +12.73%

NRB Remittance
2015: BDT 56.40
2014: BDT 10.00
▲ +464.00%

Dividend
2015: 10% Cash (Commitment)
2014: 5% Cash
▲ +100.00%

EPS
2015: 1.69
2014: 0.68
▲ +148.53%

Shareholders' **Information**

Key Financial Data & Key Ratios

Figures in Million BDT

Particulars	2015	2014	2013
Balance Sheet Focus			
Authorized Capital	20,000	20,000	20,000
Paid-up Capital	4,520	4,520	4,520
Total Shareholders' equity	5,525	4,900	4,578
Deposits	16,903	9,838	1,680
Loans and Advances	9,983	4,131	35
Investments	2,640	6,955	129
Property, Plant and Equipments	202	149	88
Total Assets	23,766	16,373	7,884
Total Liabilities	18,240	11,475	3,306
Income Statement Focus			
Interest income	1,417	881	256
Interest expenses	1,151	698	49
Net interest income	266	183	208
Investment income	1,163	535	-
Commission, exchange and brokerage	109	80	2
Other operating income	19	9	0
Total operating income	1,557	806	210
Total operating Expense	528	309	97
Profit before provision and tax	1,029	498	113
Provision for loans and Others	58	56	2
Provision for tax including deferred tax	206	136	54
Profit after tax	765	306	57
Non-Funded Business Information			
Import	5,143	1,800	6
Export	1,933	550	-
Guarantee Business	856	820	150
NRB Remittance	56	10	-
Capital Measures			
Total Risk Weighted Assets	15,727	9,687	3,045
Core Capital (Tier-I)	5,422	4,883	4,577
Supplementary Capital (Tier-II)	123	66	2
Total Eligible Capital	5,545	4,949	4,579
Tier-I Capital Ratio	34.48%	50.41%	150.29%
Tier-II Capital Ratio	0.78%	0.68%	0.07%
Capital Adequacy Ratio	35.26%	51.09%	150.36%

Shareholders' **Information**

Key Financial Data & Key Ratios

Figures in Million BDT

Particulars	2015	2014	2013
Credit Quality			
Non-Performing Loans (NPLs)	-	-	-
NPLs to Total Loans and Advances	-	-	-
Un-Classified Loans	9,983	4,131	35
Provision for Classified Loans	-	-	-
Share Information			
Number of Shares Outstanding (million)	452	452	452
Number of Shareholders (Actual)	41	41	41
Earnings Per Share (Taka)	1.69	0.68	0.13
Dividend	10%	5%	-
Cash	10%	5%	-
Stock	-	-	-
Net Asset Value Per Share (Taka)	12.22	10.84	10.13
Operating Performance Ratios			
Advance-Deposit ratio	59.06%	41.99%	2.07%
Cost of Fund	10.31%	12.26%	12.25%
Yield on Average Advance	13.47%	14.14%	12.91%
Return on Assets (ROA)	3.81%	2.53%	0.72%
Return on Average Equity (ROE)	14.67%	6.46%	1.24%
Other Information			
Number of Branches	15	10	2
Number of AD Branches	3	2	-
Number of ATM	16	6	-
Number of Employees	297	205	53
Number of Nostro Accounts	12	10	-
Number of Correspondents	114	94	28
Average Earning Assets	18,681	11,526	7,398
Average Total Assets	20,069	12,129	7,884
Average Deposits	13,380	5,238	1,800
Average Loans & Advances	7,801	1,964	35
Average Equity	5,213	4,739	4,578

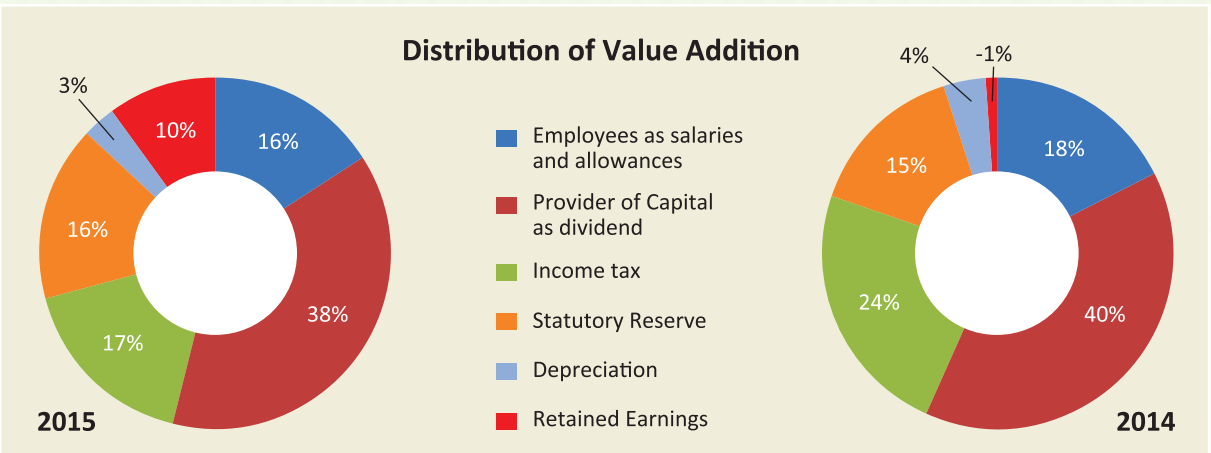
* Modhumoti Bank Limited started its operation on 19th Septemebr 2013.

Value Added Statement, VAS

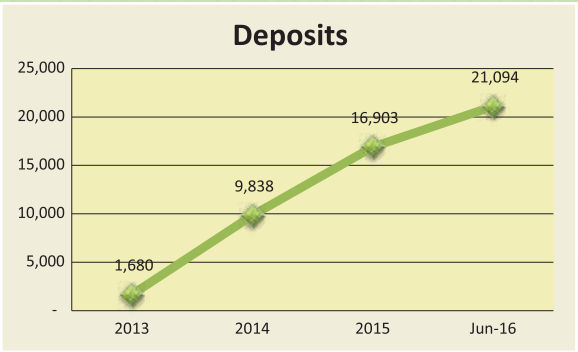
The value added statement for the Bank shows how the value is created and distributed among different stakeholders of the Bank. Value added to the Bank stood at BDT 1,199.30 million as of December 31, 2015 as against BDT 566.40 million in 2014.

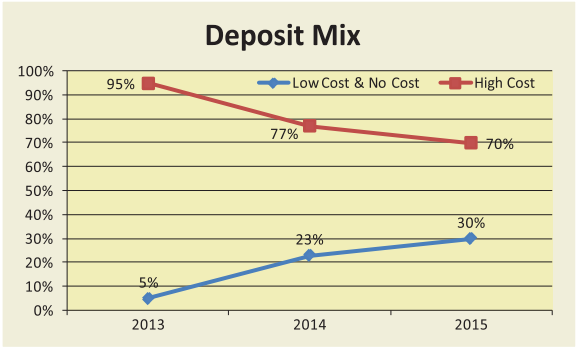
Figures in Million BDT

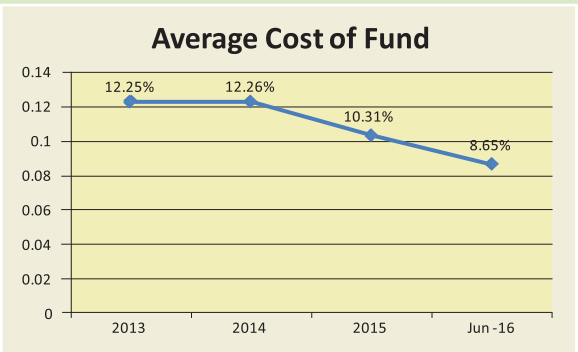
Particulars	2015 Taka	%	2014 Taka	%
Interest income	1,416.79		880.58	
Investment income	1,163.26		535.05	
Commission, exchange and brokerage	108.73		79.98	
Other operating income	19.24		8.52	
	2,708.02		**1,504.13**	
Less: Cost of services & Supplies				
Interest paid on deposits and borrowings etc.	1,151.11		697.71	
Rent, taxes, insurance, electricity etc.	92.59		74.75	
Legal expenses	0.36		0.22	
Postage, stamp, telecommunication etc.	11.78		7.45	
Stationery, printing, advertisements etc.	43.38		28.09	
Directors' fees and expenses	1.74		1.55	
Repairs to Bank's assets	9.33		0.62	
Other expenses	139.99		71.69	
	1,450.28		**882.08**	
Value added by banking services	**1,257.74**		**622.05**	
Non-banking income	-		-	
Less: Provision for Loans and Advances				
General Provision on Loans and Advances	47.69		40.65	
Provision for Off-Balance Sheet Items	10.75		15.00	
	58.44		**55.65**	
Total Value added	**1,199.30**		**566.40**	
Distribution of value addtion				
Employees as salaries and allowances	193.88	16%	101.33	18%
Provider of Capital as dividend	452.00	38%	226.00	40%
Government as income tax	205.90	17%	135.75	24%
Expansion & Growth:				
Statutory Reserve	194.17	16%	88.41	15%
Depreciation	34.58	3%	23.01	4%
Retained Earnings	118.77	10%	(8.11)	-1%
	1,199.30	**100%**	**566.40**	**100%**

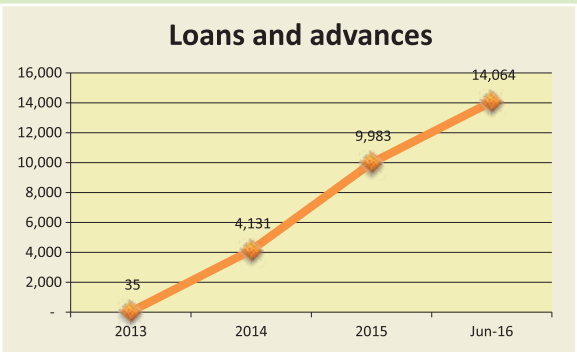


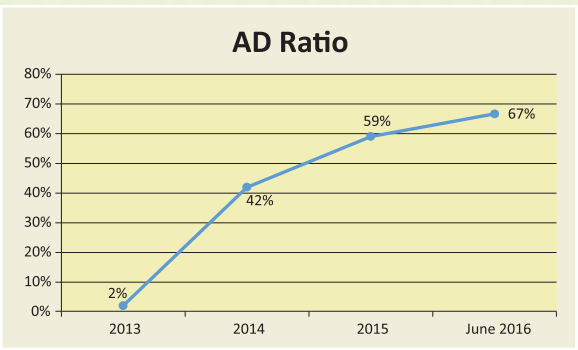
Graphical Presentation: **Business Trends**

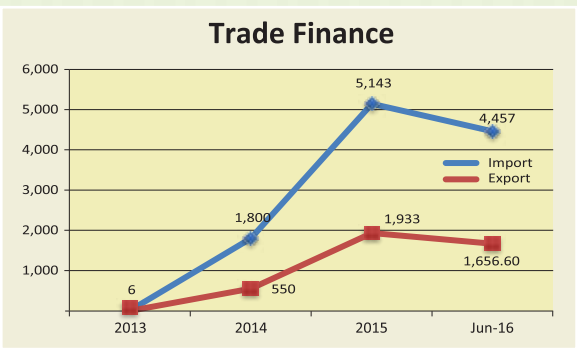


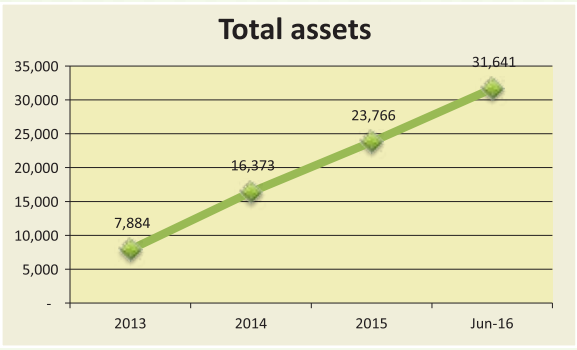












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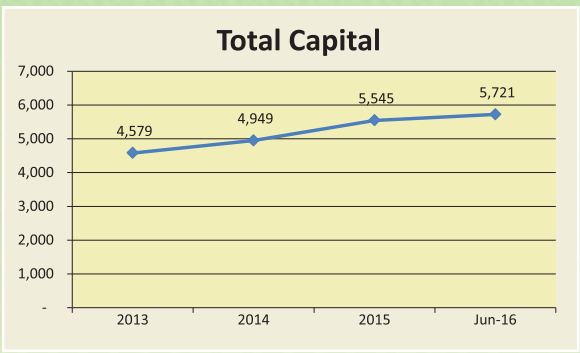
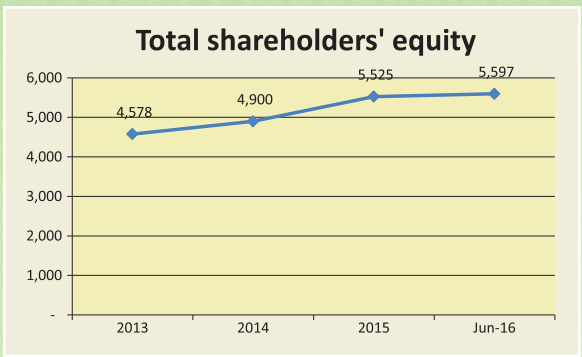
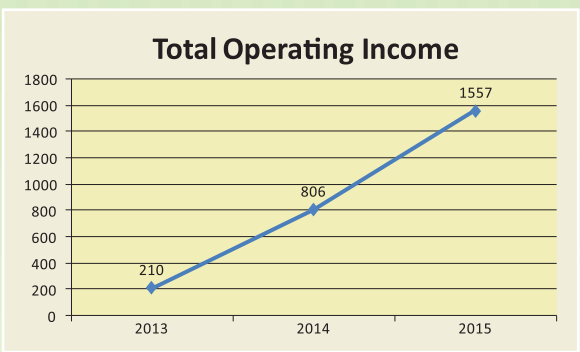
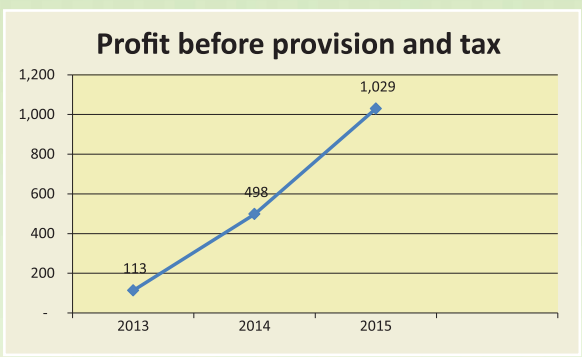
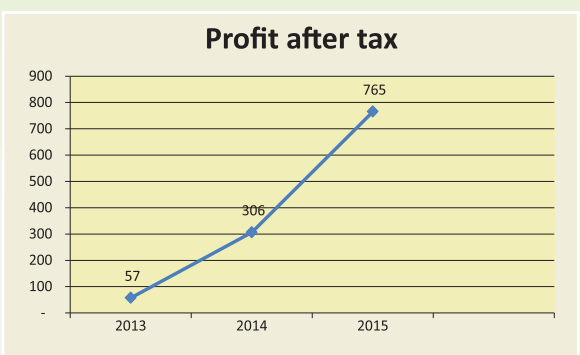
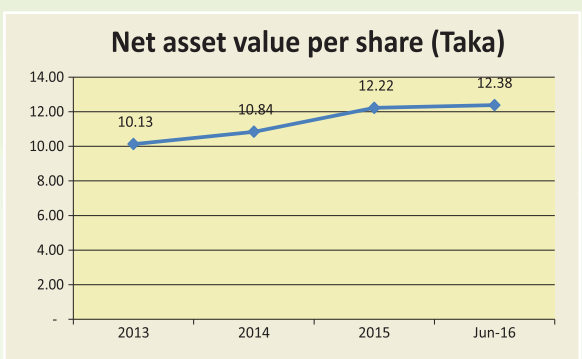


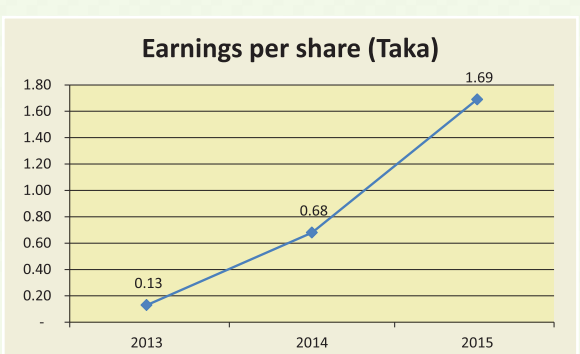


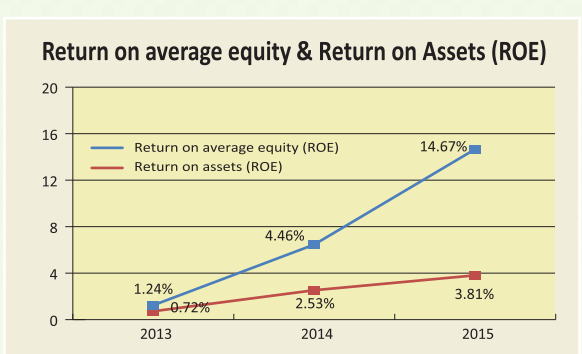












DIRECTORS' REPORT

'Development is a process, and all cannot be earned in a day. In order to meet the customers' demands, we are in continuous endeavour to develop and design products and services for our existing and potential clients.'

Directors' **Report**

It is an immense pleasure for the Board of Directors of Modhumoti Bank Limited in welcoming all of you to the 3rd Annual General Meeting and to present the Annual Report 2015 of the Bank.

This is a privilege for the Board to present before you the audited Financial Statements for the year ended 31st December 2015 along with the Auditor's Report. Financial Statements of the Bank have been prepared with a view to provide widest possible coverage in terms of compliance with the related regulatory and financial standards and to give a fair view of the business activities in a transparent manner. The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994 and in the light of BSEC Corporate Governance Guidelines and also guidelines by Bangladesh Bank and other regulators from time to time.

Before going into detail performances of the bank, a brief overview of world economic trends especially those having strong relation with our economy and also a glimpse of performance over our economy is addressed in this Report followed by discussion on scenario of overall banking industry.

World Economy

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies—while still accounting for over 70 percent of global growth—declined for the fifth consecutive year, while a modest recovery continued in advanced economies. The dramatic decline in imports in a number of emerging market and developing economies in economic distress is weighing heavily on global trade.

Oil prices have declined sharply since September 2015, reflecting expectations of sustained increases in production by Organization of the Petroleum Exporting Countries (OPEC) members amid continued global oil production in excess of oil consumption. Futures markets are currently suggesting only modest increases in prices in 2016 and 2017. Prices of other commodities, especially metals, have fallen as well.

Though a decline in oil prices driven by higher oil supply, in current circumstances, several factors have dampened the positive impact of lower oil prices. First and foremost, financial strains in many oil exporters reduce their ability to smooth the shock, entailing a sizable reduction in their domestic demand. Limited pass-through of price declines to consumers may also have been a factor in several emerging market and developing economies.

In December 2015 the U.S. Federal Reserve lifted the federal funds rate from the zero lower bound. Prospects of a gradual increase in policy interest rates in the United States as well as bouts of financial volatility amid concerns about emerging market growth prospects have contributed to tighter external financial conditions, declining capital flows, and further currency depreciations in many emerging market economies.

Future outlook

Global growth is projected at 3.4 percent in 2016 and 3.6 percent in 2017.

Advanced Economies

Growth in advanced economies is projected to rise by 0.2 percentage point in 2016 to 2.1 percent, and hold steady in 2017.

Emerging Market

Growth in emerging market and developing economies is projected to increase from 4 percent in 2015—the lowest since the 2008–09 financial crisis—to 4.3 and 4.7 percent in 2016 and 2017 respectively.

Bangladesh Economy

Bangladesh economy has maintained its progress on a 6 plus percent growth path, notwithstanding many external and internal challenges. Headline inflation has decelerated, largely reflecting international commodity price declines; lending rate declined modestly despite large excess liquidity; and the nominal exchange rate has remained stable while reserves have reached new heights. Revenue and development budget implementation shortfall continue to haunt fiscal policy while overall monetary management has remained cautious. The financial sector woes showed no sign of waning.

The nominal GDP of the country was BDT 17295.67 billion in FY 2015-16 which is about 14.10 percent higher than that of FY 2014-15's BDT 15158.02 billion. According to the final

estimation of Bangladesh Bureau of Statistics (BBS), 6.55 percent growth has been achieved in FY 2014-15. The Government of Bangladesh (GOB) targeted 7.0 percent GDP growth for the FY 2015-16. It is mentionable here that for FY 2016, per capita gross national income (GNI) and gross domestic product (GDP) have been estimated to be about USD 1466 and USD 1384. Both have grown at about 12% over the previous year.

GDP growth is driven on the supply side by services and rise in public investment and consumption expenditures on the demand side. On the demand side, private consumption remained the largest single source of growth, although its contribution declined from 3.8 percentage points in FY15 to 3.5 percentage points in FY16. The contribution of public investment nearly doubled from 0.8 percentage points in FY15 to 1.5 percentage points in FY16 while the contribution of private investment declined from 1.5 percentage point to 1.3 percentage point. Of the 7.05 percent overall growths in FY 2015-16, agriculture sector contributed 0.4 percent (0.53 percent in FY 2014-15), industry sector contributed 2.95 percent (2.74 percent in FY 2014-15) and service sector contributed 3.44 percent (3.00 percent in FY 2014-15). Agriculture, industry and service sectors have posted a growth of 2.6, 10.1 and 6.7 percent respectively. Growth in agriculture is estimated at 2.6 percent in FY16 with its share declining from 15.5 percent in FY15 to 14.75 percent. Slight in large and medium scale manufacturing growth was offset by decline in growth of small scale manufacturing and consequently overall manufacturing growth remained unchanged at 10.3 percent. Decline in share of agriculture has continued despite growth in agriculture is estimated at 2.6 percent in FY16. FY16 has been relatively free from political unrest. Crop cultivation did not suffer as farmers got necessary inputs and could market their products in urban and semi urban areas without any disruption.

The quantum index of large and medium scale industries is the only available data that proxy our industrial performance. During the Q2FY16 (up to November 2015) large and medium scale production registered 12.08 percent growth compared to the same period of the previous fiscal year, driven mainly by strong growth of manufacturing of transport equipments (264.37 percent), non-metalic mineral products (52.93), wearing apparels (17.34 percent) and food products (11.03 percent). On the other hand, negative growth was experienced in manufacturing of leather and leather products (-26.04 percent) and pharmaceuticals (-9.40 percent) during the same period. Apart from industrial production, the construction sector seemed to show a moderate growth impulse, as reflected in 8.08 percent credit growth in the construction sector during the second quarter of FY16 compared to the same period of the previous fiscal year. Wearing apparel, food products, chemical and chemical products and basic metals had healthy growth. The index of small scale manufacturing industry in the first quarter increased by 1.1 percent over the corresponding period of FY15.

Supply side factors affected production of both domestic and export oriented industries. These factors include: reduced export orders to factories that do not comply with safety regulations (located mainly in shared buildings); real exchange rate appreciation vis-à-vis those of competing economies such as India, Vietnam and Indonesia; reduced supply and low pressure of gas; and a continued lack of adequate infrastructure facilities. A perception among entrepreneurs that infrastructure facilities are a key constraint has not changed much during recent years, except a perception about the availability and quality of electricity.

Though service sector data are available only on an annual basis, a number of proxy variables – trade financing, bank advances to the transport and communication sector, and cargo handled through Chittagong port, etc. revealed a mixed picture of service sector activities during the second quarter of FY16. The outstanding bank advances to the trade and commerce sector posted a moderate growth of 11.54 percent in Q2FY16. On the other hand, negative growth of advances to the transport and communication sectors (-22.16 percent) in the Q2FY16 depicted a slow growth of this sector. However, cargo handled through Chittagong port increased by 28.30 percent during the Q2FY16. Moreover, tourism along with hotel and restaurant business activities remained buoyant during the period mainly due to political calm throughout the country.

Construction has been the fastest growing sector, next to manufacturing, in recent years. Construction growth is estimated to have picked up to 8.87 percent in FY16, compared with 8.6 percent in FY15. The sector faces several constraints: land value distortion, absence of secondary property market, asset securitization and sale of mortgages, and backward linkage industries such as cement, ceramics, and brick manufacturing industries.

Presently, total investment, in terms of GDP, stands at 29.4 percent, due to growth in public investment. However, private investment as a share of GDP would be 21.78 percent in FY 2016. Growth rates of both term loan disbursement and import of capital machineries remained negative.

Overall inflation has moderated considerably. The twelve month average CPI inflation has taken a sustained downward turn since January 2014, from 7.60 percent to 6.19 percent at the end of December 2015 owing to an uninterrupted decline in food prices. Headline point-to-point CPI inflation declined to 6.10 percent at the end of December. Besides, non-food inflation rose to 7.05 percent at the end of December 2015 from 6.73 percent in September 2015 which was even higher than 6.56 percent in November 2015. Clothing and footwear, medical care and health expenses, recreation, entertainment, education, and cultural items have stimulated the non-food price hike at the end of 2015.

The domestic credit recorded an increase of Tk. 669.09 billion or 9.93 percent year on year (y-o-y) at the end of December 2015 against the increase of Tk. 677.65 billion or 11.18 percent at the end of December 2014. Credit to the private sector recorded a growth of 14.19 percent while credit to the public sector decreased by 7.82 percent in December 2015 compared to the same month of the previous year.

Overall yields on short term treasury bills e.g., 91-day, 182-day and 364-day declined to 2.94 percent, 3.32 percent and 4.11 percent, respectively at the end of December 2015 from 5.33 percent, 5.58 percent and 6.15 percent at the end of September 2015 and 7.45 percent, 7.92 percent and 8.21 percent at the end of December 2014. The rate of 30-day Bangladesh Bank Bill declined to 3.38 percent at the end of December 2015 from 5.25 percent at the end of September 2015. Two-year, five-year, ten-year, fifteen-year and twenty-year long-term treasury bonds/ Bangladesh Government Treasury Bond (BGTB) yields were 4.86 percent, 5.04 percent, 7.23 percent, 7.87 percent and 8.97 percent, respectively, at the last auction held during October-December 2015. The repo and reverse repo rates remained unchanged at 7.25 percent and 5.25 percent respectively during the period under review. On the other hand, the call money rate decreased to 3.69 percent at the end of December 2015 from 5.71 percent at the end of September 2015. The spread between lending and deposit rates marginally increased to 4.84 percent at the end of December 2015 compared to 4.79 percent at the end of September 2015.

Trade Balance recorded a deficit of USD 3262 million during July-December, 2015 compared to the deficit of USD 3058 million during July-December, 2014. The gross foreign exchange reserves of BB increased to USD 27.50 billion as of end December 2015 compared to USD 22.30 billion as of end December 2014. Import payments during July-December, 2015 decreased by 7.83 percent and stood at USD 20.52 billion against USD 22.27 billion in July-December, 2014. Remittance receipts decreased slightly by 0.06 percent during July-December, 2015 compared to the same period of the previous fiscal year. During July-December remittance receipt was USD 7482.38 million compared to USD 7487.15 million of same period of previous year. Export earnings increased by 7.84 percent in July-December, 2015 compared to the same period of the preceding year and stood at USD 16.08 billion. At the end of December 2015, Taka depreciated by 0.89 percent against US dollar from its level of end June 2015, showing stability in the foreign exchange market.

A glimpse on banking industry in Bangladesh

Banking sector of Bangladesh comprises of four categories of scheduled banks. These are State-owned Commercial Banks (SCBs), Specialized Development Banks (SDBs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs).

The banking sector indicators showed some noticeable improvements during October-

The Bank contributed to the 'Prime Minister's Relief Fund' for flood affected people as part of CSR activities.

December, 2015 of fiscal year 2016 (Q2FY16) over the first quarter of 2015 (January-March, 2015). The ratio of gross NPL to total outstanding loans decreased from 10.50 percent at the end of first quarter of 2015 to 8.8 percent at the end of 4th quarter of 2015. The ratio of net NPL also decreased from 2.7 percent at the end of December 2014 to 2.3 percent in Q2FY16. The capital adequacy ratio (CAR) increased to 10.8 percent from 10.5 percent during the period under report. Notwithstanding improvement in NPL and the CAR, provision shortfall position of the banking sector further deteriorated during Q2FY16 and stood at Tk. 42.8 billion at the end of December 2015 from Tk. 23.3 billion at the end of September 2015.

Among the profitability measures, return on asset (ROA) increased from 0.6 percent at the end of December 2014 to 0.8 percent at the end of December 2015. Return on equity (ROE) in the banking industry also increased to 10.5 percent at the end of December 2015 from 8.1 percent at the end of December 2014.

During Q2FY16, the growth (year-on-year) of both deposits and advances slowed down slightly. The growth rate of deposits decreased from 13.3 percent at end of September 2015 to 13.1 percent at end of December 2015. The growth of advances decreased from 12.9 percent to 12.6 percent during the period. Nonetheless, the advance-deposit ratio (ADR) increased from 69.8 percent at the end of September 2015 to 71.0 percent at the end of December 2015, but still remained far below the maximum regulatory ceiling. The liquidity position of the banking sector as a whole was higher at the end of December 2015 than in June 2015; leading to a further easing of money market conditions.

Share of bank advances based on economic purposes is 37.48 percent of the total advances went to the industrial sector followed by the trade and commerce (36.97 percent), the consumer financing (8.68 percent), and construction (8.34 percent). The overall disbursements of industrial term lending by banks and NBFIs declined by 4.4 percent, and stood at Tk. 178.2 billion at the end of December 2015.

Outstanding agricultural credit as on December 2015 was BDT 32536.81 billion which is 7.75 percent more than that of December 2014's BDT 30197.28 billion. The disbursement of agricultural credit and non-farm rural credit increased by 23.80 percent and 23.58 percent respectively during July-December, 2015 compared to that of July-December, 2014. The banks extended a total

of Tk. 87.56 billion to both sectors. The recovery from agriculture and non-farm rural sector also increased by 6.73 percent and 8.08 percent respectively during July-December, 2015 compared to the same period of the preceding year. Overdue as a percentage of outstanding loans stood at 19.09 percent at the end of December, 2015 compared to 24.68 percent of December, 2014.

Outstanding amount of industrial term loans at the end of December, 2015 stood at Tk. 192.08 billion which is higher by 14.30 percent over the outstanding amount of end of December, 2014. The total SME loans by banks and non-bank financial institutions increased by Tk. 12,643.56 crore or 9.29 percent and stood at Tk. 148792.06 crore at the end of December, 2015 as compared with Tk. 136,148.50 crore at the end of December, 2014. SME loans as percentage of total loans stood at 23.64 percent at the end of December, 2015 compared with the 24.55 percent of the same period of the previous year.

The spread between the weighted average advances and the deposit rates of all banks stood at 4.84 percent in December 2015 which was 5.06 percent in January 2015. Average deposit interest rate of banks in January 2015 was 7.26 percent and it came down to 6.34 percent in December 2015. Lending interest rate of banks in January 2015 was 12.32 percent and came down to 11.18 percent in December 2015.

Glimpse of Performance of Modhumoti Bank Limited

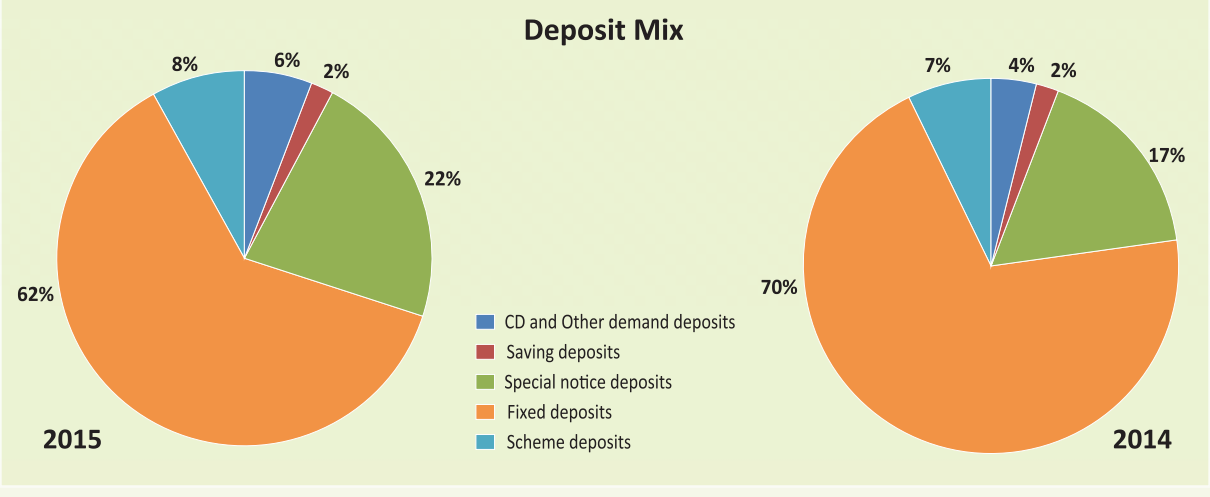
Deposits

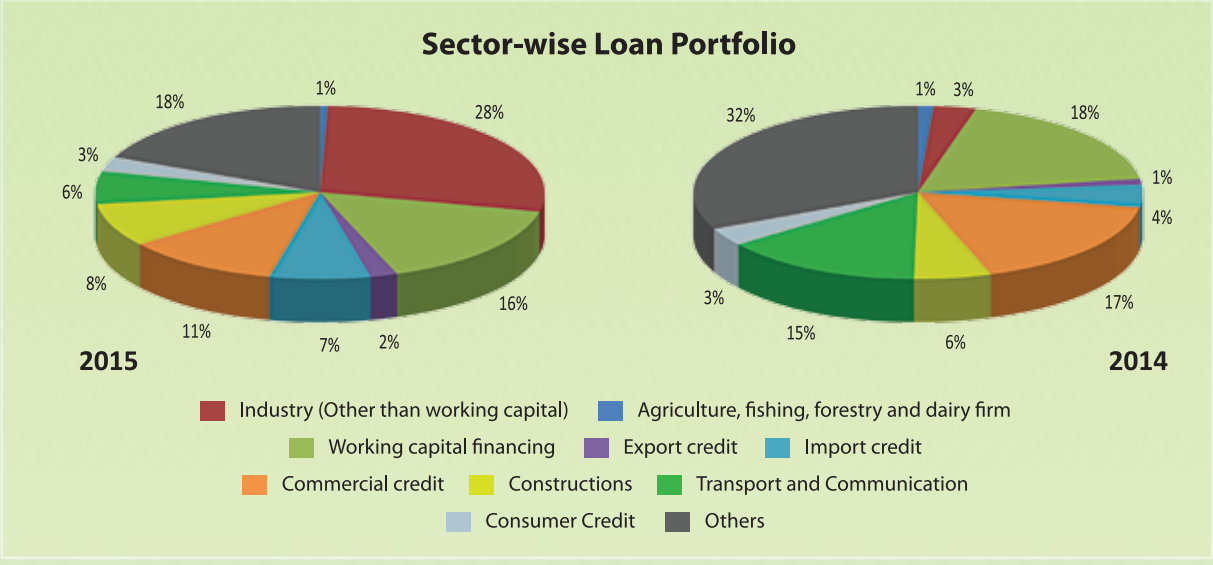
Like every year, 2015 was another challenging year for the bank. However, the bank continues to mobilize deposits by taking several steps like, emphasis on low cost and no cost deposit, utility bill collections agreement with several organizations etc. The Management of the Bank expanded business in slow but steady manner during the year by taking minimum risk to avoid any unwanted situation. At the end of the year, the Bank's total deposits stood at BDT 16,903.42 million, which is an increase of 71.82 percent from BDT 9,838.13 million as on December 2014.

The Management continues its quest for maintaining a balanced deposit mix, developing lucrative products, introduces several campaigns keeping in mind of the country's business environment by increasing the standard of superior customer service. The Bank introduced a number of attractive and tailored deposit products with competitive interest rates to individuals, corporation, NGO, NBFI, government bodies etc to diversify and reduce cost of deposit base. Fixed term deposits are the main component of deposits contributing 70% of total deposits. Proportion of Short notice deposits and scheme deposits increased significantly in 2015. The Bank's deposit mobilization efforts shall continue keeping in mind the business targets and market scenario in the year 2016 and we strongly hope that this ratio will significantly improve in 2016.

Loans and Advances

Modhumoti Bank Limited as a fourth generation private commercial bank was established to serve the enterprises ranging from micro, small and medium enterprises and industries mainly under the concept of financial inclusion to large corporates. With such a view in mind, the Bank





has developed various customized products for corporates, SMEs, agro-based, green-based enterprises. The Bank has also developed a number of retail banking loan products for meeting financial needs of individuals to maximize its service net. In 2015, despite the current economic condition and fierce competition in the market, the Bank has tried its level best to diversify and expand its portfolio to include businesses of almost all types and sizes in various industries through its branches located in both urban and rural areas of the country. The Bank has also extended credit facilities to large corporate establishments in diverse business lines of the country either singly or in syndicate. The Bank has also partnered in Public-Private Partnership project for financing large infrastructure development projects in the country keeping in mind about the Vision 2021. The Bank truly believes in partnering with new entrepreneurs in potential growth oriented business segments of various industries in manufacturing, service and trade areas located in different parts of the country through suitable loan products alongside serving the business need of the large corporate houses of the country.

As a result of these efforts, total loans and advances of the Bank stood at BDT 9,983.04 million as on December 2015, which registered quite significant increase from BDT 4,130.90 million as on December 2014. The Bank's loan portfolio had no classified loan at the end of 2015 as it was in the year 2014, which is a remarkable achievement of the Bank. Among the major sectors where the bank extended credit facilities are RMG, textile, beverage, transport, roads and highways, house building-commercial, hotel & restaurant services etc. As of December 2015, loans and advances to SMEs stood at BDT 3,116.50 million which was 31.22% of the portfolio. Outstanding loans and advances to small & cottage industries were BDT 32.08 million, whereas, the Bank's loans to agriculture sector were BDT 63.36 million as of the same reference period.

Further, it may be mentioned that the Bank extended non-funded credit facilities in the form of trade finance and others to various clients for BDT 2,728.40 million which is increased by 67.15 percent from BDT 1,632.31 million outstanding as on December 2014.

Foreign Exchange Business

Foreign trade finance is another vital area of the bank's operation. In 2015, the Bank delivered its foreign exchange business in export, import and remittance service through its 3 AD branches in Motijheel, Gulshan and Uttara, which presently stands to 4 in 2016 including Agrabad Branch in Chittagong. The Bank, as the lone 4th Generation Bank has been able to secure Off-shore Banking License by showing its potential to the Licensing Authority. The Bank's business in international trade finance and remittance rose steadily along with the number of clients and their business volume. At the end of the year, the Bank touted import of BDT 5,143.10 million, export of BDT 1,932.80 million and NRB remittance of BDT 56.40 million from wage-earners and BDT 510.04 million from commercial purposes.

The Bank started operation at Charfassion, Bhola.

While opening branches, the Bank opened branches in areas of high concentration of import and export business potentials with deployment of competent professionals to attract the local business houses by handling their varied needs effectively. The Bank has been continuing to exert efforts to expand client base in export oriented sector such as garments, textile, leather, jute, furniture etc. As stated before, the Bank has already obtained license to operate Off-shore Banking Unit from Bangladesh Bank which will enable it to serve business entities in EPZ areas of the country gradually. Operation of the unit has already been started by deputing necessary employees, which is hopefully to get momentum in the year 2016.

The Bank established correspondence relationship with 114 institutions and had 12 Nostro Accounts so far in all major currencies and the Bank shall continue its effort to increase the correspondent network & maintain and build credit relationship worldwide to capture more foreign trade finance pie of the total foreign exchange business of the country. Earlier, in 2014, the Bank entered into agreements with many international money transfer agencies like Western Union, RIA, Xpress Money to facilitate foreign remittance of non-resident Bangladeshis to their compatriots in Bangladesh and the number of clientele base and amount in increasing gradually.

The Bank introduced Educational Relationship Service (ERS) under its product named 'Modhumoti Talent Source' under which any AD Branches of the Bank can open Student file for Bangladeshi student going abroad for higher studies.

SWIFT Operations

Modhumoti Bank became a member of SWIFT in 2013 to ensure smooth, reliable and secured financial transactions for its retail and corporate customers. Over the years our expert SWIFT team has introduced many innovative features in its existing SWIFT system. In the 2nd quarter of 2016, Modhumoti Bank SWIFT unit introduced SWIFT Alliance Message Management 7.1.15 so that branches can be linked up with SWIFT Live Institutions around the world.

Nostro Accounts

The Bank currently maintains 12 nostro accounts in major international currencies: US Dollar, Pound Sterling, Japanese yen, and Euro & Dollar accounts under Asian Clearing Union with reputed international banks which ensure effective foreign currency management and timely payment of foreign currency commitments.

Correspondent Banks

The Bank has continuously developed strong correspondent relationship with internationally reputed banks to facilitate its foreign trade business, enhance overall credit line with foreign banks. We have also been able to enhance the rebate/fee income from our foreign correspondents. As of 31st December, 2015 the number of correspondents stood at 114 in 28 countries of the world.

The Bank opened Pirgonj Branch, Rangpur in 2016.

Branch Network

In Bangladesh, branch network has always been treated important for facilitating payment network throughout the country. Here business is concentrated mainly in city areas, and little scope is there in rural. Though the scenario has been changing gradually, but still one of the major activities of rural branch is to ensure remittance flow. Modhumoti Bank incorporated on June 4, 2013 and after obtaining banking licence on June 9, 2013 started commercial operation on September 19, 2013 by inaugurating first branch at Motijheel. Due to political disturbance, the Bank could open only 2 branches in 2013, which stood at 10 at the end of 2014. The Bank opened 5 branches in 2015, turning total to 15 branches at the end of the year. At the reporting time, the Bank has already established 20 branches throughout the country, and within a very short span of time, will open a branch in Mymensingh; and in that case, presence in every divisions of Bangladesh would be established. The Bank has opened 5 new branches in 2015 in Kanchan, Naranyangonj; Aganagar, Keranigonj, Dhaka; Rajshahi city; Charfassion, Bhola and Shibchar, Madaripur. In 2016, branches opened so far in Pirgong, Rangpur; Shekher Nagar, Munshiganj; Khulna City; Sheikh Fajilatunnessa Mujib Eye Hospital, Gopalgonj and Sheikh Kamal Sarani, Dhanmondi Road No. 27, Dhaka. All the branches are connected with online banking network and equipped with ATMs and modern technology. Further to be mentioned that the Bank has a Booth in Chittagong EPZ in relation with Off-shore Banking activities. The Bank has recently opened another Booth at Dhaka North City Corporation, Tax Area-3 Office, Gulshan-2, Dhaka under Gulshan Branch to expedite fees collection activities from city dwellers. Opening of more branches is under process. The Management aims to open branches considering not only present business, but also future prospects and keeping 'Financial Inclusion' concept in mind.

Products and Services

The Bank has taken a number of steps to enhance services according to needs of the people. Today's banking industry is technology based and our bank is no different. We have strong conviction of applying information technology in our operation for ensuring prompt and accurate service to our customers. The Bank introduced a number of products and services since inception to attract and serve wide range of customers from individuals, corporate, SMEs and public sector. The Bank through its existing and prospective products and services would like to reach all the segments of the clients spread across the country. All the products and services of the Bank have been operated under state-of-the-art technological support and facilities. We have already implemented SMS alert service and limited internet banking service. We are contemplating introducing other technology based services such as full-fledged Internet Banking within a short period. All these, we believe, would take our Bank to a newer height in auto-banking services.

There is no denying of the fact that these days banks are emphasizing SME financing and financial inclusion. We believe SME and micro and cottage enterprise are the two most potential sectors for expansion of our business, and we have specific products for SME customers to meet their needs.

The Bank has been offering privilege banking services to the freedom fighters of the country as a tribute to their contribution to our motherland, which is very first in the country. Freedom Fighters are offered some additional benefits in pricing, and off-course honor in service.

The Bank also operates priority banking service to high net-worth customers through selective Branch, presently at Gulshan Branch.

The Bank signed a number of MoU with different utility service providers, mainly state owned, such as DESA, DWASA, BRTA, PDB, REB etc. for collection of bills from their clients.

The Bank believes that by implementing a well-defined policy on financial inclusion through exploring alternative delivery channels, it can serve unbanked population of the country effectively and efficiently. The Bank would also like to carry forward the vision of financial inclusion by delivering the services in far flung rural areas of the country through Agent Banking services. We have already established 19 outlets, which are being operated under assigned branch of the Bank located mainly in Tangail, Madaripur and Sylhet region.

Development is a process, and all cannot be earned in a day. In order to meet the customers' demands we are in continuous endeavour to develop and design products and services for our existing and potential clients. The Bank always puts emphasis on customer care and has made relentless efforts to ensure best possible services at reasonable cost.

Information Technology

The adoption of information technology in the banking industry has enabled banks to improve operational efficiency, reduce transaction time and operating cost for collecting, storing and processing information. The bank is dedicated towards its customer satisfaction with help of the technological advantages. Technological development of the bank tremendously increased its customer service as well as trust worthiness of the stakeholders towards the bank. Now, ICT is also playing vital role in fostering customer-bank relationship, increasing level of customer satisfaction, developing and maintaining competitive advantage and promoting attractive banking products through its various established payment channel. ICT Division is not only well equipped with technology, but also with a dedicated professional ICT workforce. Moreover, to achieve competitive advantage, Bank is the pioneer in providing multi dimensional banking products and services with latest international standard and technologies.

ICT Infrastructure

The banking sector requires a secure and reliable communication infrastructure to ensure operational efficiency. Bank has a robust network infrastructure with scalable, secure, redundant

The Bank opened ATM Booth at Shibchar Branch, Madaripur.

The Bank opened the first off-site ATM Booth in Ashulia, Savar.

and load balanced architecture since beginning of its operations. We also used world renowned ICT Devices in its network infrastructure. Connectivity to and from bank networks and external networks are carefully planned for secure operations. Bank's ICT staffs are ensuing security policies when designing new infrastructure or upgrading existing networks taking into consideration for managing users, dividing networks into segments and restricting access to information based on different business and security policies.

From the date of inception, Bank has always been moving with the latest technology and has adopted different advantages of the technology which has enriched its ICT infrastructure to mitigate risk that may arise from malfunction of system, failure of network, lack of knowledge of the users, virus attack, hacking etc. Bank is using state-of-art Core Banking Solution (CBS) 'BankUltimus V-2' to support its customers' regular banking and Foreign Trade transactions.

Alternative Delivery Channel (ADC)

Alternate Delivery Channels (ADC) are considered as a solution that will add-on new channels and methods for delivering banking services directly to the customers beyond normal banking hours through ATMs, Internet Banking and SMS Banking without relying on bank branches.

ATM Network

The Bank has so far established 20 ATM booths across the country and issued a substantial number of debit cards to its customers. However, the bank has taken major steps for rapid expansion of ATM channel at suitable locations to serve potential clients across the country. The Bank has also integrated its ATM Network with National Payment Switch of Bangladesh (NPSB) which is an initiative of Bangladesh Bank to bring all commercial banks under the same platform for interoperability of ATMs/Debit Cards in case of issuing and acquiring and thus giving access of ATM network of more than 6000.

ACH, EFT and RTGS

ACH (Automated Clearing House) is dealing with clearing cheques receipt and multifarious payment settlement services for all branches and its reconciliation.

EFT (Electronic Fund Transfer) is the fastest growing service enables to transfer of funds for our clients electronically without payment instrument. However, EFT is a good prospect for bank facilitating online fund transfer and bulk payments such as Dividend warrant, Salary payments.

Real Time Gross Settlement (RTGS) system is the financial services of commercial Banks to ensure smoother and instant inter-bank clearing payments. Bank also connected to the BD-RTGS on the same day for its live operation i.e. on 29th October 2015 for instant settlement of high-value, local currency transactions as well as government securities.

Modhumoti Digital Banking

Bangladesh Bank is putting more emphasis on financial inclusion through bringing more and more unbanked population in the financial system of the country. As a fourth generation bank, Bank is pioneer in introducing Agent Banking Services "Modhumoti Digital Banking" with the objective of ensuring greater financial inclusion and increasing the outreach of the services to the unbanked population.

It has already been observed that Modhumoti Digital Banking is becoming popular financial tool for the people of rural areas which are greatly contributing to the development of rural economy.

Automated UN Sanction Screening

The bank strictly followed the guidelines of Bangladesh Bank with respect to Anti-money Laundering and Combating Financing of Terrorism (AML and CFT) and implemented sanctions screening solution for customers' KYC, Remittance and Foreign Exchange transactions to prevent money laundering and terrorist financing.

Electronic Bill Payment System

Bank has introduced system to collect various types of utility bills like BRTA, WASA, DPDC, DNCC, DESCO, etc. Since the some systems are automatically connected to the relevant organization's billing system, manual input for usage unit and bill amount need not be inputted. As a result a user can pay the utility bills, tax and fees with less time and error free manner.

e-GP Procurement System

e-Government Procurement system ensures transparency and accountability in the public

procurement process for better resource utilization by creating competition and equal opportunity for all qualified vendors- small or big. It will ensure efficiency at most of the government organizations in the country. It also increases purchasing power by demand aggregation, and empowers the small and medium bidders. Bank has been providing banking services for e-Government Procurement (e-GP) through our Branches. In the mean time customers have received e-GP tendering services from our bank with their utmost satisfaction.

State of Art Data Centre and Disaster Recovery Site (DRS)

Bank implemented state of the art data centre and Disaster Recovery Site keeping in mind future scalability, efficiency, fault tolerance and high availability. The environmental security features of the data centre and DRS have been provided high priority. Our present DR site has been shifted from Gulshan to Uttara to have more geo-graphical distance from Primary Site (PR) and is operational 24X7 basis as per recent guideline of Bangladesh Bank.

As per the business continuity plan (BCP) of the bank, redundancy has been kept at Disaster Recovery Site for all the devices installed at the Data center. Link level redundancy as well as device level redundancy has been maintained for all branches to ensure maximum up time and better services to the customers.

Capital Strength

Capital Management Framework is important for a bank, as it serves to ensure required capital in line with risk profile, regulatory requirement, economic capital standard and target ratios as approved by the Board. The objectives of Capital Management are mainly for:

- Maintaining sufficient capital resources to support the Bank's risk eagerness;
- Maintaining sufficient capital resources to meet minimum regulatory capital requirements set by Bangladesh Bank in accordance with Basel III requirements;
- Ensuring capital in excess of minimum requirement in order to achieve the target capital adequacy ratios set by the Management and approved by the Board, achieving debt rating objectives and withstanding the impact of prospective stress events.
- Covering unpredicted loss within the Bank's target confidence levels and support the Bank's credit rating;

Capital adequacy

Basel standards are set with global perspective and it is expected that a bank itself identify own deficiencies and will take appropriate measures for improvement. The Bank is in the process of implementing Basel III as prescribed by Bangladesh Bank. The roadmap of implementation of Basel III has already been taken consideration by the Management.

The Bank spent significant time and effort in 2015 to ensure that it will be a Basel III compliant bank within the deadline of 2019. The following actions have been taken to implement Basel frameworks in the Bank:

- Setting internal target for capital adequacy ratios
- Participating in the quantitative impact assessments and Basel III parallel run tests
- Incorporating the Basel-III interpretations into the Bank's capital forecasts
- Enhancement/improvement of regulatory reporting system

Total capital of the Bank stood at BDT 5,544.97 million at December 2015. At the end of June 2016, capital of the Bank has increased to BDT 5,721.40 million (Un-audited). The Bank has adequate capital over its risk weighted assets. The table depicts the Tier-1 (going concern capital) and Tier-2 (gone concern capital) capital of the Bank is shown below.

The Capital Risk Adequacy Ratio (CRAR) stood at 35.26% as on December 31, 2015 as against minimum requirement of 10%. It may be mentioned that capital base of the Bank is our one of the utmost strengths. For the first time in Bangladesh, all the 4th Generation Banks inaugurated commercial operation with paid-up capital of minimum BDT 4,000 million; and amongst 9 new banks, Modhumoti Bank has started with the highest paid-up capital, i.e., BDT 4,520 million.

Figures in Million BDT

Particulars		2015	2014
Tier-1 Capital	Paid-up capital	4,520.00	4,520.00
	Statutory Reserve	304.82	110.65
	Retained Earnings	597.33	252.56
	Sub-Total	**5,422.14**	**4,883.21**
Tier-2 Capital	General Provision	116.00	57.56
	Revaluation Reserves	8.54	8.54
	Regulatory Adjustments	(1.71)	-
	Sub-Total	122.83	66.1
Total Regulatory Capital		**5,544.97**	**4,949.31**

Human Resources

The Bank believes that human resources are the key component of achieving any success; employees are core asset, as all features and benefits of a most desired product may fail to attract customers just for negligence or least effort of an employee, since banking belongs to service industry. Considering human resources (HR) as one of the main elements behind the success and future sustainability of the Bank, we have been developing and motivating the workforce with contemporary HR policies and attractive benefits. Since it is a new bank, the Bank has been continuously recruiting employees, both experienced and fresh, for its expansion and growth, and also organizing required training for them, both on-job and institutional.

Human Resources Division of the Bank plays an instrumental role in securing the future success of Modhumoti Bank. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance. Specifically, three longer-term strategic priorities have been identified:

- To apply its human capital expertise more assertively to support the business divisions and infrastructure functions in order to deliver results;
- To strengthen its role as a control function for the Bank for human capital risks;
- To build the capabilities of managers and staffs.

The Human Resources Division provides its expertise to all of the Bank's units and contributes to the Bank's performance, growth and continued status as an employer of choice by deploying strategies meant to attract, develop and retain the best talent. The Division implements practices that promote employee mobilization and cultivates a work environment where everyone can develop to their full potential. There has also been a particular focus on demographic trends and how they affect the organization. One of the key aspects is enabling employees to develop the skills necessary to take up new roles within the organization, with the Bank supporting internal, cross-divisional career mobility by identifying redeployment opportunities and offering training and development. In addition to supporting the execution of strategic measures, internal mobility allows employees to have more diverse and fulfilling careers. At the same time, Modhumoti Bank seeks to add to the skills of its workforce – part of the Bank's investment in digitalization under Strategy 2020 – and to position itself as an employer of choice: one that rewards sustainable performance and offers a comprehensive range of benefits.

HR focuses on strategy execution, administrative efficiency, employee contribution, and capacity for change as a strategic partner working to align HR and business strategy, an administrative expert working to improve organizational processes and deliver basic HR services, listening and responding to employees' needs, and managing change processes to increase the effectiveness of the organization. HR helps establish the MMBL culture and climate in which employees have adequate competencies and commitment to serve our customers better. By developing and strengthening the core competencies of our human resources, valuing their unique perceptions and enabling them to engage and contribute positively to our success, MMBL provides equal opportunities for employees to fulfil their latent talent.

Human Resources Strategies

- Foster High Performance Work culture by effective Performance Management System & Job allocation delegation, constant focus on serving customers in each every horizon.

- Strengthen HR System and practices.
- Team work: Awareness of our competitive advantage, working with teams from different background as MMBL Family.
- Talent Management – The MMBL Way Program: Support the best talents as a mean of expanding the business.
- Key HR functions, therefore, included performance and succession management, along with training and development.
- Create a sense of responsibility among the MMBL employees based on a shared commitment to devote their talents to benefitting the business and to develop the own.
- Employee Motivation through Reward and Recognition (Promotion, Increment, Incentives, etc.) on the basis of Performance, Employee Engagement Events, skill and competency development.
- Create a work environment in which employees will choose to be motivated, contributing, and happy.
- Manpower planning through right-sizing and Assessment Strategy aligned with mission, goals, and organizational objectives and integrated into its strategic plans, performance plans, and budgets.
- Protecting and developing high-value talent than they were in the past. Not only looking for new and innovative ways to keep top-tier talent engaged, but also succession planning as a key element of business continuity strategy.

The Bank is not only offering a challenging and rewarding career but also encourages employees to learn and develop further, so that an employee can enjoy working with pride The Bank has already set up a training institute for imparting in-house training courses in 2014. Besides, employees are sent to BIBM and other institutes for necessary training.

As on 31 December 2015, a total of 297 regular employees and 91 casual employees were working at this Bank. The Bank recruited Probationary Officers during the year following an extensive selection procedure, at where written exam was taken by BIBM. A total of 52 fresh employees joined in the Bank in 2015. Among the regular employees 325 were male and 63 were female. Besides, 48 were holding Executive positions in different capacities. During the reporting time, 56 training programs with a total of 428 participants both in house and external were arranged.

Human Resource Status during 2013-2015

Particulars	2015	2014	2013
Regular Employees	297	205	53
Casual Employees	91	70	24
Total Employees	388	275	77
Male	325	223	67
Female	63	52	10
Fresh entrant officers	52	70	26
Experienced officers	56	67	26
Executives	13	24	11

The Bank has already formulated most of the required policies, including Performance Bonus Policy, which is very rare in private commercial banks. Alike of 2014, the Bank has distributed Incentive Bonus to all level of employees for the year 2015, and also Performance Bonus according to assessment individually. It may be mentioned that the Bank has already adopted policy for distributing Baishakhi Allowances, and distributed first time in 2016, in the line with recent decision of the Government. Besides, Provident Fund policy has been approved in 2015 and obtained recognition from LTU, Dhaka and also a Trustee Board has been formed.

Business Review

Corporate Banking

Corporate Banking solutions of Modhumoti Bank Limited comprises of all financing products and services, ranging from regular lending products to specialize financing. Prior to discussion on progress of the Bank, we require reviewing recent trend of corporate banking in the country, as it going through some transformation. New products are being demanded by corporate clients. Clients are incessantly looking for lower cost for their borrowing. Some recent trends of Corporate Banking in Bangladesh are pointed below:

a. Corporate customers are looking for loan with longer tenor for their investment in new project;

The Bank financed Evince Textiles Limited, a fabric manufacturing entity.

AG Agro Foods Limited, a food processing project financed by MMBL.

b. The customers look for investors in their shares in the form of Preference Shares to finance their investment in new project. They are also issuing Bond (Coupon Bearing/Zero Coupon Bond) for the same purpose;

c. Commercial Paper has become a new and popular instrument for financing short term need of the customer;

d. Foreign Currency denominated Term Loan as well as Working Capital loan are highly desirable as rate of interest is much lower than that of local currency denominated loans and advances;

e. Due to fierce competition and excess liquidity, rate of interest has been going down.

Modhumoti Bank Limited has been serving some of the large clients of the country with efficient services and customized solutions. With the growth of the corporate client base and to match their business requirement, Business Development and Marketing Division (Corporate) has been working as an extended part of Branches and also for direct marketing of business in case of needs. The different activities of Corporate Banking are run by experienced personnel in their specific areas.

General Credit: General Credit of Modhumoti Bank Limited is providing a wide range of financial services, offering specialist advice and design products for corporate clients to meet diverse demands considering changing market scenario. We have expertise to customize products & services to meet specific requirements of our clients within the purview of existing credit norms.

Syndications & Structured Finance: Syndications and Structured Finance deals are usually arranging funds and participating in local currency as well as in foreign currency syndication. Last year, Modhumoti Bank Limited has participated in various syndication deals such as First Dhaka Elevated Expressway Company Limited, Confidence Cement Limited, Sahara Green Bricks Limited etc. Moreover, we have also invested in several Commercial Paper Notes of various corporate houses of the country.

Project Finance: Project Finance with corporate houses to facilitate their project's (both existing projects and new projects) financial requirement more in tune with expected cash flow. Recently the unit financed in various sectors like Auto Bricks, Agro Based Food Industry, ICT, Power Project etc.

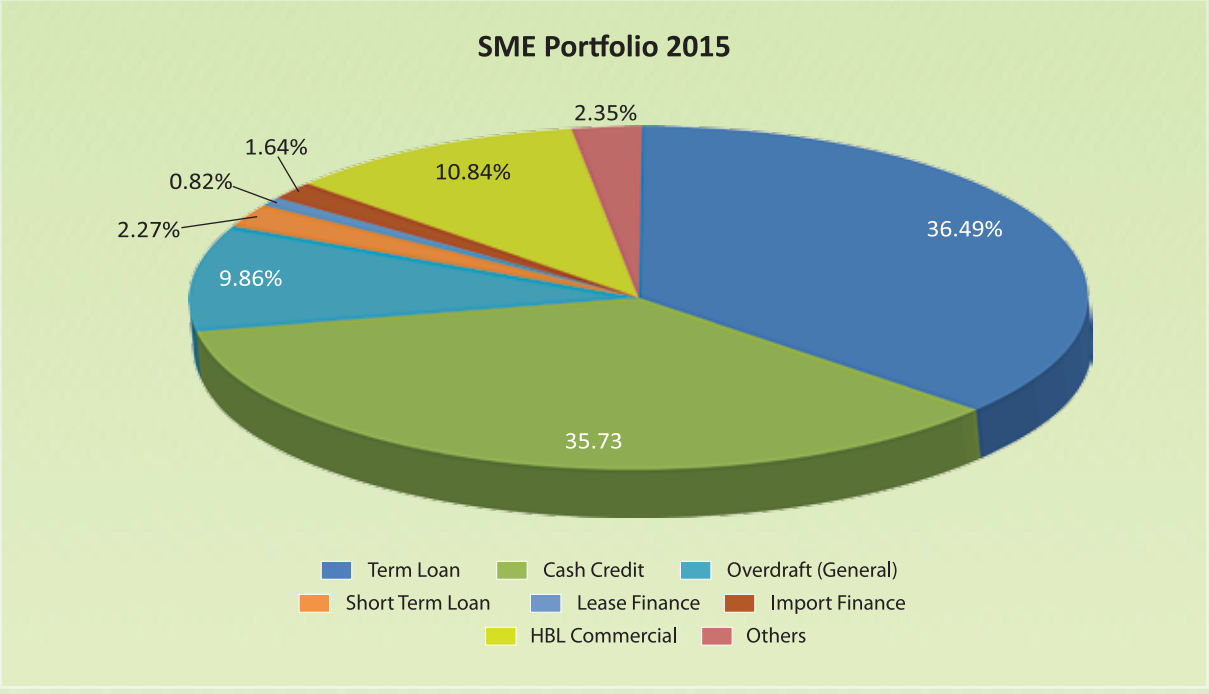
Export Finance: Export Financing caters the unique need of the exporters, specially the garments sector, which has positioned the country amongst the top global exporters.

Corporate Portfolio

In 2015, when the Bank is in only third year of operation, our loans and advance portfolio stands at BDT 9,983.04 million.

SME Banking

Small and Medium Enterprises (SMEs) make up the largest portion of the employment base in many developing countries and, indeed, are often the foundation of the local private sector. Now the SMEs are not only concentrated to low-tech, traditional, and agro-based economic activities;



these are spread over other non-traditional manufacturing and service sector as well. In fact, the SMEs are recognized as engines of economic growth worldwide. To achieve high and sustainable economic growth, a triggering force is mandatory to exit from endemic poverty and socio economic deprivation.

Accelerating growth and reducing poverty, income inequality and regional disparity are the overarching goals of the current development paradigm in Bangladesh. The main strategy for achieving these goals include creation of productive employment in the manufacturing and organized service sector and withdrawal of labor force out of the low skilled and low return agricultural sector and informal activities.

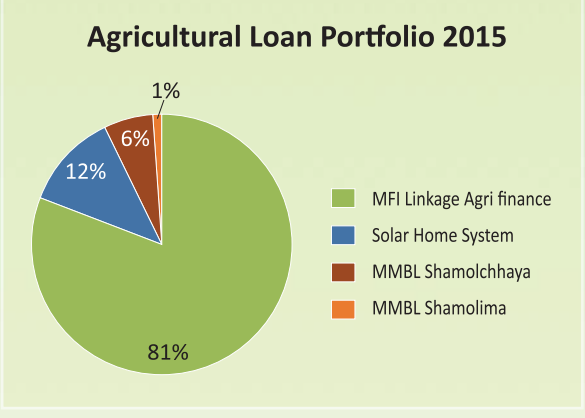
To accelerate growth and innovation, the Bank has already introduced different SME products. Along with poverty alleviation, SME can reduce the urban migration and increased cash flow in the rural areas. SMEs are credited to make a fair and equitable distribution of wealth by regional, gender and cluster dispersion. Despite fierce competition in the market, we came up with Women Entrepreneurship lending products named Modhumoti Labannyo. The Bank participated in different fairs and workshops to motivate women empowerment. Due to attractive features of the different SME loan products i.e. Modhumoti Goti for starting up small entrepreneur, Modhumoti Progoti for capital financing, Modhumoti Agrogoti for working capital financing, Modhumoti Moushumi for financing seasonal business and Modhumoti Labannyo for women entrepreneurs with comprehensive policy, the Bank has achieved acceptable market reputation.

Total outstanding of SME financing at the end of financial year 2015 was BDT 3,118.25 million which is 31.22% of total lending portfolio. Other than regular lending activities, we participated in different fairs organized by Bangladesh Bank, SME Foundation, DITF-2015 etc. We have assigned special officers at all the respective branches for SME and women entrepreneurs for customized service and guidelines to grasp the niche market. As a fourth generation Bank, we have been strongly focusing on SME financing.

Agricultural Loan

Bangladesh is an agro-based country and majority of our population is dependent on Agriculture. Although maximum of the total population is dependent on agriculture, its contribution to GDP has gradually come down. Moreover, every year a huge amount of food grain and other agricultural products are imported to meet the demand of the country. Therefore, it has become mandatory to work for

the development of the sector and Modhumoti Bank Limited has already taken a few steps for the betterment of the sector by launching a few products of Agricultural Loan namely Modhumoti Shamolima, Modhumoti Shamolchhaya and Modhumoti Shamolmaya. The Bank prefers to finance at own, but we have also financed through MFI linkage program. Total Agricultural Portfolio stood at BDT 63.36 million which is almost 1% of the total portfolio at the closing of the year 2015. It should also be noted here that the Bank has been awarded with appreciation letter from Bangladesh Bank for achieving annual target for disbursement of Agriculture Loan for the Fiscal Year 2014-2015.



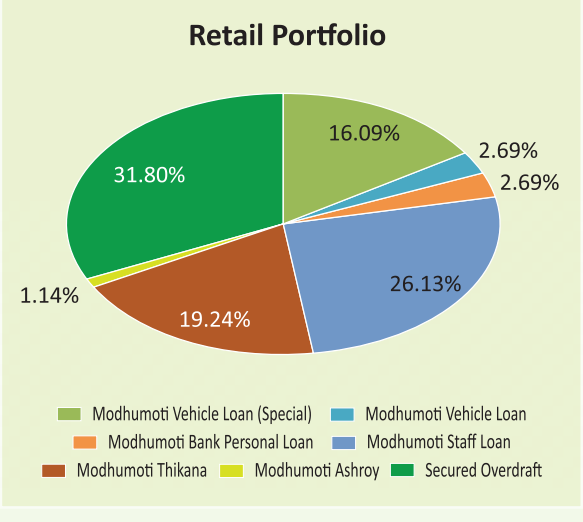
Retail Banking

Retail Credit is one of the promising sectors of the banking industry with high potentials of growth in line with emergence of the middle class and higher-middle class segment in the society. Banks, completely in contrast to the scenario of five years back, are leaning heavily towards this particular sector due to various factors like diversification of risk, increasing need of individuals due to change in lifestyle and living standards, slow growth in investment and business owing to global economic recession etc.

Paradigm shift has already taken place in the banking industry. Retail banking in Bangladesh today is getting re-defined and re-engineered focus with the use of IT and it is sure that the future of banking will offer more sophisticated retail services to the customers with continuous product innovations resulting into major change from 'conventional banking to convenience banking' and 'mass banking to class banking.'

We have developed different personal lifestyle products i.e. Personal Loan, Home Loan, Auto Loan considering the fixed income individuals in the 2nd year of business commencement. We also have a Special Auto Loan product for Members of the Parliament, through which they can enjoy funded facility up to BDT 2.00 million at a lower rate. MMBL concentrated retail banking due to its higher return on investment to meet up consumers demand and capitalize vast market gap. Retail sector are developing at a fast pace in the light of sheer scale of saving and lending prospects.

Total Retail Portfolio stood at BDT 464.10 million at the end of financial year 2015 which is almost 5% of total lending portfolio. The Bank introduced Modhumoti Personal Loan for creditworthy individuals, Auto Loan named Modhumoti Vehicle Loan for general individuals and Modhumoti Vehicle Loan (Special) for MPs. The Bank has already executed agreements with different reputed auto dealers to make the products available in the target market. Two distinctive Home Loan products namely Modhumoti Ashroy for Semi-structured buildings and Modhumoti Thikana for construction of RCC structure buildings and purchasing apartments are also there to enrich the secured retail loan portfolio.



Retail Liability

A few liability products have also been launched during the year. Among those, Modhumoti Salary Account (Salary Account of individuals on the basis

of corporate agreement with their employers with state-of-the-art features), Modhumoti Prottasha (Monthly Deposit Account), Modhumoti Pathshala (School Banking Product), Freedom Fighters' Account (Privileged SB Account for Valiant Freedom Fighters) etc. are prominent ones.

Bills Pay Services

Modhumoti Bank Limited has already signed agreements with different utility authorities. Collections from the utility services are really awe inspiring.

Fig in Million BDT

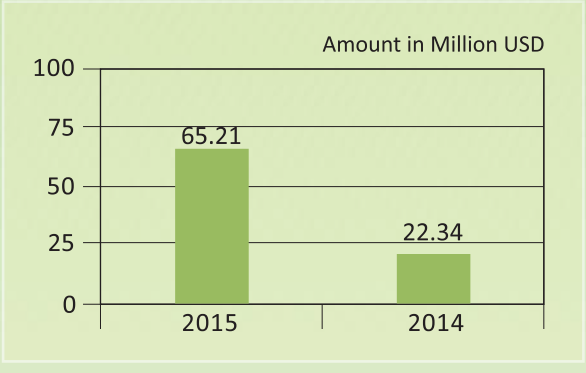
Service Provider	Date of Opening	Amount collected in 2015
BPDB	26.11.2014	40.95
BRTA	06.05.2015	9.51
DESCO	23.02.2015	61.64
REB	22.10.2014	138.36
Dhaka WASA	16.02.2015	10.04
DPDC	20.01.2015	17.93
Jalalabad Gas	08.06.2015	566.70
Titas Gas	10.06.2015	265.82
WZPDCL	12.07.2015	14.54
Total		**1,125.49**

Trade Service Operations

Now-a-days, when the world becomes a global village, trade activities become one of the challenging arenas of banking operations which yields higher income for a bank, especially non-funded income. With the growing number of customers and changes in the pattern of international trade, the Bank is also getting prepared steadily and sustainably to provide best quality services through experienced professionals having sound educational background both at Authorized Dealer Branches and at Head Office for catering the foreign trade needs of the customer. The Bank has been taking a number of steps for enhancing global network reaching every corner of the world for extending foreign exchange related services to its customers, and already been established 114 RMAs and opened 12 Nostro Accounts so far for facilitating operations of presently held 4 AD branches.

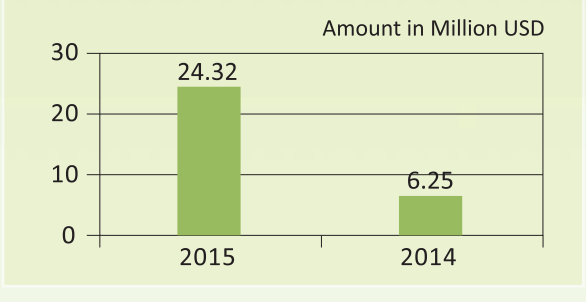
Imports

In 2015, Modhumoti Bank Limited continued sustained growth in its import business. The total import finance of the Bank was USD 65.208 million (BDT 5,143.10 million) registering a growth of 186% over the import finance of 2014 for USD 22.340 million (BDT 1,800.00 million). The main import items were industrial machineries, raw materials, foods, commodities, Pharmaceutical items, Raw Materials for Drugs, Motor vehicle and other consumer products.



Exports

Modhumoti Bank registered a sound growth in its export finance in 2015 by financing a total of USD 24.319 million (BDT 1,932.80 million) registering a growth of 288% over the export finance of 2014 for USD 6.254 million (BDT 550.00 million). The main export import items were Readymade Garments, Jute and Jute-made goods, Fabrics and Accessories etc.



NRB Remittances

Being the largest source of earning net foreign currency and appreciating its importance to national economy, Modhumoti Bank has given utmost priority since inception to pave the way for remitting solid earned foreign exchange by the Bangladeshi worker in a safe and speedy manner using banking channel. NRB Division of the Bank is dedicatedly involved in securing foreign remittances ensuring quality services to the Bangladeshi Expatriates living and residing abroad as well as their target beneficiaries in Bangladesh. Being a new bank, the Bank entered into sub-agency agreement with Mercantile Bank

Limited, Southeast Bank Limited, Jamuna Bank Limited & NCC Bank Limited for facilitating our customers to avail services of Western Union, Xpress Money, RIA, IME (International Money Express), Cash Express, Trans Fast and Placid Express. In 2015, Modhumoti Bank has performed 1417 transactions in relation to NRB Business valuing BDT 56.40 million registering a growth of 464% over the year of 2014, i.e., 211 transactions of BDT 10.00 million.

Off-Shore Banking Operations

Being first amongst the 9 fourth generation commercial banks of the country, Modhumoti Bank has started its offshore banking operation at the end of third quarter of 2015. The Bank established its Offshore Banking Unit (OBU) with a view of catering the banking requirement of non-resident customers to increase foreign trade business at EPZs. Offshore banking acts as a unique solution for banks across the globe to carry out international banking business involving foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment.

OBU can finance the Export Processing Zones customers under category 'A' in foreign currency. OBU also discounts bills accepted by ADs in Bangladesh against import L/Cs opened on deferred/usance basis applying due diligence. Moreover, Off-shore Banking units are free to accept deposit from or to borrow from persons/institutions not resident in Bangladesh including Bangladeshi nationals working abroad. Our Off-shore Banking Unit (OBU) has been doing business smoothly since 23rd September 2015 and also providing UPAS L/Cs discounting business solution to our local industrial clients for amounting USD 0.194 million in the year 2015. The Bank has already established a Booth in Chittagong EPZ to boost up this operation.

Treasury Operations

Treasury activities involve with placing of deposits and borrowed funds, care and disbursement of collected funds for creating diversify in fund management by using different tools to ensure that the bank is well funded at all time at the lowest possible cost to meet the daily cash requirements and the statutory cash and liquidity reserve ratios.

The local currency market of the country was over liquid in 2015 due to sluggishness in private sector investment and availability of foreign loan. Through expansionary monetary policy, Government tried to control overall interest rate structure and inflation. Over the year 2015, interbank foreign exchange market was very stable with very low volatility in USD/BDT.

The Bank's Treasury desk continuously played active role in the market throughout the year in both money market and foreign exchange, and was successful and profitable in 2015 alike last years. The Bank through its own market capability, analysis and intelligence predicted the situation efficiently and took appropriate initiatives for necessary investment and fund management strategy. In Bank's revenue, treasury activities contributed BDT 1,163.26 million in 2015 against BDT 535.04 million in 2014.

Cards & Alternate Delivery Channel

Cards have become very popular and effective means of payment all over the world for its ease, uninterrupted service round the clock and ample security. Considering customers' requirement/ demand and to offer electronic payment services, the Bank introduces proprietary debit cards and ATM operation in April 2014 by becoming a member of Q-Cash consortium, enabling our account holders to withdraw cash from Bank's as well as from Q-Cash ATMs/ POS of local network or vice versa all over the country. By 2015, MMBL installed 16 ATMs including 01 off-site ATM at Narashinghapur, Ashulia, Dhaka, which is presently 21 during reporting time under 20 Booths. The Bank has also participated in the NPSB (National Payment Switch Bangladesh) network for facilitating our cardholders withdrawing cash from NPSB ATMs or vice versa. Cardholders could also avail other facilities including payment of utility bills at Local payment networks. To extend maximum scope of card service gaining worldwide accessibility, the Bank has introduced world's latest EMV Chip based VISA Credit/Debit Cards and became an Associate Member of VISA Worldwide Pte. Limited in August 2015. The Bank successfully launched VISA credit card branded as Platinum, Gold and Classic with dual currency facilities and also dual debit cards at the early of January 2016.

Agent Banking Operations

Agent Banking becomes a new window of bank business, through which a bank can reach to an unbanked area to serve underprivileged community. The newly introduced service refers to providing limited scale of banking and financial services to the underserved population through engaging agents under a valid agency agreement, rather than a teller/ cashier. It is the owner of an outlet who conducts banking services on behalf of the bank. Globally these retailers are being increasingly utilized as important distribution channels for financial inclusion. Bangladesh Bank has also decided to promote this complimentary channel to reach to the poor and rural segment of the society as well as existing bank customer with a range of financial services especially to geographically dispersed locations.

With a view to reach out the underserved portion of the population, the bank has decided to implement Agent Banking in the name of 'Modhumoti Digital Banking' through which they can extend their wide range of financial services to the geographically dispersed people. Modhumoti Bank Management has made a very unique decision of making Union Digital Centers (UDCs) & Pourasava Digital Centers (PDCs) to be the Bank's agent outlets to provide financial services on behalf of the Bank.

In this connection, an MoU has been signed with a2i of PMO in 2015 following which the Bank has already opened 19 Agent Outlets under Shakhipur (Tangail), Shibchar (Madaripur) and Amberkhana, Sylhet Branch. Through this arrangement, the Bank enhances capacity and capability of providing banking services like Account Opening, Cash Deposit, Cash Withdrawal, Money Transfer, Utility Bill Payment, Payment of Inward Foreign Remittance, Balance Inquiry, Loan Initiation etc. through their agents. It may be mentioned that Bangladesh Bank had given Permission to run Agent Banking Operations on 30 June 2015, following which the Bank has launched the window on February 04, 2016 and has been running successfully since then. A total of 896 accounts have been opened and more than BDT 11.00 million has been transacted through these agents during reporting time. The very first Agent Banking Booths were opened at Boheratoil and Kakrajan UDC under Shakhipur Upazila.

Privilege Banking

From the spirit of Liberation War of the nation, the moment when the whole be unite, the Bank has introduced offering privilege banking services to freedom fighters of the country in recognition of their contribution and service to the Nation. The Bank was first to introduce this service to them in the country. Since inception, the Bank offered a privilege rate of interest to them, i.e., additional 0.25% for deposits and discount of 0.25% for loans and advances from regular rate of interest of every product for an individual. A total of 402 accounts have been opened so far with balance of BDT 3.90 million during the reporting time. The Bank has also organized programs to honour freedom fighters and to pay tribute to all the participants who participated in liberation war 1971.

Priority Banking

Priority Banking of Modhumoti Bank is an insignia that is synonymous with class, excellent and exclusivity designed to provide premium level of banking, financial advice and investment supportive for high-worthy clients. Priority Banking clients will enjoy dedicated personal attention at exceptional service level. Every financial need of a client will be taken into account by a dedicated relationship manager who will deliver a bespoke banking experience, focused around the highest levels of customer services and efficiency. Presently the service has been coordinated from our Gulshan Branch, Dhaka.

Priority Banking clients enjoy dedicated personal attention.

Priority Banking promises a new level of banking that goes beyond the way. At our Priority Banking Centre, we have reserved car parking for customer's convenience so that customers can be relaxed and enjoy complimentary refreshment while performing banking transactions, taking banking advice and updates from relationship manager, conduct short business meetings, check-in state of art locker facility and stay informed of all the exclusive offers we have designed only for such clients, such as:

- Customized greetings on birthdays & marriage Anniversaries;
- Privilege from HERTZ Bangladesh on car rental, airport transfer and meet & greet services at a privileged cost;
- Customized Health Check-up package from Apollo Hospital Dhaka at a privileged cost;
- State-of-the-Art Locker facility;
- Dedicated meeting room;
- Dedicated car parking area;
- Invitation on special Events, etc.

The Bank has already signed MoU with several organizations such as Radisson Blu Water Garden Hotel Dhaka, Hertz International, Apollo Hospitals Dhaka, Rancon Motors Limited, Amin Jewellers Limited, Structural Engineers Limited for facilitating our customers enjoying services at a special discount.

Risk Management

Effective risk management is fundamental to the business activities of a bank. While we remain committed to increasing shareholder value by developing and growing our business within approved risk appetite, we are mindful of achieving this objective in line with the interests of all stakeholders. We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. The Management remained closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, and effective managing of the risk portfolios. Responsibility and accountability for risk management resides at all levels within the bank, from the board down through the organization to each business manager and risk specialist. Risks are controlled at the level of individual exposures and at portfolio level, as well as in aggregate across all businesses and risk types.

Objectives of Risk Management

The objectives of the risk management in the Bank are enumerated below:

- To identify the material risks;
- To formulate the Risk Appetite and ensure that business profile and plans are consistent with it;
- To optimize risk/return decisions by taking them as closely as possible to the business;
- To ensure that business growth plans are properly supported by effective risk infrastructure;
- To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions;
- To help the senior management to improve the control and co-ordination of risk taking across the business.

The risks to which a bank is particularly exposed in its operations are: liquidity risk, credit risk, market risks (interest rate risk, foreign exchange risk and risk from change in market price of securities), exposure risks, investment risks, risks relating to the country of origin of the entity to which a bank is exposed, operational risk, legal risk, reputational risk and strategic risk.

Risk Management Framework

We have a robust risk management framework including 6 (six) core risks guidelines issued by Bangladesh Bank and Basel III framework, which assigns accountability and responsibility for the management and control of risk. The Board of Directors of the Bank has overall responsibility for managing risks. There is a Risk Management Committee in the bank comprising three members from the Board of Directors. Whilst the Board approves and reviews risk management policies and strategies of the Bank, the management establishes procedures

Bank Officials with Directors and Sponsors pose after holding Business Conference 2016.

to implement the policies and strategies. The MANCOM, All Risk Committee (Management Level), Credit Evaluation Committee (CEC), Asset Liability Management Committee (ALCO), Supervisory Review Process (SRP) Team and Basel Unit (Supervisory Committee) comprising Executive and Senior Management, are high level Management Committees responsible for overall management of the risk profile of the Bank. ALCO reviews issues relating to the statement of financial position at a micro level. The Credit Risk Management Division is responsible for identifying risk characteristics inherent in new and existing products, activities, industries as well as establishing or developing relevant policies, procedures and exposure limits to mitigate these risks.

Risk Management Division

The Bank has a dedicated Risk Management Division which assists All Risk Committee for appropriate decisions making by providing analytical data on important risk related issues arises from 6 (six) core risks as per guidelines of Bangladesh Bank and risks defined under Pillar 1 Minimum Capital Requirement and Pillar 2 Supervisory Review Process as per Basel III. The RMD analyses and identifies the risk issues from the information and the activities of the Bank regularly.

The RMD performs the following responsibilities:

- Serves as secretariat of All Risk Committee;
- Designs bank's overall risk management strategy to reduce the risk under tolerable limit;
- Develops and oversees implementation of stress tests;
- Informing the Risk Management Committee of the Board and All Risk Committee about the appetite for risk across the bank;
- Independently monitoring limits, in addition to the monitoring that is done by business units;
- Establishing risk management policies and procedures;
- Identifying and quantifying bank's exposures to material loss;
- Adopting proper financial protection measures through risk transfer, risk avoidance and risk retention programs;

The RMD also performs duty of Treasury Mid-Office function as per Treasury Operations Policy of the Bank, which includes:

- Preparing and supervising all counterparty limits following CRG Guidelines issued by BB;
- Prepares treasury limits approval, renewal and Excess Over Limits (EOL) reports;
- Reviewing and processing any temporary limit requirements;
- Reviewing and reporting various risk elements like liquidity risk, market risk, interest rate risk, earning risk and counter party risk etc.;
- Monitoring the counterparty treasury limit of the Bank.

Credit Risk Management

Amongst risks, credit risk is very crucial for a bank-company, which occurs while a bank borrower or counterparty fails to meet its obligations in accordance with agreed terms. The goal of a bank's credit risk management is to maximize the bank's risk-adjusted rate of return by maintaining credit risk exposure within the acceptable parameters. The Bank has already prepared a Manual in line with Central Bank's guidelines, on basis of which CRM activities have been conducted internally, which is approved by the Board of Directors. Credit risk is monitored by reference to risk grading and managed by limiting the aggregate exposure to any individual counter party, group of companies or industry as per lending cap of the bank and single borrower exposure limit defined by Bangladesh Bank. The effectiveness of CRM activities of the Bank may be oversighted by the following table stating Classification status of loans and advances at the end of the year:

Figures in Million BDT

Status/Year	2015		2014	
	Amount	%	Amount	%
Unclassified:				
Standard including staff loan	9,964.30	99.81%	4,130.90	100.00%
Special Mention Account (SMA)	18.73	0.19%	-	0.00%
Sub-Total	9,983.03	100.00%	4,130.90	100.00%
Classified:				
Sub-standard	-	-	-	-
Doubtful	-	-	-	-
Bad/loss	-	-	-	-
Sub-Total	-	-	-	-
Grand Total	**9,983.03**	**100.00%**	**4,130.90**	**100.00%**

Anti-Money Laundering and combating Terrorism Financing

Since anti-money laundering activities have seriously been taken consideration world-wide, the Bank has formed AML Division at Head Office duly with skilled manpower and also formed Central Compliance Unit (CCU) at Head office with required executives as per guidelines of Bangladesh Bank for Anti-Money Laundering activities and combating Terrorism Financing. Subsequently, Branch Anti-Money Laundering Compliance Officers (BAMLCOs) have been nominated for mitigating the risks. A manual entitled 'Money Laundering and Terrorist Financing Risk Management Guidelines' has been approved by the Board of Directors in the year 2015. From time to time, Anti Money Laundering Division issues Instruction Circulars/ Circular letters providing necessary instructions in this regard. Moreover, the Bank conducted a good number of training sessions/workshops to create awareness and development of the skills of the officials. for identifying suspicious transactions. Some pertinent themes in the training are: filling up 'Know Your Customer' (KYC) Profile (with risk grading) and preparing Transaction Profile (TP); documenting 'Customers Due Diligence' (CDD) and 'Extended Due Diligence' (EDD); preparing Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) properly. Apart from this, Trade Based Money Laundering is also viewed with utmost care. For combating terrorism financing methodology of STR as well as checking a new bank account/ updating an existing account with the UN Sanction List, OFAC Sanction List and Local Sanction Lists are verified through our S-3 Screening Software. On half-yearly basis branch prepares 'Self-Assessment Report' & Head Office Internal Control and Compliance Division conducts 'Independent Testing Procedure'. Yearly message is conveyed by the Managing Director and CEO of the Bank.

Financial Review

Assets Portfolio

Total assets of the Bank has increased by 45.15% from BDT 16,373.10 million at the end of December, 2014 to BDT 23,765.50 million at the end of December, 2015. The composition of assets is as follows:

Figures in Million BDT

Sl. No.	Particulars	2015	2014
a	Cash and Cash Equivalents	10,680.93	4,567.83
b	Investments	2,640.41	6,954.98
c	Loans and Advances	9,983.04	4,130.90
d	Fixed Assets	201.68	148.63
e	Other Assets	259.44	570.76
	Total :	**23,765.50**	**16,373.10**

Cash and Balance with Bangladesh Bank

Cash and Balance with Bangladesh Bank is BDT 1,353.92 million in 2015 as against BDT 702.23 million in 2014. The position increased due to momentous increase in cash reserve requirement from previous year.

Balance with other banks and financial institutions

Balance with other banks and financial institutions is BDT 8,727.00 million in 2015 as against BDT 3,865.60 million in 2014. The position is increased due to sluggish growth of investment in the country's industrial sectors.

Investment

The investment portfolio of the Bank in 2015 was BDT 2,640.41 million against BDT 6,954.98 million in the previous year. The portfolio of investment includes Government Treasury Bills, Bangladesh Government Treasury Bonds, Prize Bonds and Commercial Papers. The Bank has always given emphasis on investment of Funds in high yielding areas simultaneously maintaining Statutory Liquidity Requirements (SLR) as fixed by Bangladesh Bank time to time.

Figures in Million BDT

Year	Amount
2015	2,640.41
2014	6,954.98
2013	129.13

Loans and Advances

In the year 2015, political situation of the country was stable than of 2014 or 2013 resulting significant increase in loans and advances of the Bank, ascended up to BDT 9,983.04 million as on 31 December, 2015 compared to previously BDT 4,130.90 million, achieving a growth of 141.67%. Concentration of loans and advances was well managed and maintained zero percent of non-performing loans constantly from 2013 to reporting year 2015, which is remarkable in industry. The endless effort of the bank steered its growth and if continues in future, will help to maintain its dominating position in the industry.

Figures in Million BDT

Year	Amount
2015	9,983.04
2014	4,130.90
2013	34.71

Deposits

The Bank mobilized total deposit of BDT 16,903.42 million as of December 31, 2015 as compared to BDT 9,838.13 million in 2014. Competitive interest rates, attractive deposit products, deposit mobilization efforts and confidence reposed by the customers in the Bank contributed to the notable growth in deposit. The Bank introduced a number of attractive deposit schemes to cater to the requirements of small and medium savers. This improved not only the quantum of deposit but also brought about qualitative changes in deposit structure. The deposit mix of the Bank as on December 31, 2015 is mentioned below:

Interest Income

Interest Income of the Bank stood at BDT 1,416.79 million as against BDT 880.58 million in the previous year, thus recording a growth of 60.89 percent. The principal contributor of earnings is generated mainly from Interest on Loans and Advances significantly.

Interest Expenses

At the end of the year 2015, interest expenses of the Bank stood at BDT 1,151.11 million as against BDT 697.71 million in 2014. Interest cost on deposits was the main component of interest expenses whereas interest cost on borrowings is also a component of interest

Figures in Million BDT

Year	2015		2014		2013	
Components	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Current and Other Demand deposit	1,050.33	6%	375.44	4%	66.56	3.96
Savings Deposit	351.87	2%	177.64	2%	20.99	1.25
Special Notice Deposit	3,709.29	22%	1699.33	17%	4.93	0.29
Fixed/ Term Deposit	11,791.93	70%	7585.72	77%	1,587.22	94.50
Total	**16,903.42**	**100%**	**9838.13**	**100%**	**1,679.70**	**100%**

expenses. The interest expense is generated mainly because of interest on deposits which was paid to depositors.

Net Interest Income

Net interest income of the Bank increased from BDT 182.87 million in 2014 to BDT 265.68 million in 2015 thus recording a growth of 45.28 percent which was enormous impact on significant business progress.

Investment Income

Investment income consists of interest / discount earned on treasury bills / bonds, commercial papers and gain on trading of government security. Income derived from investment stood at BDT 1,163.26 million in 2015 which was BDT 535.05 million in the previous year. This result ascertained from trading of a large portfolio of Government Securities throughout the year.

Commission, Exchange & Brokerage Income

Income originated from commission, exchange and brokerage stood at BDT 108.73 million in 2015 from BDT 79.98 million in the previous year. This was due to enhanced trade related fee based activities of the Bank.

Other Income

In the year under review, other operating earnings increased to BDT 19.24 million from BDT 8.52 million in 2014. This amount derived against different charges from service provided to the valued customers.

Total Operating Income

The Operating income of the Bank stood at BDT 1,556.91 million during the year 2015 from BDT 806.42 million of the previous year. The major contributions of operating income are as follows:

Figures in Million BDT

Particulars	2015	2014
Interest Income	1,416.79	880.58
Interest paid on deposits and borrowing etc.	(1,151.11)	(697.71)
Investment Income	1,163.26	535.05
Commission, Exchange and Other fee base Income	127.97	88.50
Total Operating Income	**1,556.91**	**806.42**

Operating Expenses

As the business volume of the Bank expanded throughout the year significantly, operating expenses also increased to expedite business operations and stood at BDT 527.64 million for the year 2015 from BDT 308.72 in the year 2014. To match with the growth of business and expansion of branch; significant expenses for developing brand image and increased promotional and advertisement activities were incurred.

Operating Profit

The Bank exhibited its prudence in limiting cost of deposits by emphasizing on procuring more low cost and no cost deposit while keeping yield on advances at a reasonable level. The financial performance of the Bank during the year 2015 remained satisfactory and registered a better growth in operating profit compared with previous year. The operating profit of the Bank for the 2015 was at BDT 1,029.27 million from BDT 497.70 million in the previous year. As on December 31, 2015; the Bank successfully brought down its cost of deposits to 8.37% from 9.70% over the previous year. Net interest Margin (NIM) increased to 45.28% as on December 2015 as compared with previous year.

Figures in Million BDT

Sl. No.	Particulars	2015	2014
i.	Interest Income	1,416.79	880.58
ii.	Interest Expenses	1,151.11	697.71
Iii (i-ii)	**Net Interest Income**	**265.68**	**182.87**
iv.	Investment Income	1,163.26	535.05
v.	Commission and Other Fee base Income	127.97	88.50
Vi.	**Operating Income (iii+iv+v)**	**1,556.91**	**806.42**
vii	Non-Interest Expenses	527.64	308.72
viii(vi-vii)	**Operating Profit**	**1,029.27**	**497.70**
ix(vii/vi)	Cost Income Ratio	33.89%	38.28%

Provision for loans and others

The Bank has maintained provision for BDT 58.44 million against unclassified loans and advances and off-balance sheet items during the year 2015 which was BDT 55.65 million for the year 2014. Provision against classified loans and advances was zero which indicates excellent quality of assets. This is to be noted that general provision is regarded as Tier-II capital of the bank and

provides safeguard against future default as well as supports business growth by strengthening the capital base.

Provision for income tax

The provision for income tax (both current and deferred) of the Bank for the year 2015 was BDT 205.90 million against BDT 135.75 million of the previous year.

Profit after Tax

The Bank posted a Net Profit after tax at BDT 764.94 million in the year 2015 against BDT 306.30 million in the previous year i.e. an increase of 149.74% after maintaining all regulatory provision requirements.

Analysis on Profit during 2013-2015

During the year, Return on Equity (RoE) of the Bank was 14.67 percent while it was 6.46 percent in the previous year. Other hand, Return on Assets (RoA) of the Bank was 3.81 percent in 2015 while it was 2.53 percent in the previous year.

Year	Profit before Tax	Profit after Tax	Percentage (%) of RoE	Percentage (%) of RoA
2015	1,029.27	764.93	14.67%	3.81%
2014	497.71	306.30	6.46%	2.53%
2013	113.10	56.91	1.24%	0.72%

Our Contribution to the National Exchequer

The Bank's contribution to the National Exchequer was BDT 239.06 million during the year 2015. Contributions to the National Exchequer for the last 3 years are given below:

Year	BDT in Million
2015	239.06
2014	283.38
2013	20.21

Statutory Reserve

The Bank transferred to statutory reserve BDT 194.17 million as 20 percent of the profit after provisions before tax and dividend during the year as per Section 24 of the Bank Company Act, 1991. The total amount of statutory reserve stood at BDT 304.82 million as on 31st December, 2015.

Earnings Per Share (EPS) and Net Assets Value (NAV) Per Share

During the year, Earning per share (EPS) of the Bank was BDT 1.69, while it was BDT 0.68 in the previous year; whereas NAV per share stood at BDT 12.22 at the end of 2015. The EPS & NAV per share for the last three years are shown below:

Year	Earnings Per Share (EPS)	Net Assets Value (NAV)
2015	1.69	12.22
2014	0.68	10.84
2013	0.13	10.13

Declaration of Dividend

The Bank gives utmost importance on the principles of sharing good achievements with respected shareholders of the Bank. Accordingly, the Board of Directors in its 22nd meeting held on 28th July 2016 recommended 10 percent Cash Dividend for distribution amongst the shareholders for the year 2015, while it was 5 percent Cash Dividend for the year 2014.

Corporate Social Responsibility

The Bank manages its business in a responsible way and contributes to the society and environment in which it should be operated. The Bank has spent amounting BDT 24.37 million to carry on various CSR activities during 2015, details of which has been stated separately.

Adoption of IAS AND IFRS:

Institute of Chartered Accountants of Bangladesh (ICAB) adopted the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Securities & Exchange Commission (SEC) and Bangladesh Bank also mandated the implementation of IAS & IFRS. These standards and reporting system have also been complied by our Bank in preparation of the Financial Statements.

Credit Rating Report

Modhumoti Bank Limited has been rated by Credit Rating Agency of Bangladesh (CRAB) on the basis of Audited Financial Statements as on December 31, 2015. The summary of the rating was assigned as under:

Particulars	Credit Rating	
	Year-2015	Year-2014
Long Term	BBB_1	BBB_2
Short Term	ST-2	ST-2
Outlook	Stable	Developing
Date of Rating	26 May 2016	15 May 2015
Validity	30 June 2017	30 June 2016

Green Banking and Corporate Social Responsibility

The world has seen much focus on economic progress and mankind has made giant steps in its journey through time. The side-effects of the development process have, however, also been equally enormous–loss of biodiversity, climatic change, environmental damage etc. Environmental issue such as, restoration of nature's face of beauty have also become more important as the world has progressed economically.

Banks hold a unique position in an economic system that can affect production, services, business and other activities through their financing activities and thus may contribute to removing polluted environment. The banks should go green and play a pro-active role to take environmental and ecological aspects as part of their lending and investment principle, which would direct industries to go for mandated investment for environmental management, use of appropriate technologies and management systems.

Green Banking is defined as promoting environmental-friendly practices and reducing your carbon footprint from banking activities. Green banking thus involves a two pronged approach. Firstly, green banking focuses on the green transformation of internal operations of the banks. Modhumoti Bank Limited, with the slogan of 'Lives Green since birth'- has already adopted appropriate ways of utilizing renewable energy, automation and other measures to minimize carbon footprint from banking activities. Secondly, banks should adopt environmentally responsible financing; weighting up environmental risks of project, before making financing decisions; and in particular supporting and fostering growth of upcoming green initiatives and projects. We have started our journey towards reaching that goal of building a 'Green Nation.'

The Bank had started its Green Banking initiatives at the early stage of formation and already signed a number of participation agreements with Bangladesh Bank; one of the most important of which is Brick Kiln Efficiency improvement project. As a socially committed Bank, Modhumoti Bank will continue its efforts towards making the environment greener and invest in sustainable finance.

The Bank took part in enhancing social security activities with Mr. Annisul Huq, Honourable Mayor of Dhaka North City Corporation as a part of CSR activities.

Despite a lot of limitations, the Bank has sanctioned a number of green finance projects and a few more are to be disbursed in 2016. The bank rated all the projects where Environmental Due Diligence (EDD) was applicable. The Bank Management continuously played a cautious role in consumption of water, energy or paper for operation. Further to be mentioned that the Bank has already formulated a three-phase Green Strategic Plan and we have progressed a long way towards achieving Green Goal. We have already established 21 ATMs so far, which were 16 in total at the end of 2015.

The Management has successfully introduced Debit Card facilities, internet and SMS banking towards establishing a modern bank ensuring green activities. We have a vigorous plan set out for the upcoming years to take even larger steps including taking measures to ensure a 'paperless' office management and enlarge our portfolio in green banking sector of the country. The latest feather in the crown is the launching of Modhumoti Bank Credit Cards in the early 2016. We had signed agreement with Jamuna Bank Limited for Associate Membership of VISA Cards which enabled us to issue VISA Credit Cards (both local and international) and make our mark in the plastic money market.

The Bank, as a Corporate Citizen, has been very proactive in social development activities with greater focus on financial inclusion. Priority has been given for less privileged population segments and underserved economic sectors. The Bank participated in a number of events under Corporate Social Responsibility (CSR) activities in 2015 which included donation of blankets valuing BDT 5.00 million in total to Hon'ble Prime Minister's Relief Fund for distribution among the deprived people and also donation of BDT 2.50 million to Prime Minister's Relief Fund for flood victims. We have also donated BDT 10.00 million to Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust and BDT 0.25 million to Liberation War Museum. The Bank had shown great empathy by donating BDT 1.50 million to the fund of Bangladesh Association of Banks for humanitarian services to victims of Nepal Earthquake. We have been successful in making our mark in the development of the sports sector of the country by donating BDT 3.00 million to Bangladesh Football Federation and BDT 1.00 million to Bangladesh Kabadi Federation with a view of development of these games. Besides, the Bank contributed BDT 0.70 million for expansion of girls' education in the country. Further, we have opened Taka 10 Accounts for farmers, privileged account for freedom fighters and school going children. Last but not the least, the Bank has provided loan of BDT 3.56 million in total to farmers at rebated interest rate of 4% p.a. as a contribution in the agricultural sector of the country.

Outlook 2016

The Bank will continue to expand its business in a prudent, slow and steady manner in 2016 and above all considering the prevailing macro-economic scenario of the country. The Bank will continue to serve its existing customers in personalized form. The Bank will also continue to explore the market for new customers and new areas for expansion of its foot print with special focus on infrastructure financing, green-based financing, agro based financing, technology based financing, export oriented industries etc to name a few. The Bank will continue and take initiatives in a larger scale to bring unbanked population of the country under its services through Agent Banking, alternate service delivery channel etc. which was started by signing an MOU with a2i (Access to Information). The Bank will continue to expand its business in trade finance and non-funded business with special focus on increasing commission and fee-based income to offset administrative cost of the bank. The Bank has already established an Off-shore Banking Unit (OBU) and NRB Division to facilitate trade finance and inward foreign remittance services which will enhance its scope of operation by taking result oriented initiatives. The Bank will continue its treasury operation for efficient fund management as it is an import profit centre of the Bank. The Bank will specially emphasize on SME financing towards the new and women entrepreneurs of the county. The Bank will also emphasize on efficient fund management, so that profit can be maximized. Overall, the Bank will continue putting it best effort towards maintaining a sound and healthy portfolio of the bank by minimizing and diversifying the risks associated with it.

Opening more Agent outlets will be given priority.

Side by side, the Bank will face several challenges in the coming year. As a new entrant, the Bank generally faces a lot of competitive pressure in the environment. The Bank has to expand its business by competing not just with its peer group but also with established players in the financial market. Expanding client base and maintaining their loyalty and trust are the key challenges of the Bank and the Bank will focus on this side. At the same time, the Bank has to be efficient and cautious about all risks related to businesses by ensuring compliance and strengthening its risk side, compliance standards and close monitoring initiatives. The Bank has to be innovative in attracting and serving customers. For this, the Bank has to utilize all the resources and information technology base and also to participate in training programs to enhance latest financial product knowledge base. The Bank has to recognize its requirement for human resources and their effective deployment by setting standard principals.

The Bank will continue to enhance its delivery standards, promote fee-based activities, continue setting its footprint in various infrastructure related activities going on over the country, partnering in export oriented business, taking steps to increase financial inclusion through agent banking, rendering special privileged services for priority banking customers and pursuing greater cost efficiency and compliance.

Corporate Governance

Now-a-days corporate governance is a vital issue, which refers to a system of internal controls and procedures, a set of processes, customs, policies, laws, and institutions by which a company should be managed. It provides a framework that defines the rights, roles and responsibilities of different groups, i.e., Management, Board and Shareholders, within an organization, ensuring transparency, accountability and professionalism in the management system that enhances the credibility and acceptability to all other stakeholders including employees, customers, creditors, suppliers, regulators, and the community at large.

It is the Board that formulates the vision, mission, objectives and strategic goals; i.e. plays the primary role. The Board's dynamism, guidance, stewardship, policy making are all that drives the company towards sustainable growth. Since banks deal in public money, public confidence is of outmost importance in this industry. The responsibilities of the board of directors of a bank-company are more important than those of other companies; because in case of a bank-company it is essential to earn and maintain confidence of the depositors as its business is mainly run with the depositors' money. The Management's role is to execute directives/policies as approved by the Board in a professional, proactive and at the same time, ethical, appropriate manner.

The Board of Directors of Modhumoti Bank plays the pivotal role in Bank governance through their choice of strategy and leadership to drive the company to growth path. The Board is responsible for both designing and implementing governance mechanism including appointment and supervision of respective Board committees and top management. The onus of setting strategic aims and goals of the company is also on the Board. The Management of the Bank is an extended wing of the Board executing policies and procedures set by the Board for the greater interest of shareholders and other stakeholders. The risk management and overall support functions of the Bank has been designed and kept fully independent from business to guard against any unforeseen events that undermine the brand value of the Bank.

The Board appoints one of its directors as the Chairman and one as Vice-Chairman. In the interest of good governance, the roles of Chairman and Managing Director are separate, with each of them bearing clear and

defined roles and responsibilities. The Board is responsible for the Bank's goals, policies and strategic direction while the Management assumes responsibility for the day-to-day operations.

The Bank's corporate governance philosophy encompasses not only regulator or legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local banks. We mean 'Corporate Governance' as a combination of Due diligence, Transparency and Accountability. Since the Bank is not floated any shares through IPO yet nor listed with any Stock Exchanges, Modhumoti Bank is guided mainly by Bangladesh Bank, but our Management has also been preparing themselves for compliance of rules and directives by Bangladesh Securities and Exchange Commission in near future. It may be mentioned that Bangladesh Bank has allowed time extension for 3 years, i.e., till 2019 for floating Bank's shares through Initial Public Offering.

The Board of Directors

The number of directors on the Board is determined by the meeting of shareholders, which should not be less than 7 or more than 20. The election of Board members follows the resolution of the Shareholders' Meetings, as set out in the Bank's Articles of Association. The election/ re-election of Directors were dealt as prescribed by Bangladesh Bank upon their approval.

Members of the present Board comprise of professionals with diversified backgrounds. All directors of the Board are non-executive directors having adequate experiences in different business sectors and also holding dignified positions in the society. All are financially literate and quite a few of them are from Financial Management background, which indicates an enriched Board of Directors. In the Second Annual General Meeting of the shareholders held on 14 September 2015, the Board constituted with 19 members (excluding Managing Director), all are from sponsors of the Bank, out of them 16 members were associated with the Bank since inception and one, Mrs. Ferdousi Islam, representing Azbal International Limited was elected in the First Annual General Meeting held on 25 November 2014. Besides, Managing Director is an ex-officio Member of the Board. Since Alhaj Anwar Hossain and Mr. Mohammad Ali Talukder retired from their office in the AGM and not offered themselves for re-appointment; the shareholders elected Mr. Manwar Hossain and Mr. Rezin Ahmmad Talukder as Director. Recently, office of Mr. Md. Abul Hossain, Director has fallen vacant due to transfer of entire shareholding. It may be mentioned that the Board Members, collectively hold 73 percent of total outstanding paid-up capital of the Bank at the end of 2015, which was 73.89 percent in 2014.

The Board is responsible to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. The Board is aware with issuance of Bangladesh Bank BRPD Circular No.11 dated 27 October 2013, where the roles and responsibilities of the Board of Directors of a bank-company have been stated.

In 2015, the Board approved and ratified many policies and operating manuals as proposed by the Management from time to time. In the meantime three years operations of bank have passed and Management have drawn down most of the processes and procedures to run the operation more smoothly. The Board will continue extending all necessary support and cooperation to establish high ethical standard at all level of operation and to set standard procedures to accomplish the commitment for ensuring corporate governance and professionalism.

Company Secretary of the Bank attends the meetings of the Board of Directors regularly. Sometimes other Executives were invited to attend meetings of the Directors when it is required, provided that they do not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.

The Board and its Committees

In accordance with the guidelines stated through BRPD Circular No. 11 dated 27 October 2013 for ensuring corporate governance within the Bank, the Board formed the Executive Committee of the Board of Directors consisting

The Bank organized a grand farewell in honour of Founding Managing Director Mr. Md. Mizanur Rahman.

of seven members under chair of Barrister Sheikh Fazle Noor Taposh, MP and also an Audit Committee under chair of Mr. Shaikh Salahuddin and a Risk Management Committee under chair of Mr. Mostafa Kamal each consisting of three members. It may be mentioned that the Executive Committee and the Audit Committee of the Board of Directors were formed in the 1st meeting of the Board held on 1 August 2013, whereas Risk Management Committee has been formed in the 5th meeting of the Board of Directors held on 25 May 2014. Activities of the Committees are dealt according to ToR approved by the Board under terms of Circulars of Bangladesh Bank. Minutes of the Committee meetings are presented for ratification before the meeting of the Board of Directors. Recently, the Bank has re-constituted its Executive Committee and the Audit Committee, since term of Committee Members were expired.

Appointment of Managing Director & CEO

Mr. Md. Mizanur Rahman acted as the Managing Director & CEO of the Bank since inception. The term of Mr. Md. Mizanur Rahman as Managing Director has ended on 09 June 2016 after 3 years from his joining at this Bank on 10 June 2013, following approval of Bangladesh Bank dated 9 June 2013. He has served the Bank with utmost dedication and contributed a lot at the early stage of the Bank.

In this background, the Board appointed Mr. Md. Shafiul Azam as Managing Director & CEO of the Bank considering more than 25 years length of service at banking industry, who has been working with the Bank as Additional Managing Director. Mr. Azam joined at the Bank as Managing Director on 8 August 2016 following Bangladesh Bank approval.

Meetings of Directors in 2015

In 2015, 9 (nine) meetings of the Board of Directors were held. Besides, 15 (fifteen) meetings of Executive Committee, 4 (four) meetings of Audit Committee and also 4 (four) meeting of Risk Management Committee were held and attendance of the Directors in these meetings were satisfactory. Directors who could not attend the meeting(s) were granted leave of absence by the Board.

Details of the participation are as follows:

Name	Designation	Attendance in Meetings			
		Board of Directors	Executive Committee	Audit Committee	Risk Management Committee
Mr. Humayun Kabir	Chairman	9	-	-	-
Mr. Shaikh Salahuddin	Vice Chairman	6	-	4	-
Mr. Sheikh Fazle Noor Taposh	Director	9	15	-	-
Mr. Md. Ismail Hossain	Director	8	15	-	-
Mr. Nemai Kumer Saha	Director	4	02	-	-
Alhaj Anwar Hossain (Retired as on 14.09.2015)	Director	2	3	-	-
Mr. Salahuddin Alamgir	Director	8	14	-	-
Mr. Mostafa Kamal	Director	7	11	-	4
Mrs. Tanjima Binthe Mostafa	Director	6	-	-	-
Mr. Humayun Kabir	Director	4	11	-	-
Mrs. Shahana Yasmin	Director	6	-	-	-
Mrs. Sultana Jahan	Director	8	-	-	-
Mr. A. Mannan Khan	Director	9	-	4	-
Mrs. Ferdousi Islam	Director	5		-	-
Mr. Manwar Hossain (Elected as on 14.09.2015)	Director	3	4	-	-
Mr. Md. Abul Hossain	Director	8	-	4	-
Mr. Mohammad Ali Talukder (Retired as on 14.09.2015)	Director	2	-	-	2
Mr. Rezin Ahmmad Talukder (Elected as on 14.09.2015)	Director	3	-	-	1
Mr. Yousuf Ali	Director	5	-	-	-
Mr. Md. Mahbubur Rahman	Director	6	-	-	-
Mr. Md. Didarul Alam	Director	5	-	-	3

The Directors and Sponsors pose after holding the Second Annual General Meeting.

Director's Remuneration

Directors are not eligible to any remuneration other than for attending any meeting of the Board and its Committee. The Bank paid Tk. 8,000.00 each for attending a meeting in compliance with the BRPD Circular Letter No. 11 dated 4th October, 2015 of Bangladesh Bank, subject to deduction of 10% as AIT. Directors were paid Tk. 5,000.00 to each meeting earlier. In the year 2015, a total of BDT 1.292 million has been paid as Directors' Fees.

Retirement and Re-election of Directors

In terms of Section 91(2) of the Companies Act 1994 and Article 139 of the Articles of Association of the Bank, one-third Directors shall retire from office at the Third Ordinary General Meeting of the Company. According to Article 141, a retiring Director shall be eligible for re election. Further, the election/ re-election of Directors shall be dealt according to BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank following Bank Companies Act 1991 (as amended in 2013).

Appointment of Auditors

According to Companies Act 1994; an Annual General Meeting of the shareholders is empowered to appoint external auditors and fix their remuneration. Further, obtaining subsequent approval from Bangladesh Bank is required. The appointed external auditors shall have accreditation with them.

M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants, the current Auditors were appointed initially in the first meeting of the Board of Directors held on 1 August 2013 and thereafter was re-appointed according to the decision of the First Annual General Meeting held on 25 November 2014 and the Second Annual General Meeting held on 14 September 2015 respectively. Since they have audited the accounts of the Bank for three consecutive years, i.e., for the year 2013, 2014 and 2015 respectively; they are not eligible for re-appointment for next term according to Bangladesh Bank Circular No. BCD(P)748/3/546 dated 31.03.1991.

The Bank has received letter of intent from 5 (five) Chartered Accountant firms listed with Bangladesh Bank and all of them are presently performing in many other banks with good reputation. The Audit Committee of the Board in their meeting held on 20 July 2016 discussed the issue and recommended appoint any one firm as external auditors amongst a panel of 3 (three) Chartered Accountants firms. Later on, the Board in their meeting held on 28 July 2016 recommended to appoint M/s. A. Qasem & Co., Chartered Accountants considering experience, reputation and international affiliation with Ernst & Young Global Limited.

Acknowledgements

On behalf of the Board of Directors, I take the opportunity to express our thanks and gratitude to our valued shareholders, customers, patrons and well wishers at home and abroad for their continued support and cooperation to put the bank at a distinctive edge. I also take the

Bangladesh Bank appreciated the Bank for achieving target of Agriculture and Rural Credit for the fiscal year 2014-2015.

opportunity to express our heart-felt appreciation and gratitude to the Government of the People's Republic of Bangladesh, Ministry of Finance, Bangladesh Bank, Registrar of Joint Stock Companies and Firms for their kind cooperation, valuable guidance and advice provided to the Bank from time to time.

The Board of Directors also expresses deep appreciation to the Management and all employees and sub-staffs for their dedication and relentless effort to place the bank on a prestigious position.

From the deep of the heart, we would like to commit you that the Bank will remain steady to its vision and also towards creation of Shareholder value. Besides, the Bank will also continue its holistic efforts in improving the lot of the common people and accelerating its contribution towards economic development of the country.

On behalf of the Board of Directors,

Humayun Kabir
Chairman

Report on activities of the **Board's Audit Committee**

I feel proud to have this opportunity and honour to present a Report before the Annual General Meeting of the Bank on activities of the Audit Committee of the Board of Directors during 2015.

The Audit Committee of the Board of Directors was duly constituted by the Board of Directors of Modhumoti Bank Limited in its 1st meeting held on 01.08.2013, which was comprised with the following members as at the balance sheet date of 2015:

Name	Status with the Committee	Status with the Bank
Mr. Shaikh Salahuddin	Chairman	Vice-Chairman
Mr. Md. Abul Hossain	Member	Director
Mr. A Mannan Khan	Member	Director

Role of audit and inspection is not just limited to compliance of operational issues now, as believed earlier, inclusion of many new approaches has wider the range of activities. According to last amendment of the Bank Companies Act in 2013, activities of ICCD of a bank are to be run independently from the Management under supervision of Audit Committee of the Board of Directors. An Audit Committee of the Board of any Bank is now responsible for oversighting effective implementation of the processes set out in business plans and policies of the bank for establishing a compliance culture throughout the organization in the line with Central Bank's Guidelines as well as rules and regulations of the country.

It is a huge task indeed, especially when our Bank is a new one. Many challenges require to be addressed; on the other side, all the processes and policies could not be set out just all on a sudden. We are also acting newly as members of any Audit Committee, it is a novel experience for all of us, but we are committed to serve with utmost sincerity. We step slowly as our Board believes that slow but steady move will sustain in the long-time. In the meantime, the Board has approved the Organizational structure of ICCD following Central Bank's guidelines and the Management has been advised to take necessary steps for establishing a unique and up-to-the-mark Internal Control and Audit System in the Bank with adequate facilities.

Meetings and key activities in 2015:

The Audit Committee held 04 (four) meetings in 2015 in the following manner:

Particulars	Date of meeting
6th meeting of Audit Committee	2 March 2015
7th meeting of Audit Committee	26 April 2015
8th meeting of Audit Committee	26 July 2015
9th meeting of Audit Committee	29 December 2015

All the members were present in these meetings. The Management has extended necessary cooperation and team members were present accordingly on invitation.

The following matters were transacted in the meetings:

- Risk based annual audit & inspection plan for 2015 was approved.
- The Committee reviewed draft financial statements for the year ended 2014.
- The Committee approved draft financial statements for the year ended 2014 as was audited by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, which have subsequently been approved by the Board of Directors.
- The Committee reviewed the Management Report prepared by M/S. Hoda Vasi Chowdhury & Co. and stressed rapid rectification of the lapses pointed out in it.
- The Committee reviewed Bangladesh Bank Inspection reports on Gulshan; Motijheel; Shakhipur, Tangail; Uttara; Mitford and on many Divisions of Head Office during the meetings held in 2015 and the Management has been advised for necessary compliance.
- Internal audit reports on Motijheel Branch; Gulshan Branch; Amberkhana Branch, Sylhet; Ashulia Branch, Savar; Mitford Branch were discussed thoroughly during the meetings held in 2015 and the Management has been advised for necessary compliance.
- The Committee further focused on introduction of Internet Banking, Mobile Banking, Agent Banking and establishment of strong MIS within the Bank. In the meantime, the Bank has introduced Internet Banking, through which a customer can avail some services, like balance inquiry, printing statement etc. The Bank has already started Agent Banking operation. The Management has taken steps for establishing a MIS Department, which would operate independently from ICT.
- The Committee has also prioritized on many other issues, like maintaining quality of service, non-repetition of lapses etc.

The Committee underpinned the following:

- To meticulously comply with all regulatory requirements set forth by Bangladesh Bank and regulatory bodies.
- To strengthen internal control systems.
- To open accounts with proper documents and complying all the rules and regulations in force.
- To enhance customer base with a view to serving larger community of the country, which would help improving deposits mix with a view to bring down the cost of fund and ensure profit in a competitive market scenario.
- To complete all documentation formalities in the loan accounts and foreign trade.
- To comply with Anti Money Laundering rules and regulations by maintaining KYC properly.
- To prepare manpower planning for each Branch and Divisions of Head Office.
- To define roles & responsibilities of all officers/ executives of the Bank.
- To develop a strong Management Information Systems (MIS).
- To upload data like loan application process, application forms & required documents/collaterals for specific loan category in official web site with a view to ease loan approval and sanctioning process.
- To enhance Information Technology security measure so that the bank can combat cyber attacks in the form of cyber heist, etc.
- Proper & timely execution of Audit plan and reporting the lapses independently.

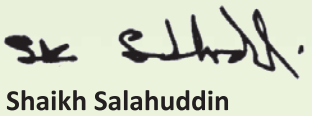
Recent activities in 2016:

Among many other issues, the following matters were transacted in the meetings recently, which require to be noticed by all concerned:

- Risk based annual audit & inspection plan for 2016 has been approved.
- The Committee reviewed draft financial statements for the year ended 2015.
- The Committee approved draft financial statements for the year ended 2015 as was audited by M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, which have subsequently been approved by the Board of Directors and presently laid before the shareholders in the Annual General Meeting.
- The Committee reviewed letter of intent received from Chartered Accountant firms for appointment as external auditors for the year 2016, as according to Bangladesh Bank Circular, an auditor may be appointed as external auditors for maximum consecutive 3 (three) years and present external auditors, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, have audited Financial Statements for the year 2013, 2014 and 2015.
- The Board of Directors has re-constituted the Audit Committee very recently, which is also comprised with 3 (three) members.

The Audit Committee accords its sincere thanks and gratitude to Members of the Board, Management Team, Bangladesh Bank's Inspection Teams and External Auditors for their continuous support. We believe that we would be able to establish ourselves as a compliant bank with a unique system over the period.

With warm regards,



Shaikh Salahuddin
Chairman

Credit Rating Report

Modhumoti Bank Limited has been rated by Credit Rating Agency of Bangladesh (CRAB) on the basis of Audited Financial Statements as on December 31, 2015. The summary of the rating is presented below:

Particulars	Credit Rating	
	Surveillance Rating 2015	Surveillance Rating 2014
Long Term	BBB_1	BBB_2
Short Term	ST-2	ST-2
Outlook	Stable	Developing
Date of Rating	26 May 2016	15 June 2015
Validity	30 June 2017	30 June 2016

CRAB has assigned **"BBB1"** (pronounced as Triple B one) rating in the long term, **"ST-2"** rating in the short term and outlook as **"Stable"** to Modhumoti Bank Limited, a new generation commercial bank, based on audited financials as of December 31, 2015 and other relevant information

'BBB' refers to Adequate Capacity & Medium Quality, i.e., commercial banks rated 'BBB' have adequate capacity to meet their financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the commercial banks to meet their financial commitments. BBB is subject to moderate credit risk.

ST-2 refers to High Grade, i.e., commercial banks rated in this category is considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.

DISCLOSURES UNDER **BASEL III**

‘We seek to achieve an appropriate balance between risk and reward in our business, and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.’

Pillar 3 Market Discipline
Disclosures on Risk Based Capital Adequacy (Basel III) for the year ended December 31, 2015

The Bank made the following detailed qualitative and quantitative disclosures in accordance with Pillar 3 Market Discipline as per Guidelines on Risk Based Capital Adequacy (RBCA) under Basel-III issued by Bangladesh Bank in 2014. The purpose of this report is to complement under Pillar 1 Minimum Capital Requirement (MCR) and Pillar 2 Supervisory Review Process (SRP) of Basel III.

The following components have been disclosed hereunder as per the requirement of Risk Based Capital under Basel-III issued by Bangladesh Bank:

a) Scope of Application
b) Capital Structure
c) Capital Adequacy
d) Investment Risk
e) Equities: Disclosures for Banking Book Positions
f) Interest Rate Risk in the Banking Book (IRRBB)
g) Market Risk
h) Operational Risk
i) Leverage Ratio
j) Liquidity Ratio
k) Remuneration

These disclosures are intended for more transparent and more disciplined financial market where the participants can assess key information about the Bank's exposure in making economic decisions.

A. SCOPE OF APPLICATION

Qualitative Disclosure

a) The name of the top corporate entity to which this framework applies:
The Risk Based Capital Adequacy Framework applies to Modhumoti Bank Limited (MMBL) on 'solo' basis as there was no subsidiary as on the reporting date (December 31, 2015).

b) Consistency and Validation:
The quantitative disclosures are made on the basis of audited financial statements of the bank for the year ended December 31, 2015 prepared under relevant international accounting and financial reporting standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time.

c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital to subsidiaries:
Not applicable for the Bank as there was no subsidiary of the Bank on the reporting date (December 31, 2015). However, the BRPD circular 05, dated 09 April 2005 and BRPD Circular No.02, dated, January 16, 2014 respectively regarding 'Single Borrower Exposure Limit' are being applied by the Bank in determining maximum amount of finance.

Quantitative Disclosure

d) Aggregate amount of capital deficiencies: There was no capital deficiency in the financial year 2015 as there was no subsidiary of the Bank.

B. CAPITAL STRUCTURE

Qualitative Disclosures

a) The regulatory capital under Basel-III is composed of i) Tier-1 (Going Concern Capital) and ii) Tier-2 (Gone Concern Capital).

Tier-1 Capital (Going Concern Capital) hastwo components of Tier 1 Capital which are Common Equity Tier 1 Capital and Additional Tier 1 Capital. It consists of highest quality capital items which are stable in nature and allows a bank to absorb losses on an ongoing basis.

Common Equity Tier 1 Capital includes paid-up capital, statutory reserve, general reserve and retained earnings etc and

Additional Tier 1 Capital will include perpetual bond or non-cumulative preference shares etc.

Tier-2 Capital (Gone Concern Capital) lacks some of the characteristics of the going concern capital but also bears loss absorbing capacity to a certain extent. General provision on unclassified loans and advances, provision for Off-Balance Sheet items and revaluation reserve on government securities, fixed asset and equity instruments are part of Tier 2 capital.

It is mentionable that revaluation reserve as of December 31, 2014 has to be phased out as per Basel III by 20% in 2015, 40% in 2016, 60% in 2017, 80% in 2018 and 100% in 2019. That means the bank cannot show revaluation reserve as capital from January 01, 2020.

Compliance Status of MMBL as per Conditions for Maintaining Regulatory Capital:

The Bank complied with all the requirement of regulatory capital as stipulated in the revised RBCA Guidelines by Bangladesh Bank as per following details:

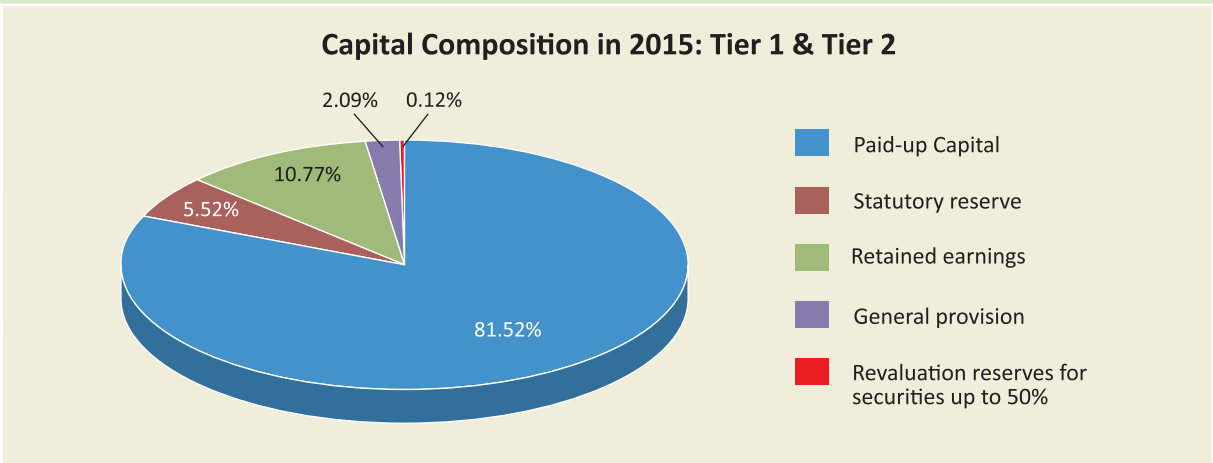
Sln.	Limits (Minima and Maxima)	Status of Compliance	
		Complied (√)	Non-complied (√)
1	Common Equity Tier 1 of at least 4.5% of the total RWA	√	
2	Tier 1 capital will be at least 6.0% of the total RWA	√	
3	Minimum CRAR of 10% of the total RWA	√	
4	Additional Tier 1 capital can be admitted maximum up to 1.5% of the total RWA or 33.33% of CET1, whichever is higher	√	
5	Tier 2 capital can be admitted maximum up to 4.0% of the total RWA or 88.89% of CET1, whichever is higher	√	

Quantitative Disclosures

a) **Regulatory capital of the Bank as of December 31, 2015**
Tier-1 capital of the bank as of December 31, 2015 was Tk.5,422.14million which is 97.78% of total regulatory capital and rest 2.22% from Tier-2 capital. Tier-1 capital comprised 81.52% from paid up capital, 5.50% from statutory reserve and rest 10.77% from retained earnings of the Bank. Tier-2 capital is Tk.122.83 million which is 2.22% of total regulatory capital and the major contributors are general provision on loans and advances including Off-Balance sheet items.

Amount in Million Tk

Sln.	Regulatory Capital	2015	2014
1	**Tier-1 Capital (Going Concern Capital) (2+6)**	**5,422.14**	**4,883.21**
2	**Common Equity Tier 1 Capital (3+4+5)**	**5,422.14**	**4,883.21**
3	Paid-up capital	4,520.00	4,520.00
4	Statutory reserve	304.82	110.65
5	Retained earnings	597.33	252.56
6	**Additional Tier 1 Capital**	**-**	**-**
7	**Tier-2 Capital (Gone Concern Capital) (8+9-10)**	**122.83**	**66.1**
8	General Provision	116	57.56
9	Revaluation Reserve as on December 31, 2014 (50% of Fixed Asset & Securities & 10% of Equities)	8.54	8.54
10	**Regulatory Adjustment:** Revaluation Reserve for Fixed Assets, Securities & Equity Securities 20%	1.71	-
11	**Total regulatory capital (1+7)**	**5,544.97**	**4,949.31**



C. CAPITAL ADEQUACY

Qualitative Disclosures

a) Approach to assess the adequacy of capital:

The bank is presently following Standardized Approach for assessing and mitigating Credit Risk, Standardized Rule Based Approach for quantifying Market Risk and Basic Indicator Approach for Operational Risk to calculate Minimum Capital Requirement (MCR) under Pillar-I of Basel-III framework as per the guidelines of Bangladesh Bank. MMBL has been generating most of its incremental capital from retained profit and statutory reserve transfer etc.

MMBL has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process provides an assurance that the Bank has adequate capital to support all risks in its business. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through sound governance and control practices, robust risk management framework and an elaborate process for capital calculation and planning.

The Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) for the identification and evaluation of the significance of all risks that the Bank faces, which may have an adverse material impact on its financial position. As per Basel III framework, the Bank faces the following material risks which are taken into consideration in assessing / planning capital:

Risks under Pillar 1 MCR		Risks under Pillar 2 SRP	
1	Credit Risk	1	Residual Risk
2	Market Risk	2	Concentration Risk
3	Operational Risk	3	Liquidity Risk
		4	Reputation Risk
		5	Strategic Risk
		6	Settlement Risk
		7	Evaluation of Core Risk Management
		8	Environmental & Climate Change Risk
		9	Other material risks

Quantitative Disclosures

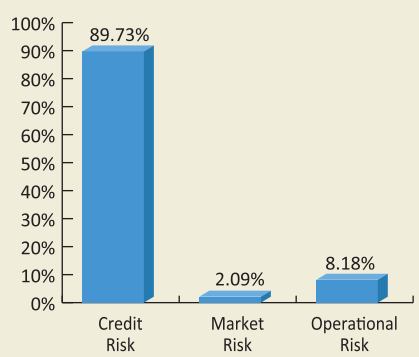
Following table shows component-wise allocation of capital to meet three risks namely i) Credit Risk, ii) Market Risk and iii) Operational Risk under Pillar 1 Minimum Capital Requirement of Basel III. As on the reporting date i.e. 31 December 2015, MMBL maintained a Capital to Risk Weighted Asset (CRAR) of 35.26% on 'Solo Basis' against required minimum of 10% of Risk Weighted Asset (RWA). However, the bank has to maintain minimum capital Tk. 4,000.00 million or MCR 10% on Risk Weighted Asset i.e. Tk. 15,727.11 million whichever is higher. We had an excess capital of BDT 1,544.97 million after meeting all three risks as on the reporting date.

Risk Weighted Asset (RWA) & Minimum Capital Requirement (MCR)

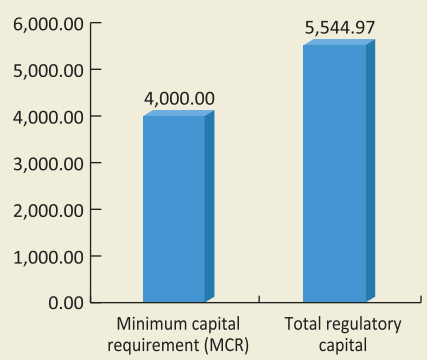
Amount in Million Tk

Sln.	Particulars	2015	2014
1.	**Risk Weighted Assets:**		
	For Credit Risk:	14,112.48	6656.32
	On-Balance Sheet	11,899.43	5,864.87
	Off-Balance Sheet	2,213.05	791.45
	For Market Risk	327.99	2,268.29
	For Operational Risk	1,286.64	762.29
	Total:	**15,727.11**	**9,686.90**
2.	**Minimum Capital Required (10% of RWA):**		
	For Credit Risk	1,411.24	665.63
	For Market Risk	32.79	226.83
	For Operational Risk	128.6	76.23
	Total:	**1,572.71**	**968.69**
	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	**4,000.00**	**4,000.00**

Risk Weighted Assets (RWA) in 2015



Eligible Capital & MCR (In Million Tk.)



Capital to Risk Weighted Assets Ratio (CRAR)

Amount in Million Tk

Sln.	Capital Adequacy	2015	2014
A.	**Regulatory Capital:**		
	a. Tier-1 (Going Concern Capital)	5,422.14	4,883.21
	b. Tier-2 (Gone Concern Capital)	122.83	66.10
	c. Total eligible capital	**5,544.97**	**4,949.31**
B	**Capital to Risk Weighted Assets Ratio (CRAR)**		
	Tier-1 Capital to RWA	34.48%	50.41%
	Tier-2 Capital to RWA	0.78%	0.68%
	Total:	**35.26%**	**51.09%**
C	Minimum capital requirement (MCR) Tk.4,000.00 million or 10% of RWA whichever is higher	4,000.00	4,000.00
D	**Capital surplus (A-C)**	**1,544.97**	**949.31**

D. CREDIT RISK

Qualitative Disclosures:

a) The general qualitative disclosure requirement with respect to credit risk:

Definition of Credit Risk:
Credit risk is the potential loss that may arise from a borrower's failure to repay a loan or meet its obligation in accordance with agreed term. The Bank is exposed to credit risk through its general lending and money market lending.

Credit risk management process:
Bank's credit policy has been prepared in line with Bangladesh Bank guidelines illustrating the approval process and delegation of authority which require to be approved by the Board. The approval process segregates relationship management/marketing from the approval authority. The approval authorities are delegated to different levels of management and Board committee. Board of Directors of the bank has the highest level of authority to approve any credit proposal and sub delegate such authority to the management and Executive Committee. The Business Development Banking Division starts the processing of the proposal and place it to the CRM with their recommendation. CRM performs the whole process of approval maintaining the credit norms and policies. CRM obtains recommendation from the CEC and finally the approval from competent authority based on the CEC recommendation. CRM sends sanction letter addressing the Branch and CC to CAD and Corporate.

Credit Administration
The bank accomplishes documentations and makes disbursements with utmost care to reduce the potential credit risk. The disbursement authority is centralized at Head Office, CAD. Branches send their request to CAD for limit loading after the completion of necessary documentation vide LDCL (Loan documentation checked list). Furthermore, the bank constantly monitors clients' repayment behaviors, fulfillment of conditions given before disbursement and compliance of covenants in post disbursement period.

Credit Monitoring
The loan portfolio with classification status is reviewed periodically and brought to the notice of senior level management regarding down gradation, overdue, special mention account (SMA), classified and rescheduled portfolio along with early alert list for their information and guidance. The Branches are communicated through letters and circulars for implementation of efficient credit risk management in a proper manner including adherence to the Bank's and Bangladesh Bank's rules and regulations.

Credit Risk Assessment and Grading

Know Your Client (KYC) is the first step to analyze any credit proposal. Banker-Customer relationship is established through opening of CD/SB accounts of the customers. Proper introduction, photographs of the account holders/ signatories, passports etc., and all other required papers as per Bank's policy are obtained during account opening. Physical verification of customer address is done prior to credit appraisal. At least three Cs, i.e., Character, Capital & Capacity of the customers are confirmed. Credit Appraisals include the details of amount and type of loan(s) proposed, purpose of loan (s), result of financial analysis, loan Structure (Tenor, Covenants, Repayment Schedule, Interest), security arrangements.

The bank follows the CRG manual of Bangladesh Bank circulated on December 11, 2005 through BRPD circular no. 18. Borrowers are assigned risk grades based on the qualitative and quantitative factors of their business. There are 8 grades based on the marks obtained in qualitative and quantitative factors.

The grades and quantitative factors of CRG:

Grading	Short Name	Marks	Number
Superior	SUP	Fully cash secured by Govt.	1
Good	GD	85+	2
Acceptable	ACCPT	75-84	3
Marginal/Watch list	MG/WL	65-74	4
SpecialMention	SM	55-64	5
Sub-standard	SS	45-54	6
Doubtful	DF	35-44	7
Bad & Loss	BL	<35	8

Risk weight of principal risk components:

Quantitative and quantitative factors/ principal risk components	Weight
Financial Risk	50%
Business/Industry Risk	18%
Management Risk	12%
Security Risk	10%
Relationship Risk	10%

Credit Risk Mitigation

Potential credit risks are mitigated by taking primary and collateral securities. There are other risk mitigates like netting agreements, credit insurance and other guarantees. The recognition of credit risk mitigation is subject to a number of considerations, including ensuring legal certainty of enforceability and effectiveness, ensuring the valuation and liquidity of the collateral is adequately monitored, and ensuring the value of the collateral is not materially correlated with the credit quality of the obligor. Collateral types which are eligible for risk mitigation include:

- cash;
- residential, commercial and industrial property;
- assets such as motor vehicles, plant and machinery;
- marketable securities & commodities;
- bank guarantees; and letters of credit.

Collateral is valued by independent third party surveyor in accordance with the credit policy and procedures.

Past Due and Impaired Credit
A claim that has not been paid as of its due date is termed as past due claim. Payment may be for repayment/renewal/rescheduling or as an installment of a loan.

For loan classification and maintenance of specific and general provision Bank follows BRPD circular No-14 and 19 of 2012 and 05 of 2013, and advice of Bangladesh Bank from time to time.

Approaches followed for specific and general allowances:

Particulars	Short Term Agri Credit	Consumer Financing			SMEF	Loans to BHs/MBs/SDs	All other Credit
		Other than HF, LP	HF	LP			
UC	5%	5%	2%	2%	0.25%	2%	1%
SMA	-	5%	2%	2%	0.25%	2%	1%
SS	5%	20%	20%	20%	20%	20%	20%
DF	5%	50%	50%	50%	50%	50%	50%
B/L	100%	100%	100%	100%	100%	100%	100%

NB: CF=CONSUMER FINANCING, HF=HOUSING FINANCE, LP=LOANS FOR PROFESSIONALS TO SET UP BUSINESS, UC=UNCLASSIFIED, SMA=SPECIAL MENTION ACCOUNT, SS=SUBSTANDARD, DF=DOUBTFUL, B/L=BAD/LOSS, BHs/ MBs,/SDs= LOANS TO BROKERAGE HOUSES/MERCHANT BANKS/STOCK DEALERS.

Eligible Collateral:
Thefollowing collateral is included as eligible collateralindeterminingbaseforprovision:

- 100% of deposit under lien against the loan
- 100% of the value of governmentbond/savings certificate under lien
- 100% of the value of guarantee given by Government or Bangladesh Bank
- 100% of the market value of gold or gold ornaments pledged with the bank.
- 50% of the market value of easily marketable commodities kept under control of the bank
- Maximum 50% of the market value of land and building mortgaged with the bank
- 50% of the average market value for last 06 months or 50% of the face value, whichever is less, of the shares traded in stock exchange.

Base for Provision:
Provision is maintained at the stated rates mentioned above on the base for provision. Base for provision is calculated deducting interest suspense and the value of eligible collateral as followings:

- Deposit with the same bank under lien against the loan
- Government bond/savings certificate under lien,
- Guarantee given by Government or Bangladesh Bank.

For all other eligible collaterals, the provision will be maintained at the stated rates mentioned above on the balance calculated as the greater of the following two amounts:

- Outstanding balance of the classified loan less the amount of Interest Suspense and the value of eligible collateral; and
- 15% of the outstanding balance of the loan.

Interest treatment of classified account:

Sln.	Status	Interest to be credited to	If recovered
1	SS	Interest Suspense Account, instead of crediting the same to Income Account	First the interest charged and accrued but not charged is to be recovered from the said deposit and the principal to be adjusted afterwards
2	DF		
3	BL	Charging of interest in the same account will cease	

Subjective/Qualitative Judgment for Loan Classification

Considering the nature and performance of a loan, the bank can also classify a particular loan on the basis of subjective judgment taking into consideration the factors such as uncertainty or doubt of repayment, continuous loss of capital, adverse situation, decrease of value of securities, legal suit etc.

Condition for Qualitative Judgment:

Classification		Conditions to be fulfilled
Special Mention	i)	Assets must be classified no higher than Special Mention if any of the following deficiencies of bank management is present: • the loan was not made in compliance with the bank's internal policies; • failure to maintain adequate and enforceable documentation; or • poor control over collateral
	ii)	Assets must be classified no higher than Special Mention if any of the following deficiencies of the obligor is present: • occasional overdrawn within the past year, • below-average or declining profitability; • barely acceptable liquidity; • problems in strategic planning.
Sub-standard	i)	Assets must be classified no higher than Sub-standard if any of the following deficiencies of the obligor is present: • recurrent overdrawn, • low account turnover, • competitive difficulties, • location in a volatile industry with an acute drop in demand; • very low profitability that is also declining; • inadequate liquidity; • cash flow less than repayment of principal and interest; • weak management; • doubts about integrity of management; • conflict in corporate governance; • unjustifiable lack of external audit; and • pending litigation of a significant nature.

Classification	Conditions to be fulfilled	
	ii)	Assets must be classified no higher than Sub-standard if the primary sources of repayment are insufficient to service the debt and the bank must look to secondary sources of repayment, including collateral.
	Iii)	Assets must be classified no higher than Sub-standard if the banking organization has acquired the asset without the types of adequate documentation of the obligor's net worth, profitability, liquidity, and cash flow that are required in the banking organization's lending policy, or there are doubts about the validity of that documentation.
Doubtful	Assets must be classified no higher than Doubtful if any of the following deficiencies of the obligor is present: • permanent overdrawn; • location in an industry with poor aggregate earnings or loss of markets; • serious competitive problems; failure of key products; operational losses; • illiquidity, including the necessity to sell assets to meet operating expenses; • cash flow less than required interest payments; very poor management; • non-cooperative or hostile management; • serious doubts of the integrity of management; • doubts about true ownership; and • complete absence of faith in financial statements.	
Bad/Loss	Assets must be classified no higher than Bad/Loss if any of the following deficiencies of the obligor is present: • the obligor seeks new loans to finance operational losses; • location in an industry that is disappearing; • location in the bottom quartile of its industry in terms of profitability; • technological obsolescence and very high losses; • asset sales at a loss to meet operational expenses; • cash flow less than production costs; • no repayment source except liquidation; • presence of money laundering, fraud, embezzlement, or other criminal activity; and • no further support by owners.	

However, regardless of all rules and regulations the central bank can classify any loan on the basis of their subjective judgment as well as can instruct the bank to make additional provision on non-performing loans.

Quantitative Disclosures:

b) Total gross credit risk exposures broken down by major types of credit exposure:

Total gross credit risk exposures by major types: Bangladesh Bank guidelines on Basel III, stipulated to segregate bank's asset portfolio into different categories, and the below table shows our gross exposure in each asset category (on Solo Basis).

Amount in Million Tk

Sln.	Types	2015	2014
a	Cash	108.30	58.02
b	Claims on Bangladesh Government and Bangladesh Bank	3,836.04	7,599.19
c	Claims on Banks & NBFIs	9,483.96	4,010.77
d	Claims on Corporate	5,910.94	2,505.61
e	Claims under Credit Risk Mitigation	551.85	77.57
f	Claims categorized as retail portfolio & SME (excluding consumer loan)	2,747.27	1,179.68
g	Consumer finance	100.65	1.37
h	Claims fully secured by residential property	105.90	7.41
i	Claims fully secured by commercial real estate	338.16	78.49
j	1. Past Due Claims that is past due for 60 days or more (Risk weights are to be assigned net of specific provision):	-	-
	– Where specific provisions are less than 20 per cent of the outstanding amount of the past due claim.	-	-
	– Where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim.	-	-
	– Where specific provisions are more than 50 per cent of the outstanding amount of the past due claim.	-	-
	2. Claims fully secured against residential property that are past due for more than 60 days and/or impaired specific provision held there-against is less than 20% of outstanding amount.	-	-
	3. Loans and claims fully secured against residential property that are past due by 60 days and /or impaired and specific provision held there-against is more than 20% of outstanding amount	-	-
k	Capital Market Exposure	-	-
l	Unlisted equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in banking book	-	-
m	Investments in premises, plant and equipment and all other fixed assets	202.59	150.55
n	Claims on all fixed assets under operating lease	-	-
o	All other assets	-	-
	i) Claims on GoB & BB	0.44	224.52
	ii) Staff loan	121.30	91.58
	iv) Claims on Offshore Banking Unit	-	-
	v) Others	258.09	346.24
	Total	**23,765.50**	**16,375.02**

c) Geographical distribution of exposures:

Amount in Million Tk

	Name of Division	2015	2014
Region Based	Dhaka	9,365.10	4,055.30
	Chittagong	472.80	-
	Rajshahi	-	-
	Sylhet	125.30	14.90
	Khulna	19.90	60.70
	Rangpur	-	-
	Barisal	-	-
	Total	**9,983.10**	**4,130.90**
Country Based:	Domestic	9983.10	4,130.90
	Overseas	-	-

* As a new Bank, MMBL has major portfolio concentrated in Dhaka Division. MMBL has started its journey in Rajshahi& Barisal during the end of 2015 for which the bank has no loan portfolio in Rajshahi& Barisal Division.

d) Major industry-wise distribution of exposures:

Major industry wise credit exposure of the bank as of December 31, 2015 was as below, and the numbers remained within the appetite of the bank as approved by the Board of Directors.

Amount in Million Tk

Sln.	Sector/Industry	2015	2014
1	Agriculture	75.20	56.60
2	Industry	3,882.30	868.70
3	Constructions	243.40	-
4	Power, Gas, Water & Sanitary Services	148.80	-
5	Transport, Storage & Communication	793.90	540.60
6	Trade Services	1,579.40	1,197.30
7	Housing Services	636.40	226.80
8	Banking & Insurance	1,394.10	230.70
9	Professional & Misc. services	1,229.60	1,010.20
	Total	**9,983.10**	**4,130.90**

e) Residual contractual maturity breakdown of the whole portfolio:

Amount in Million Tk

Particulars	2015	2014
On demand	268.44	23.96
Less than three months	59.31	543.78
More than three months but less than one year	4,318.52	1,802.00
More than one year but less than five years	3,303.30	1,280.16
More than five years	2,033.51	481.00
Total	**9,983.10**	**4,130.90**

f) Major industry type amount of impaired loans:

Amount in Million Tk

Particulars	2015	2014
Agriculture	-	-
Large and Medium Scale Industries	-	-
Small and Cottage Industry	-	-
Exports	-	-
Commercial Lending	-	-
Finance to NBFIs	-	-
Real Estate	-	-
Retail Banking	-	-
Transport & Communication	-	-
Credit Card	-	-
Others	-	-
Total	**-**	**-**

*The bank had no impaired loans as of December 31, 2015.

g) Gross Non Performing Assets (NPAs)

Amount in Million Tk

Particulars	2015	2014
Gross Non Performing Assets (NPAs)	-	-
Nonperforming assets to outstanding loans and advances	-	-
Movement of Non-Performing Assets (NPAs):	-	-
Opening balance	-	-
Additions	-	-
Reductions	-	-
Closing balance	-	-
Movement of specific provisions for NPAs:	-	-
Opening balance	-	-
Provision made during the period	-	-
Write off	-	-
Write back of excess provisions	-	-
Closing balance	**-**	**-**

*The bank had no impaired loans as of December 31, 2015.

E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures:

a) Banking book positions consist of those assets which are bought for holding until they mature. The bank treats unquoted equities as banking book assets. Unquoted equities are not traded in the bourses or in the secondary market, they are shown in the balance sheet at cost price and no revaluation reserve is created against these equities.

Quantitative Disclosures:

b) Values of investments as disclosed in the Balance Sheet:

Amount in Million Tk

Particulars	Solo	
	Cost Price	Market Price
Unquoted Share	-	-
Quoted Share	-	-

*The bank had no equity investment as of December 31, 2015.

For Banking Book Equity

Amount in Million Tk

Sln.	Particulars	Solo (Bank)
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period	-
d)	Total unrealized gains(losses)	-
	Total latent revaluation gains (losses)	-
	Any amounts of the above included in Tier 2 capital	-

e) Capital Requirement

Amount in Million Tk

Particulars	Solo (Bank)
Unquoted Share	-
Quoted Share	-

F. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Qualitative Disclosures:

a) Interest rate risk affects the bank's financial condition due to adverse movements in interest rates of interest sensitive assets and liabilities. Interest Rate Risk is managed through use of Gap analysis of rate sensitive assets and liabilities and monitored through prudential limits and stress testing. The IRRBB is monitored in movements/changes on a monthly basis and the impact on Net Interest Income is assessed. Interest rate risk is the risk where changes in market interest rates might adversely affect a bank's financial condition.

Changes in interest rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective).

Re-pricing risk is often the most apparent source of interest rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so. The short-term impact of changes in interest rates is on the bank's Net Interest Income (NII). In a longer term, changes in interest rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other interest rate sensitive position. The ALCO formulates the policy and strategy depending on the market conditions to maximize Net Interest Income.

Quantitative Disclosures:

Gap analysis: Duration Gap

The duration gap tells how cash flows for assets and liabilities are matched. A positive duration gap is when the duration of assets exceeds the duration of liabilities (which means greater exposure to rising interest rates). If rates go up by 1% the price of assets fall more than the price of liabilities. A negative duration gap is when the duration of assets is less than the duration of liabilities (which means greater exposure to declining interest rates). If rates go down by 1%, the price of assets goes up less than the price of liabilities.

Amount in Million Tk

Sln.	Particulars	Amount		
1	Market value of assets	23,728.70		
2	Market value of liabilities	18,355.30		
3	Weighted average duration of assets (DA) in years	1.50		
4	Weighted average duration of liabilities (DL) in years	0.47		
5	Duration gap (DA-DL) in years	1.14		
6	Yield to maturity (YTM-Assets)	9.82%		
7	Yield to maturity (YTM-Liability)	6.84%		
8	Change of market value of equity due to increase in interest rates	1%	2%	3%
9	Fall in Market Value of Equity	(245.64)	(491.29)	(736.93)
10	**Stress testing**	**Minor Shock**	**Moderate Shock**	**Major Shock**
11	Regulatory capital (after shock)	5,336.30	5,090.60	4,845.00
12	RWA (After shock)	15,727.11	15,727.11	15,727.11
13	CRAR (After shock)	34.47%	33.41%	32.32%

*Eligible regulatory capital was Tk.5,545.00 million on December 31, 2015 and CRAR was 35.26%

Interest Rate Risk in the Banking Book under Simple Sensitivity Analysis:

The impact of 1% changes in interest rate sensitive assets and liabilities of the Bank as of December 31, 2015 under earnings perspective with Simple Sensitivity Analysis:

Amount in Million Tk

Particulars	3 months	6 months	1 year	Above 1 year
Interest sensitive assets	8,104.40	1,866.20	3,732.40	7,837.50
Interest sensitive liabilities	7,706.08	2,086.06	4,172.11	2,564.03
Net gap	398.32	(219.86)	(439.71)	5,273.47
Cumulative gap	398.32	178.47	(261.25)	5,012.23
Interest rate changes	1%	1%	1%	1%
Yearly earnings impact	398.32	(219.86)	(439.71)	5,273.47
Accumulated earnings impact	398.32	178.47	(261.25)	5,012.23

G) MARKET RISK

Qualitative Disclosures:

a) View of the Board of Directors on trading/investment activities:
Market risk arises due to changes in the market variables such as interest rates, foreign currency exchange rates, equity prices and commodity prices. The financial instruments that are held with trading intent or to hedge against various risks, are purchased to make profit from spreads between the bids and ask price are subject to market risk. MMBL is exposed to market risk mostly stemming from Government Treasury Bills and Bonds, foreign currency etc.

Methods used to measure Market Risk:
There are several methods used to measure market risk and the bank uses those methods which deem fit for a particular scenario. For measuring interest risk from earnings perspective, the bank uses maturity gap analysis, duration gap analysis, sensitivity analysis and mark to market (MTM) method and for measuring foreign exchange risk, the bank uses VaR analysis.

We use standardized (Rule Based) method for Calculating capital charge against market risks for minimum capital requirement of the Bank under Basel-III.

Market Risk Management System:
The Bank has its own Market Risk Management System which includes Asset Liability Risk Management (ALM) and Foreign Exchange Risk Management under the core risk management guidelines.

Asset Liability Management (ALM): The ALM policy specifically deals with liquidity risk management and interest rate risk management framework.

Foreign Exchange Risk Management: Foreign exchange risk arises when the bank is involved in foreign currency transactions. These include foreign currency exchange, placement, investments, loans, borrowings and different contractual agreements. We use different hedging techniques to mitigate foreign exchange risks exposed to the bank.

Policies and processes for mitigating market risk

- Risk Management and reporting is based on parameters such as Maturity Gap Analysis, Duration Gap Analysis, VaRetc, in line with the global best practices.
- Risk Profiles are analyzed and mitigating strategies/ processes are suggested by the Asset Liability Committee (ALCO).
- Foreign Exchange Net Open Position (NOP) limits (Day limit / Overnight limit), deal-wise trigger limits, Stop-loss limit, Profit / Loss in respect of cross currency trading are properly monitored and exception reporting is regularly carried out.
- Holding equities is monitored regularly so that the investment remains within the limit as set by BB.
- ALCO analyzes market and determines strategies to attain business goals.
- Reconciliation of foreign currency transactions.

Quantitative Disclosures:

b) The capital requirements:

Amount in Million Tk

Particulars	2015	2014
Interest rate risk	21.74	213.13
Equity position risk	-	-
Foreign exchange risk	11.06	13.70
Commodity risk	-	-
Total	**32.80**	**226.83**

H. OPERATIONAL RISK

Qualitative Disclosures:

a) View of the Board of Directors on system to reduce Operational Risk:

Operational risk is the risk which may arise directly or indirectly due to failure or breakdown of system, people and process. This definition includes legal risk, but excludes strategic and reputation risk. The bank manages this risk through a control based environment in which processes are documented, authorization is independent and transactions are reconciled and monitored.

All functions, whether business, control or logistics functions, must manage the operational risks that arise from their activities. Operational risks are pervasive, as a failure in one area may have a potential impact on several other areas. The Bank has therefore established a cross-functional body to actively manage operational risk as part of its governance structure.

The foundation of the operational risk framework is that all functions have adequately defined their roles and responsibilities. The functions can then collectively ensure that there is adequate segregation of duties, complete coverage of risks and clear accountability.

The practice is supported by a periodic process conducted by ICCD, and monitoring external operational risk events, which ensure that the bank stays in line with the international best practices.

Performance Gap of Executives and Staffs:

The bank believes that training and knowledge sharing is the best way to reduce knowledge gap. Therefore, it arranges trainings on a regular basis for its employees to develop their expertise. The bank offers competitive pay package to its employees based on performance and merit. It always tries to develop a culture where all employees can apply his/her talent and knowledge to work for the organization with high ethical standards in order to add more value to the company and for the economy.

Policies and processes for mitigating operational risk:

The Bank has adopted policies which deal with managing different Operational Risks. Bank strongly follows KYC norms for its customer dealings and other banking operations. The Audit & Inspection Unit of Internal Control and Compliance Division of the Bank, the inspection teams of Bangladesh Bank and External Auditors conduct inspection of different branches and divisions at Head Office of the Bank and submit reports presenting the findings of the inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports.

Approach for calculating capital charge for operational risk:

The bank applies 'Basic Indicator Approach' of Basel II as prescribed by BB in revised RBCA Guidelines. Under this approach, banks have to calculate average annual gross income (GI) of last three years and multiply the result by 15% to determine required capital charge. Gross Income is the sum of 'Net Interest Income' and 'Net non-interest income' of a year or it is 'Total Operating Income' of the bank with some adjustments as followings:

- Be gross of any provision (e.g. for unpaid interest),
- Be gross of operating expenses, including fees paid to outsourcing service providers,
- Exclude realized profits/losses from sale of securities held to maturity in the banking book,
- Exclude extraordinary or irregular items,
- Exclude income derived from insurance and
- Include lost interest i.e. interest suspense on SMA and classified loans

Quantitative Disclosures:

a) Capital requirement for operational risk

Amount in Million Tk

Particulars	Solo	
	2015	2014
The capital requirements for operational risk	128.66	76.23

Calculation of Capital Charge for Operational Risk: Basic Indicator Approach

Amount in Million Tk

Year	Gross Income (GI)	Average GI	15% of Average GI
2013	209.97		
2014	806.40	857.76	128.66
2015	1,556.90		
Total	**2,573.29**	**857.76**	**128.66**

I. LIQUIDITY RATIO

Qualitative Disclosures:

Views of BOD on system to reduce liquidity Risk

Liquidity risk is the risk of probability to be unable to meet short term financial demands by the bank. This may occur due to the inability to convert a security or fixed asset to cash without a loss of capital and/or income in the process.

Banks today are facing a myriad of challenges; most of them triggered by new regulatory requirements. To maintain a profitable business, however, it is not enough for a bank to simply comply with new regulatory requirements: it must also optimize its business model within regulatory constraints. To do so, the bank has already been introduced regulatory ratios (as per Basel III), the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), top- down from the Board of Directors of the Bank.

In order to reduce the liquidity risk, the Board of Directors of the Bank has formed Asset Liability Committee (ALCO) and All Risk Committee at management level as per guidelines of Bangladesh Bank. ALCO regularly monitors the maintenance of the liquidity position of the Bank. The management decided to concentrate on retail or individual (small) deposits instead of large corporate deposits. The Bank also draws up contingency plans to deal with extraordinary conditions of Liquidity Risk after comprehensive scenario analysis.

Methods used to measure Liquidity risk

Liquidity mismatch profile

The primary tool of monitoring liquidity risk is the maturity mismatch analysis, which presents the profile of future expected cash flows under pre-defined scenarios. The bank conduct liquidity mismatch profiling on an ongoing basis which is ultimately monitored by Treasury, ALCO, Core Risk Management Division and All Risk Committee of Management.

Stress testing

The bank undertook stress testing and scenario analysis periodically to determine the stress situations on the liquidity of the Bank and ultimate impact of the liquidity risk on the fund management of the Bank.

Liquidity Coverage Ratio (LCR): LCR aims to ensure the maintenance of an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. It measures the need for liquid assets in a stressed environment, in which deposits and other sources of funds (both unsecured and secured) run off, to various extents, and unused credit facilities are also drawn down in various magnitudes.

$$\text{LCR} = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash outflows over the next 30 days}} \geq 100$$

Stock of high quality liquid asset (SHQLA):

The following components are included in the computation of SHQLA -

1. Cash on hand (Lcy + Fcy)
2. Balance with BB (Lcy+ Fcy, excluding lien)
3. Un-encumbered approved securities (excluding lien)

Net Stable Funding Ratio (NSFR): The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF).

$$\text{NSFR} = \frac{\text{Available amount of stable funding (ASF)}}{\text{Required amount of stable funding (RSF)}} \geq 100$$

Liquidity risk management system

Liquidity risk management is a key banking function and an integral part of the asset and liability management process. The fundamental role of banks is the maturity transformation of short-term deposits (liabilities) into long-term loans (assets) and this makes banks inherently vulnerable to liquidity risk. The transformation process creates asset and liability maturity mismatches on a bank's balance sheet that must be actively managed with available liquidity. This is the process known as liquidity risk management.

The primary role of liquidity-risk management is to (1) prospectively assess the need for funds to meet obligations and (2) ensure the availability of cash or collateral to fulfill those needs duly by coordinating the various sources of funds available to the institution under normal and stressed conditions.

Policies and processes for mitigating liquidity risk

The Bank has contingency funding plan and Treasury Policy as a policy support to combat liquidity risk. The Board and the management implement the following processes in the bank for superior liquidity risk management:

- Liquidity risk tolerance: Bank set liquidity risk tolerance like Maximum Cumulative Outflow (MCO) at 20% as per guidelines of BB;
- Maintaining adequate levels of liquidity considering the average daily withdrawal by the customers;
- Identification and measurement of contingent liquidity risks arising from unseen scenarios.
- Contingency funding plan: Contingency funding plans incorporate events that could rapidly affect the bank's liquidity arising from sudden inability to call back long-term loans and advances, or the loss of a large depositor or counterparties.
- Public disclosure in promoting market discipline under Pillar 3 of Basel III.

Quantitative Disclosures:

Amount in Million Tk

Particulars	2015	2014*
Liquidity Coverage Ratio (LCR)	500.68%	NA
Net Stable Funding Ratio (NSFR)	175.55%	NA
Stock of High quality liquid assets	3,944.27	NA
Total net cash outflows over the next 30 calendar days	787.78	NA
Available amount of stable funding	19,617.52	NA
Required amount of stable funding	11,111.33	NA

*LCR and NSFR come into effect from March 31, 2015 as per RBCA Guidelines.

J. LEVERAGE RATIO

Qualitative Disclosures:

Views of BOD on system to reduce excessive leverage

Excessive leverage by banks is widely believed to have contributed to the global financial crisis in 2008. To address this, the international community has proposed the adoption of a non-risk-based capital measure, the leverage ratio, as an additional prudential tool to complement minimum capital adequacy requirements. Accordingly, leverage ratio has been introduced under Basel III. Leverage ratio is the relative amount of Tire 1 capital to total exposure of the Bank (not risk-weighted) which has been set at minimum 3%.

Under Basel III, a simple, transparent, non-risk based regulatory leverage ratio has been introduced to achieve the following objectives:

- constrain leverage in the banking sector, thus helping to mitigate the risk of the destabilizing deleveraging processes which can damage the financial system and the economy
- introduce additional safeguards against model risk and measurement error by supplementing the risk-based measure with a simple, transparent, independent measure of risk

The Board Risk Management Committee regularly reviews the leverage ratios and advice the management to strictly monitor the ratio in addition to the Pillar 1 Minimum Capital Requirement.

Policies and processes for managing excessive on and off- balance sheet leverage

The bank reviews its leverage position as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III). In addition, the bank has Risk Appetite as per Credit Risk Management Policy and Risk Appetite Framework of the Bank. Bank also employ Annual Budget Plan and Capital Growth Plan for managing excessive on and off-balance sheet leverage.

Approach for calculating exposure

The bank calculates the exposure under standardized approach as per the Guidelines on Risk Based Capital Adequacy (revised regulatory capital framework for banks in line with Basel III).

Quantitative Disclosures:

Amount in Million Tk

Particulars	2015	2014*
Leverage Ratio	21.17%	NA
On balance sheet exposure	23,765.50	NA
Off balance sheet exposure	1,853.80	NA
Total exposure	25,619.30	NA

*Leverage ratio come into effect from March 31, 2015 as per RBCA Guidelines.

K. REMUNERATION

Qualitative Disclosures:

a) Information relating to the bodies that oversee remuneration

Name, composition and mandate of the main body overseeing remuneration
The Board of Directors of the Bank oversee the remuneration of the employees and members of the Board of the Bank. The bank has no separate committee in the Board to look after the remuneration issues of the Bank. The Board set competitive salary and bonuses for the employees of the Bank. However, the Board allows the remuneration to its members as per the guidance of Bangladesh Bank.

The remuneration strategy is designed to reward competitively the achievement of long-term sustainable performance and attract and motivate the very best people who are committed to maintaining a long-term career with the bank and performing their role in the long-term interests of our shareholders.

To achieve this objective, the bank believes that effective governance of our remuneration practices is a key requirement. Governance of remuneration principles and oversight of its implementation by the Board ensures what we pay our people is aligned to our business strategy and performance is judged not only on what is achieved over the short and long term but also importantly on how it is achieved, as we believe the latter contributes to the long-term sustainability of the business.

External consultants for remuneration process
There is no external consultant in the bank for setting remuneration for its employees of the Bank.

Scope of the bank's remuneration policy
The Board formulate different policies e.g HR Policy, Increment Policy, Promotion Policy, Provident Fund Policy and Gratuity Fund Policy which eventually supplement the remuneration of the employees. However, the HR Policy is yet to finalize.

The board periodically reviews the adequacy and effectiveness of the bank's remuneration policy and ensures that the policy meets the commercial requirement to remain competitive, is affordable, allows flexibility in response to prevailing circumstances and is consistent with effective risk management.

Types of employees considered as material risk takers and as senior managers
There are 19 employees is considered as material risk takers which include the Managing Director & CEO, Additional Managing Director, Head of Operations, Head of Treasury and Head of Business Development & Marketing Division and 15 branch managers.

Apart from that SVP and above employees can be considered as senior managers who eventually perform management role in achieving the organization's goal. Accordingly the bank has 7 senior managers working in different areas of the bank including HO and different branches.

b) Information relating to the design and structure of remuneration processes

Overview of the key features and objectives of remuneration policy
Key features of the remuneration policy and the structure of remuneration process of the Bank are noted below:

Fixed pay : The purpose of the fixed pay is to attract and retain employees by paying market competitive pay for the role, skills and experience required for the business. This includes salary, fixed pay allowance, cash in lieu of pension and other cash allowances in accordance with local market practices These payments are fixed and do not vary with performance.

Benefits : The bank provides benefits in accordance with the industry practice of the country. This includes but is not limited to the provision of provident fund, gratuity fund, medical allowances, transport loan and house building loan etc.

Annual incentive : The banks provide annual incentive based on the achievement of the business and profit target of the Bank. The bank provide performance based incentive to its employees.

Bonus paid based on the last basic salary of the employee of the Bank. However, bonus for MD & CEO has maximum limit of Tk.10.00 lac pa as per guidance of Bangladesh Bank.

Only cash, and cash equivalent remuneration shall be permitted – no equity or equity linked payments are permitted in the bank.

Objectives of remuneration policy

The main objectives of the remuneration policy are to attract, retain and reward talented staff and management, by offering compensation that is competitive within the industry, motivates management to achieve the bank's business objectives and encourage high level of performance and aligns the interests of management with the interests of shareholders.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made

The board ratified the bonus (incentive) policy of the bank during 2015. The policy outlined the eligibility to receive annual incentive.

Whether risk and compliance employees are remunerated independently of the businesses they oversee

The bank has no separate policy for the risk and compliance employees.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes

Overview of the key risks that the bank takes into account when implementing remuneration measures

The bank's policy is to ensure that the level and composition of remuneration is appropriate and fair having regard to competitive forces and the interests of the bank, its shareholders, and that its relationship to performance is clear in present and future environment.

The bank considers the general inflation, industry (banking) pay structure and national pay-scale in determining the salary structure of the employees. If the pay structure cannot be competitive then good employees may leave the organization i.e. employees turnover will increase which may negatively impact the business of the bank.

Overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure

The management proposes competitive remuneration and other non-financial benefits like promotion, training etc. so that employees turnover ratio can be kept under tolerable limit. Sometimes few issues are difficult to measure relating to employees e.g. creativity, helpfulness to customers, commitment risk etc. In such cases, management need to apply qualitative judgment for determining the remuneration especially annual incentive or bonuses.

A discussion of the ways in which these measures affect remuneration

Qualitative judgment may affect the remuneration as there is no direct way to determine the remuneration.

A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.

No visible changes have been made in respect to the nature and type of the measures used regarding the key risks take into account when implementing remuneration.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

An overview of main performance metrics for bank, top-level business lines and individuals

Staff are subject to performance management reviews annually. Remuneration, including bonuses, are in alignment with the outcome of these reviews. The reviews are being done based on the annual performance appraisal including the business performance of the employees.

A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance

Remuneration is based on bank-wide business performance of the Bank including achievement of profit target, loans and advances target etc. These are assessed individually on a rating scale overseen by the individuals' supervisor or committee.

Remuneration increases will only take place if the bank's overall performance is positive, and the individuals' performance is considered to be exceeding expectations.

A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak

If the performance of the bank found weak, then no increases in remuneration may take place despite personal achievements of employees. However, the management will take initiative to improve the overall business performance and individual performance so that remuneration of the employees cannot be hampered for prolonged period.

e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.

A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance

The bank provides Provident Fund contribution and Gratuity Fund contribution for the employees as deferred payment. The bank does not provide any deferred variable remuneration.

A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.

The bank has no clawback arrangements after providing deferred remuneration (PF, GF etc.). However, in case of special cases, the management may clawback the deferred remuneration vested to the employees.

f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.

An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms)

The board may declare general annual incentive, if the bank achieves its business target. However, employees who exceeds expected performance can get variable remuneration. All remuneration are paid in cash only.

A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description the factors that determine the mix and their relative importance.

The most common forms of variable pay are bonuses and incentives. The contractual employees will not be considered for variable remuneration.

Quantitative Disclosures:

g) Meetings of main body overseeing remuneration and remuneration paid to its member during 2015

Amount in Million Tk.

Particulars	Number	Amount
Number of meetings held	3	-
Remuneration paid	-	0.27

h) Variable remuneration, bonuses and other payments during 2015

Amount in Million Tk

Particulars	Number	Amount
Employees having received a variable remuneration award	-	20.00
Guaranteed bonuses awarded	2	16.88
Sign-on awards made	-	-
Severance payments made	-	-

i) Deferred remuneration in 2015

Amount in Million Tk

Particulars	Amount
Total amount of outstanding deferred remuneration:	
Cash	46.48
Shares	-
Share-linked instruments & others	-
Total amount of deferred remuneration paid out in 2015	19.34

j) Breakdown of amount of remuneration

Amount in Million Tk

Particulars	Amount
Breakdown of amount of remuneration:	
Fixed	166.55
Variable	20.00
Deferred	19.34
Non-deferred	-
Different forms used	
Cash	205.89
Shares	-
Share-linked instruments & others	-

l) Quantitative information about employees' exposure to implicit (eg fluctuations in the value of shares or performance units) and explicit adjustments (egclawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:

Amount in Million Tk

Particulars	Amount
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	-
Total amount of reductions during 2015 due to ex post explicit adjustments	-
Total amount of reductions during 2015 due to ex post implicit adjustments	-

The Bank launched VISA Debit and Credit Card in early 2016.

Green Banking initiatives

'Green Banking' is one of major changes experienced in recent years in the operation of the financial sectors with special focus on the environmental, ecological and social factors, targeting conservation of nature and natural resources. The term broadly encompasses awareness creation and promotion of environment-friendly projects and practices, and reduction of overall carbon footprint from both its financing and in-house operations. Through green banking, the Banks are not only required to improve their own standards, but also play an active role in demanding the same from its stakeholders as well.

Modhumoti Bank formulated Green Banking Policy in 2014 to ensure proper compliance of the Policy Guidelines for Green Banking for new Banks issued by Green Banking and CSR Department of Bangladesh Bank vide GBCSRD Circular Letter no. 05 dated September 13, 2013 and to ascertain required measures to save the environment and reduce pollution while serving or financing our customers and improve in-house environment management through efficient and effective use of resources in all our Branches and Corporate Office.

Modhumoti Bank aims to make efforts to inculcate practices towards optimum usage of natural resources and make every effort for environmental friendly activities. Under green banking initiatives, the Bank has taken steps towards sustainable operations through its activities related to in-house environment management, incorporating environmental factors into its financing activities and undertaking sustainable financing. We have unified our sustainable operations under one roof by forming 'Green Banking Unit.'

With the slogan of Go Green, the Green Banking Unit has been doing different types of activities since early stage of the Bank and already adopted Green Banking Policy, Green Office Guide and other activities as per guideline of Bangladesh Bank. By this time we have adopted phase I (develop green banking policies and show general commitment on environment) by June 30, 2014 and phase II (develop sector specific environmental policies, set green targets to be achieved through strategic planning, setting up green branches, improved in-house environment management, environmental risk management plan and guidelines, disclosure and reporting of green banking activities) was completed by December 31, 2014. The Bank is now under process of completion of Phase III.

Green Banking Unit Activities:

i. Adoption of Policy Guidelines for Green Banking for new Banks within stipulated time frame as instructed by Bangladesh Bank;

ii. Increase our goodwill or improve our brand image by showing our commitment to save and protect the environment;

iii. Financing to projects that are environmental friendly;

iv. Reduce giving loans to certain environmentally harmful projects;

v. Check the necessary environmental due diligence factors before lending;

vi. Make efficient and effective use of our resources and channel our financing in an environment friendly manner;

vii. Introducing new technology in our banking operations that would not only benefit our customers but also increase the productivity of our employees;

viii. Reduce carbon footprint in our Branches and Corporate Office;

ix. Create awareness amongst the stakeholders about environmental and social responsibility enabling them to adopt environment friendly business practices.

x. To effectively and efficiently manage the activities of both Green Banking.

xi. To improve our reporting capacity as per regulatory norms & in line with international standards.

xii. To strengthen our monitoring capabilities on our sustainable activities.

Green Banking Report during 2015

Amount in Million BDT

A.	Green Financing	Total		Remarks
		No of Projects	Amount	
1.	Effluent Treatment Plant (ETP)			
2.	Bio-gas Plant			
3.	Solar Panel/Renewal Energy Plant	1	10.00	Disbursement amount
4.	Hybrid Hoffman Kiln (HHK)			
5.	Green Finance at reduced rate of interest			
6.	Others (in any) ZigZag Brick Project			
	Total	1	10.00	

B.	Online Banking	Number	Remarks
1.	No. of own ATM	16	Presently 21
2.	No. of shared ATM	6000	Approximately, including NPSB & Q-Cash
3.	No of Branches with online coverage	15	Presently 20
4.	No. of total accounts	14170	
5.	No. of accounts facilitated with internet banking	123	
6.	No. of accounts facilitated with Mobile/SMS banking	816	Including alert service 11,541

C. Incorporation of Environmental Risk in Core Risk Management

Particulars	Jan-Mar 15	Apr-Jun 15	Jul-Sep 15	Oct-Dec 15	Total
No. of projects applicable for Environmental Due Diligence (EDD)	37	67	33	54	191
No. of Projects Rated	37	67	33	54	191
Rated Projects Financed	37	67	33	54	191
Total Amount Disbursed	1500.05	2808.83	762.95	2330.04	7401.87

Note: All the 191 project loans mentioned above fall under Low Risk Category

D. Consumption of Energy, Water and Paper by the Bank

Utility	Jan-Mar 15	Apr-Jun 15	Jul-Sep 15	Oct-Dec 15	Total
Energy					
Electricity	0.992	1.612	1.858	1.935	6.397
Gas	0.00	0.00	0.004	0.002	0.006
Fuel	0.144	0.201	0.15	0.184	0.679
Water	0.09	0.146	0.41	0.269	0.915
Paper	0.189	0.048	0.048	0.051	0.336

E.	Disclosure	Status
1.	Website	Yes
2.	Annual Report	Yes
3.	Preparation of Green Banking & Sustainability Report	Yes

F.	Green Strategic Planning	Status
1.	Formulation of Green Strategic Planning	Yes
2.	Formulation of Bank's Specific Environment Risk Management Plan and Guideline	Under Process

The Bank donated blankets to 'Prime Minister's Relief Fund' as part of CSR activities.

CSR Activities at a glance

Globally the notion of Corporate Social Responsibility (CSR) is gaining fast acceptance, which is not limited to philanthropic activities, rather an integrated approach from the businesses towards sustainable and socially equitable development. A Bank, as a Corporate Citizen, has scopes for playing a very significant role by taking proactive initiatives in social development activities with greater focus on financial inclusion.

Modhumoti Bank has been formed with prudent personalities of the country, who believe that a bank is not just a machinery of making money; as such aimed to establish the Bank in such a manner, for which others could also be proud and encourage following. The Bank is aware on establishing corporate governance inside the Bank and emphasized on compliance of rules and regulations of the country and also abided social and industrial norms, with a view to establishing this bank as a complied bank in all terms over the period.

One of our major stakeholders is our customers. Serving them at the utmost and ensuring safety of their savings are also our primary responsibility; therefore the Bank since inception follows a cautious approach and financial policy prioritizing customer safety. The Bank is aware of strengthening internal control and risk management culture to simplify the way of doing business, delivering greater precision and ensuring increased profitability. The Bank is aware on development of our employees, ensuring proper career and prosperous future for them. As such, the Bank has already formulated employee-friendly policy, rules and regulations for them like car loan facilities or employee house building loan at a lower interest rate etc., which will also be continuing in upcoming days.

Alongside commercial banking operation we contemplate to serve the society as part of our responsibility. We are committed to the cause of humanity and fulfilling social responsibilities. Modhumoti Bank is very conscious on their responsibility; priority has been given for less privileged population segments and underserved economic sectors, which is reflected by introducing Agent Banking services in just the 3rd year of banking operation. Besides, the Bank has participated in a number of events under Corporate Social Responsibility (CSR) activities in 2015. Last but not the least, the Bank has provided a sum of loan of BDT 3.56 million to farmers at rebated interest rate of 4% p.a. as a part of responsibility to the marginal farmers and also growing the agricultural sector of the country.

Statement of CSR expenditures in 2015:

Amount in Million BDT

Particulars	Amount
Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust Donation for promoting their educational, health and social activities	10.00
Prime Minister's Relief Fund Donation for providing blankets to poor and destitute people	5.00
Prime Minister's Relief Fund Donation for extending support to flood victims	2.50
Bangladesh Association of Banks Donation for humanitarian services to victims of Nepal Earthquake	1.50
Contribution for development of sports To Bangladesh Football Federation for organizing Football Tournament and to Bangladesh Kabadi Federation	4.00
Contribution for development of girls' education	0.70
Liberation War Museum Donation for development of the Museum	0.25
Contribution for development of religious institution	0.10
Various Donations on humanitarian ground	0.32
Total	**24.37**

Signing Audited Financial Statements 2015

Humayun Kabir
Chairman

Shaikh Salahuddin
Vice-Chairman

Barrister Sheikh Fazle Noor Taposh, MP
Director

Md. Mizanur Rahman
Former Managing Director & CEO

AUDITED **FINANCIAL STATEMENTS**

'The financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank.'

Independent Auditor's Report
To the Shareholders of Modhumoti Bank Limited

We have audited the accompanying financial statements of Modhumoti Bank Limited (the "Bank") which comprise the balance sheet as at 31 December 2015, profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2015, and of its financial performance and cash flows for the period then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Bank Company, Act 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:

(a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

(iii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;

(iv) the balance sheet and profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

(v) the expenditures incurred was for the purpose of the Bank's business;

(vi) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

(vii) adequate provisions have been made for advance and other assets which are in our opinion, doubtful of recovery;

(viii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;

(ix) the information and explanations required by us have been received and found satisfactory;

(x) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 1150 person hours during the audit; and

(xi) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 12 April 2016

Balance Sheet
As at 31 December 2015

Particulars	Notes	Amount in Taka	
		2015	2014
PROPERTY AND ASSETS			
Cash	4		
Cash in hand (including foreign currencies)		108,297,784	58,015,984
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		1,245,624,828	644,214,746
		1,353,922,612	**702,230,730**
Balance with other banks and financial institutions	5		
In Bangladesh		8,490,751,465	3,683,049,747
Outside Bangladesh		236,252,545	182,553,873
		8,727,004,010	**3,865,603,620**
Money at call and on short notice	6	**600,000,000**	**-**
Investments	7		
Government		2,590,413,497	6,954,975,128
Others		50,000,000	-
		2,640,413,497	**6,954,975,128**
Loans and advances	8		
Loans, cash credit, overdrafts etc.		9,859,716,268	4,079,517,493
Bills purchased and discounted		123,321,918	51,378,976
		9,983,038,186	**4,130,896,469**
Fixed assets including premises, furniture and fixtures	9	**201,675,853**	**148,633,170**
Other assets	10	**259,447,340**	**570,757,467**
Non - banking assets		**-**	**-**
Total properties and assets		**23,765,501,499**	**16,373,096,584**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and its agents	11	**1,003,400,000**	**1,400,000,000**
Deposits and other accounts	12		
Current accounts and other accounts		933,187,377	287,595,209
Bills payable		117,142,448	87,847,605
Savings bank deposits		351,872,642	177,636,832
Special notice deposits (SND)		3,709,286,695	1,699,330,659
Fixed deposits		11,791,933,934	7,585,720,357
Other deposits		-	-
		16,903,423,096	**9,838,130,662**
Other liabilities	13	**333,226,967**	**234,685,789**
Total liabilities		**18,240,050,064**	**11,472,816,451**
Capital/shareholders' equity			
Paid up capital	14.2	4,520,000,000	4,520,000,000
Statutory reserve	15	304,815,324	110,648,598
Revaluation reserve	16	103,306,635	17,071,299
Foreign currency translation gain	17(a)	231	-
Surplus in profit and loss account/Retained earnings	17	597,329,245	252,560,236
Total shareholders' equity		**5,525,451,435**	**4,900,280,133**
Total liabilities and shareholders' equity		**23,765,501,499**	**16,373,096,584**

Balance Sheet
As at 31 December 2015

Particulars	Notes	Amount in Taka	
		2015	2014
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	17		
Acceptances and endorsements		376,779,388	66,745,202
Letters of guarantees		696,055,032	919,656,846
Irrevocable letter of credits		1,210,577,135	514,459,066
Bills for collection		444,404,700	111,707,513
Other contingent liabilities		580,800	19,738,920
Total contingent liabilities		**2,728,397,055**	**1,632,307,547**
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total other commitments		**-**	**-**
Total off-balance sheet items including contingent liabilities		**2,728,397,055**	**1,632,307,547**

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

Auditors' Report to the Shareholders see annexed report on even date

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 12 April 2016

Profit and Loss Account

For the year ended 31 December 2015

Particulars	Notes	Amount in Taka	
		2015	2014
Interest income	20	1,416,789,701	880,578,064
Interest paid on deposits and borrowings etc.	21	1,151,109,896	697,706,063
Net interest income		**265,679,804**	**182,872,001**
Investment income	22	1,163,258,029	535,045,715
Commission, exchange and brokerage	23	108,730,309	79,981,527
Other operating income	24	19,244,984	8,518,817
		1,291,233,323	**623,546,059**
Total operating income (A)		**1,556,913,127**	**806,418,060**
Salaries and allowances	25	185,572,623	93,009,782
Rent, taxes, insurance, electricity etc.	26	92,594,203	74,752,221
Legal expenses		363,500	220,000
Postage, stamp, telecommunication etc.	27	11,774,619	7,449,967
Stationery, printing, advertisements etc.	28	43,378,725	28,086,874
Managing Director's salary and fees	29	8,320,000	8,320,000
Directors' fees and expenses	30	1,736,660	1,546,901
Auditors' fees		250,000	250,000
Depreciation on and repairs to Bank's assets	31	43,912,933	23,634,343
Other expenses	32	139,739,236	71,447,310
Total operating expenses (B)		**527,642,499**	**308,717,398**
Profit before provision (C=A-B)		**1,029,270,628**	**497,700,663**
Provision for loans and advances	13.1		
General provision		47,533,000	40,650,000
Specific provision		-	-
Provision for Off-shore Banking unit		154,000	
Provision for off-balance sheet items	13.2	10,750,000	15,000,000
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision (D)		**58,437,000**	**55,650,000**
Total profit before tax (C-D)		**970,833,628**	**442,050,663**
Provision for taxation	33		
Current		204,508,433	132,091,071
Deferred		1,389,460	3,661,050
		205,897,893	**135,752,121**
Net profit after tax		**764,935,735**	**306,298,542**
Retained Earnings brought forward from previous years		26,560,236	34,671,828
		791,495,971	**340,970,370**
Appropriations			
Statutory reserve	15	194,166,726	88,410,133
Other reserve		-	-
		194,166,726	**88,410,133**
Retained earnings during the year	17	**597,329,245**	**252,560,237**
Earnings per share (par value Taka 10)	36	**1.69**	**0.68**

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

Auditors' Report to the Shareholders see annexed report on even date

Hoda Vasi Chowdhury & Co.
Chartered Accountants

Dhaka, 12 April 2016

Cash Flow Statement

For the year ended 31 December 2015

Particulars	Notes	Amount in Taka	
		2015	2014
A. Cash Flow from Operating Activities			
Interest receipts in cash		2,036,804,709	1,211,789,330
Interest payments		(1,141,283,388)	(411,272,657)
Fees and commission receipts in cash		108,730,309	79,981,527
Recoveries on Loans previously written-off		-	-
Cash payments to employees		(193,892,623)	(101,329,782)
Cash payments to suppliers		(43,809,476)	(64,973,854)
Income taxes paid		(39,789,151)	(257,912,480)
Receipts from other operating activities	34	19,244,984	8,518,817
Payments for other operating activities	35	(250,570,211)	(155,771,114)
Operating profit before changes in operating assets and liabilities (i)		**495,435,152**	**309,029,787**
Increase / (Decrease) in operating Assets and Liabilities			
Sale of trading securities		26,206,020,975	17,002,232,392
Purchase of trading securities		(25,609,039,728)	(16,839,781,027)
Loans & advances to Banks		-	-
Loans & advances to customers		(5,852,141,717)	(4,096,184,029)
Other Assets		28,261,735	17,194,532
Deposits from other banks/ Borrowings		(396,600,000)	(60,000,000)
Deposits from customers		7,055,465,926	7,772,000,020
Trading liabilities		-	-
Other Liabilities		98,517,440	13,366,776
Cash received from operating assets and liabilities (ii)		**1,530,484,632**	**3,808,828,664**
Net cash from operating activities (A=i+ii)		**2,025,919,784**	**4,117,858,451**
B. Cash Flow from Investing Activities			
Proceeds from sale of securities		-	-
Payment for purchase of securities		(50,000,000)	-
Purchase of property, plant & equipment		(87,916,781)	(85,500,184)
Sale of property, plant & equipment		292,072	-
Net cash from investing activities (B)		**(137,624,709)**	**(85,500,184)**
C. Cash flows from financing activities			
Receipts from issue of ordinary shares		-	-
Payment of Dividend		(226,000,000)	-
Net cash from Financing Activities (C)		**(226,000,000)**	**-**
D. Net increase / decrease in cash & cash equivalent (A+B+C)		**1,662,295,075**	**4,032,358,267**
E. Effcts of exchange rate changes on cash and cash equivalents		**231**	**-**
F. Cash and cash equivalents at beginning period		**11,505,738,178**	**7,473,379,912**
G. Cash and cash equivalents at end of period (D+E)		**13,168,033,484**	**11,505,738,179**
Cash and cash equivalents at end of the year represents			
Cash in hand (including foreign currencies)		108,297,784	58,015,984
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		1,245,624,828	644,214,746
Balance with other banks and financial institutions		8,727,004,010	3,865,603,620
Money at call and on short notice		600,000,000	-
Treasury bills/ Bonds		2,487,049,462	6,937,889,129
Prize bond		57,400	14,700
		13,168,033,484	**11,505,738,179**

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

Statement of Changes in Equity

For the year ended 31 December 2015

Amount in Taka

Particulars	Paid up capital	Share premium	Statutory reserve	Revaluation reserve	Foreign currency translation gain	Surplus in profit and loss account/ Retained earnings	Total
Balance as at 1 January 2015	4,520,000,000	-	110,648,598	17,071,299	-	252,560,236	4,900,280,133
Statutory reserve	-	-	194,166,726	-	-	(194,166,726)	-
Surplus/deficit on account of revaluation of investment	-	-	-	86,235,336	-	-	86,235,336
Issue of ordinary share	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	-	(226,000,000)	(226,000,000)
Foreign currency translation gain					231	-	231
Net profit for the year	-	-	-	-	-	764,935,735	764,935,735
Balance as at 31 December 2015	**4,520,000,000**	**-**	**304,815,324**	**103,306,635**	**231**	**597,329,245**	**5,525,451,435**
Balance as at 31 December 2014	**4,520,000,000**	**-**	**110,648,598**	**17,071,299**	**-**	**252,560,236**	**4,900,280,133**

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

Liquidity Statement

(Analysis of maturity of assets and liabilities)

As at 31 December 2015

Amount in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets:						
Cash in hand	455,241,481	-	-	-	898,681,131	1,353,922,612
Balance with other banks and financial institutions	527,004,010	5,450,000,000	2,750,000,000	-	-	8,727,004,010
Money at call and on short notice	600,000,000	-	-	-	-	600,000,000
Investments	57,400	59,441,050	79,992,684	388,205,408	2,112,716,955	2,640,413,497
Loans and advances	312,305,317	1,159,354,240	3,215,905,567	3,303,301,647	1,992,171,415	9,983,038,186
Fixed assets including premises, furniture and fixtures	-	-	-	118,384,999	83,290,854	201,675,853
Other assets	11,578,688	154,428,414	93,440,238			259,447,340
Non banking assets	-	-	-	-	-	-
Total assets (A)	**1,906,186,896**	**6,823,223,704**	**6,139,338,489**	**3,809,892,054**	**5,086,860,355**	**23,765,501,498**
Liabilities:						
Borrowings from Bangladesh bank, other banks, financial institutions and its agents	-	1,000,000,000		3,400,000		1,003,400,000
Deposits	1,698,019,730	4,732,888,226	8,530,103,457	1,730,140,552	212,271,131	16,903,423,096
Provision and other liabilities	-	-	-	-	333,226,967	333,226,967
Total liabilities (B)	**1,698,019,730**	**5,732,888,226**	**8,530,103,457**	**1,733,540,552**	**545,498,098**	**18,240,050,063**
Net liquidity gap (A - B)	**208,167,166**	**1,090,335,478**	**(2,390,764,968)**	**2,076,351,502**	**4,541,362,257**	**5,525,451,435**

These Financial Statements should be read in conjunction with the annexed notes (1 to 37)

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

Notes to the Financial Statements

As at and for the year ended 31 December 2015

1. REPORTING ENTITY

1.1 Status of the Bank

Modhumoti Bank Limited (the "Bank") is a scheduled commercial bank in the private sector established under the Bank Companies Act 1991 and incorporated in Bangladesh as a public limited company to carry out banking business in Bangladesh. The registered office of the Bank is located at Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000. The financial statements of the Bank as at and for the year ended 31 December 2015 comprise the Bank.

1.2 Principal activities of the Bank

The Bank has 15 branches and 1 Off-shore Banking Unit as on 31 December 2015. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans and advances, export import financing, inland and international remittance facility, etc.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Bank as at and for the year ended 31 December 2015 have been prepared under the historical cost convention except investments and in accordance with the "First Schedule" (section 38) of the Bank Companies Act 1991, as amended by Bangladesh Bank (the Central Bank of Bangladesh) through BRPD Circular No. 14 dated 25 June 2003, other Bangladesh Bank Circulars, Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and other applicable laws and regulations. In case any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail.

Bank have departed from those contradictory requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Investment in shares and Securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at costs.

ii) Revaluation gain/loss on Government securities

BFRS: As per requirement of BAS 39 where T-bills and T-bonds will fall under the category of "held for trading", any change in the fair value of held for trading assets is recognized through profit and loss account.

T-bills designated as held to maturity are measured at amortized cost method and interest income is recognized through the profit & loss account.

"Bangladesh Bank: According to DOS circular no. 05 dated 26 May 2008 and subsequent clarification in DOS circular no. 05 dated 28 January 2009 loss on revaluation of Government securities (T-bill/T-bond) which are categorized as held for trading will be charged through profit and loss account, but any gain on such revaluation should be recorded under Revaluation Reserve Account. However at the year-end if there is any revaluation gain for any particular held for trading T-bills/T-bonds, such gain can be used to the extent of any revaluation loss for that particular held for trading T-bills/T-bonds.T-bills designated as held to maturity are measured at amortized cost method but interest income/gain is recognized through reserve."

iii) Provision on loans and advances

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular no. 5 dated 5 June 2006 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loan, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39.

iv) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income is a component of financial statements or the elements of Other Comprehensive Income are to be included in a Single Comprehensive Income (OCI) Statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income or the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income (OCI) Statement. As such the company does not prepare the other comprehensive income statement. However elements of OCI, if any, are shown in the statements of changes in equity.

v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39. As such some disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the accounts.

vi) Repo transactions

BFRS: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as loan and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BRPD guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

vii) Financial guarantees

BFRS: As per BAS 39, financial guarantees are contracts that require an entity to make specified payments to reimburse to the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as L/C, L/G will be treated as Off-Balance Sheet items. No liability is recognized for the guarantee except the cash margin.

viii) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', Treasury bills, Prize bond are not shown as cash and cash equivalent. Money at call and on short notice is shown as face item in balance sheet, and Treasury bills, Prize bonds are shown in Investment.

ix) Non-banking asset

BFRS: No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank: As per BRPD 14, there must exist a face item named Non-banking asset.

x) Cash flow statement

BFRS: Cash flow statement can be prepared either in direct method or in indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14, cash flow is the mixture of direct and indirect method.

xi) Balance with Bangladesh Bank: (CRR)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

xii) Presentation of intangible asset

BFRS: Intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD 14.

xiii) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement of disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. L/C, L/G, etc.) must be disclosed separately in face of balance sheet.

xiv) Disclosure of appropriation of profit

BFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD 14, an appropriation of profit should be disclosed in the face of profit and loss account.

xv) Loans and advance net of provision

BFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD 14, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

(Also refer to note 3.10 Compliance of BFRSs)

2.2 Basis of measurement

The financial statements of the Bank have been prepared on the historical cost basis except for the following:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using marking to market concept with gain crediting revaluation reserve.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortisation concept
- Investment in shares of listed companies

2.3 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka / Tk) which is the Bank's functional currency. Except as otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

2.4 Use of estimates and judgements

The preparation of these financial statements in conformity with Bangladesh Bank Circulars and BFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.5 Reporting period

These financial statements cover from 1st January 2015 to 31 December 2015

2.6 Cash flow Statement

Cash flow statement has been prepared in accordance with the BRPD Circular No. 14 dated 25 June 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.7 Statement of Changes in Equity

The Statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.8 Liquidity Statements

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term which has been given in the Statement.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policy set out below have been applied to present these financial statements of the Bank.

3.1 Foreign currency

3.1.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in equity.

3.2 Assets and basis of their valuation

3.2.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and its agent bank, balance with other banks and financial institutions, money at call and on short notice, investments in treasury bills and prize bond.

3.2.2 Investments

All investment securities are initially recognised at cost, including acquisition charges associated with the investment. Premiums are amortised and discounts are accredited.

Held to Maturity

Investments which have, 'fixed or determinable payments' and are intended to be held to maturity are classified as 'Held to Maturity'.

Held for Trading

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management.

Revaluation

As per the DOS Circular letter no. 5 dated 26 May 2008, HFT securities are revaluated each week using Marking to Market concept and HTM securities are amortised once a year according to Bangladesh Bank guidelines.

Value of investments has been shown as under:

Government Treasury Bills and Bonds (HFT)	At present value (using marking to market concept)
Government Treasury Bills and Bonds (HTM)	At present value (using amortisation concept)
Prize Bond	At cost

3.2.3 Loans, Advances and provisions

a) Loans and advances of branches are stated in the Balance Sheet on gross value.

b) Provision for loans and advances is made on the basis of periodical review by the management and of instructions contained in Bangladesh Bank BRPD Circular No. 14 of 23 September 2012, BRPD Circular No. 19 of 27 December 2012 and BRPD Circular No.05 dated May 29, 2013. The rates of provision for different classifications are given below:

Particulars	Rate
General provision on:	
All unclassified loans and advances except followings	1.00%
Small and medium enterprise financing	0.25%
Consumer financing	5.00%
Housing Finance, Loans for Professionals to set up Business under Consumer Financiang Scheme, Loans to Brokerage House, Merchant Banks, Stock Dealers etc.	2.00%
Consumer financing other than Housing finance, Loans to professionals and Loans for BHs/MBs/SDs	5.00%
Special mention account (SMA) except Short Term Agricultural Loans	0.25%-5%
Specific provision on:	
Substandard loans and advances	20.00%
Doubtful loans and advances	50.00%
Bad/loss loans and advances	100.00%
Provisions for Short term Agricultural and Micro-Credits	
All credits except 'Bad/Loss' (i.e. Doubtful, Substandard, irregular and regular credit)	5.00%
Bad/loss loans and advances	100.00%

3.2.4 Fixed assets and depreciation

Recognition and measurement

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Bank and the cost of the assets can be reliably measured.

a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 “Property, Plant and Equipment”. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) The Bank recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally charged off as revenue expenditure in the period in which it is incurred.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the item of fixed asset, and is recognised in other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Depreciation

Depreciation is charged for the year at the following rates on reducing balance method on all fixed assets other than vehicles and software on which straight line depreciation method is followed and no depreciation is charged on land:

Category of assets	Rate of depreciation
Land	Nil
Building	2.50%
Furniture and fixtures	10.00%
Office equipments	20.00%
Professional and Reference books	30.00%
Electrical equipments	20.00%
Computer equipments	20.00%
Motor vehicles	20.00%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted, if appropriate.

3.3 Liabilities and basis of their valuation

3.3.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents includes refinance from Bangladesh Bank against agro-based credit, SME Loan etc., interest-bearing borrowings against securities from Bangladesh Bank and call borrowing from other banks. These items are brought to financial statements at the gross value of the outstanding balance.

3.3.2 Deposits and other accounts

Deposits and other accounts include non interest-bearing current deposit redeemable at call, interest bearing on demand and short-term deposits, savings deposit and fixed deposit. These items are brought to financial statements at the gross value of the outstanding balance. Details are shown in Notes 12.

3.3.3 Other liabilities

Other liabilities comprise items such as provision for loans and advances/investments, provision for taxation, interest payable, interest suspense, accrued expenses, obligation under finance lease etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, Income Tax Ordinance 1984 and internal policy of the Bank. Details are shown in Notes 13.

3.4 Capital/Shareholders' equity

3.4.1 Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

3.4.2 Paid up capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders.

3.4.3 Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Companies Act 1991 until such reserve equal to its paid up capital together with the share premium.

3.4.4 Revaluation reserve of government securities

Revaluation reserve arises from the revaluation of land and buildings as well as the revaluation of Treasury bills and bonds (HFT & HTM) in accordance with the DOS circular no. 5 dated 26 May 2008 and DOS(SR) 1153/120/2010 dated 8 December 2010. The tax effects on revaluation gain are measured and recognised in the financial statements as per BAS 12: Income Taxes.

3.5 Contingent liabilities

A contingent liability is -

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

A present obligation that arises from past events but is not recognised because:

* it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
* the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may results in the recognition of income which may never be realised.

3.6 Revenue recognition

3.6.1 Interest income

"Interest on loans and advances is calculated on daily product basis and accrued at the end of each month, but charged to customers' accounts on quarterly basis. Interest accrued on loans and advances fall under Sub Standards (SS) and Doubtful (DF) category are credited to interest suspense account instead of income account. Interest is not charged on bad and loss loans as per guideline of Bangladesh Bank. Such interest is kept in separate memorandum account. Interest on classified loans and advances is accounted for on a cash receipt basis."

3.6.2 Investment income

Income on investments is recognised on accrual basis. Investment income includes discount on treasury bills, interest on treasury bonds and fixed deposit with other banks. Capital gain on investments in shares is also included in investment income. Capital gain is recognised when it is realised.

3.6.3 Fees and commission income

The Bank earns fees and commissions from diverse range of services provided to its customers. Fees and commission income is recognised on a realisation basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

3.4 Interest paid on borrowing and other deposits

Interest paid and other expenses are recognised on accrual basis.

3.5 Employee benefits

3.5.1 Provident Fund

Provident fund benefits are given to the staff of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription of the fund. The Bank also contributes equal amount to the fund. Contributions made by the Bank are charged as expense and the bank bears no further liability. Interest earned from the investments is credited to the members' account.

3.5.2 Gratuity Fund

"Gratuity fund benefits are given to the staff of the Bank. The gratuity is calculated on the basis of last basic pay and is payable at the rate of two month's basic pay for every completed year of service. The amount so calculated are transferred to the fund and charged to expenses of the Bank."

3.6 Provision for Off-Balance Sheet Exposures

In compliance with Bangladesh Bank guidelines Off-Balance Sheet items are disclosed under contingent liabilities. As per BRPD Circular No.10 dated 18 September 2007, the Bank is required to maintain provision @ 1% against Off-Balance Sheet Exposures. Details are shown in note 13.2.

3.7 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

3.7.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3.7.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to unrealised surplus on revaluation of held to maturity (HTM) securities and land and buildings are recognised directly in revaluation reserve as a part of equity and is subsequently recognised in profit and loss account on maturity of the security and disposal of land and buildings.

3.8 Reconciliation of inter-bank/inter-branch account

Books of accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there are no material differences which may affect the financial statements significantly.

Un-reconciled entries in case of inter-branch transactions as at the reporting date are not material.

3.9 Risk management

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities.

The risk of Modhumoti Bank Limited usually comes from diverse risks faced by the Bank e.g. credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk, equity price risk, operational risk, legal risk and reputation risk arising from money laundering & terrorist financing risk.

The prime objective of the risk management is that the Bank evaluates and takes well calculative business risks and thereby safeguards the Bank's capital, its financial resources, profitability from various business risks and depositors interest through its strengthening the internal control mechanism of the Bank and through implementing guidelines of Bangladesh Bank and other regulatory bodies. In this respect Modhumoti Bank Limited has been implementing guidelines issued by Bangladesh Banksince its inception to minimize the consequence of the following risks:

i) Credit risk
ii) Foreign exchange risk
iii) Asset-liability management risk
iv) Money laundering and terrorist financing risk
v) Internal control & compliance risk
vi) Information and communication technology risk

Apart from the above, Modhumoti Bank implemented the Green Banking Policy, following the circular of Bangladesh Bank, to combat the environmental risk.

3.9.1 Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a cunter party to perform as per contractual agreement with the Bank. the failure may result from unwillingness of the counter party or decline in his / her financial condition. therefore, the Bank's credit risk management activities have been designed to address all these issues.

A methodical assessment & due diligence are done before sanction of any credit facility at Credit Risk Management Division of the Bank. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facilities and various critical risk factors. The assessment process starts at Branch Credit department by the Officer and ends at Credit Risk Management Division in Head Office where it is approved / declined by the competent authority. Credit approval authority has been partially delegated to the individual executives. Proposal beyond their delegation are approved / declined by the Board / Executive Committee (EC) of the Board.

3.9.2 Foreign Exchange Risk

Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in earnings. As per the guidelines of Bangladesh Bank, Modhumoti Bank Limited has developed a detailed Foreign Exchange Risk Management policies to minimize different types of risks associated with foreign exchange transactions. The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank.

The foreign exchange desk of treasury division is involved in foreign exchange dealing activities with different counterparts; the treasury back office is engaged in transfer of funds and passing of the transaction entries in the books of accounts, and the mid office is responsible for verification of the deals. All foreign exchange transactions are revalued at market rate as per the directive of Bangladesh Bank. All Nostro Accounts are reconciled on a monthly basis and outstanding entries beyond 30 days are reviewed by the management for its settlement.

3.9.3 Asset Liability Management

Banks are exposed to the several risks such as Liquidity Risk, Interest Rate Risk, Foreign Exchange Risk, Credit Risk and Operational Risk etc. Monitoring and controlling of these risks is vital to the survival of a financial institution. Asset-Liability Management is a tool to oversee whether different balance sheet risks are properly identified, appropriate policies and procedures are well established to control and limit these risks.

To address all the risk elements of the Balancee Sheet, monthly ALCO meetings are conducted regularly, ALM desk of the Bank analysis the Balance Sheet risk and prepares the monthly ALCO papers as per the guidelines of the Bangladesh Bank.

Asset-Liability Committee (ALCO) reviews country's overall economic position, the Bank's liquidity position, key performance ratios, interest rate risk, deposit and advance growth, cost of deposit & yield on advances, deposit & lending pricing strategy and different forecasted balance sheet risks of the Bank.

By strongly monitoring the maturity GAP of assets and liabilities and interest rates movement, Bank is able to maintain optimum liquidity with required regulartory compliances. A policy guideline on Assets Liability Management is formulated and approved by the Board of Directors of the Bank and revise it from time to time.

3.9.4 Money Laundering Risk

Money laundering risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. For mitigating the risks, the Bank has a designated Chief Anti Money Laundering Compliance Officer (CAMLCO) at Head Office and Compliance Officers at Branches, who independently review the transactions of the accounts to verify suspicious transactions. Manuals for prevention of money laundering have been established and transaction profile has been introduced. Training is continuously given to all category of Officers and Executives for developing awareness and skill for identifying suspicious activities / transactions.

3.9.5 Internal Control & Compliance Risk

Internal control is the process, effected by a Co's Board of Directors, Management & other personnel designed to provide reasonable assurance regarding the achievement of objectives with effectiveness & efficiency of operations. It encompasses all controls incorporated into the strategic, governance and management processes, covering the bank's entire range of activities and operations, and not just those directly related to financial operations and reporting. Its scope is not confined to those aspects of a business that could broadly be defined as compliance matters, but extends also to the performance aspects of a business.

Modhumoti Bank Ltd has established a System of Internal Control, which is designed to manage all the risks of failure to a reasonable level, achieve aims and objectives/goals of the Bank and this System provides reasonable assurance of effective & efficient operations covering all controls including financial & operational controls, reliability of the financial information, compliance with applicable laws & regulations, adherence to management policies, safeguarding of Bank's Assets, prevention & detection of fraud & errors, and accuracy & completeness of the accounting records.

3.9.6 Information and communication technology

Major ICT risks have been categorized into three- a) Denial of service, b) Un-authorized actions, and c) Ignorance/ complacency. However, the top ICT risks are: -

i) Unacceptable use by or through staff, contractors, partners and former employees or unauthorid / unlicensed program run on system & external attack by hacker.

ii) Inadequate plan for disaster recovery, poor business continuity management resulted inability to recover system following a disaster or failure in the expected timescale.

iii) Improper management of systems lifecycle, poor requirements definition & system design and inadequate testing result in degraded performance of software.

iv) Breaches in established policies, terms of SLA: Associated risks or log of changes in equipment, applications or modules are not properly addressed. So, data integrity and continuity become vulnerable resulting in loss or corruption of data after retrieval.

v) Failure of systems (due to power, equipments, communication links, viruses or natural disaster or socio-geographical context- climate change, terrorism etc) may broaden from individuals to whole organization.

vi) Non-allocation of job tasks & turnover of ICT employee, failure of committed service of third party vendors or absence of SLA etc concluded in non-performance of system- partly or whole.

vii) Finally, complacency or lack of awareness of understanding risks due technological advancement, unforeseen technology problems or unavailability of software and others (not been classified here).

Risk mitigation involves prioritizing, evaluating, and implementing the appropriate risk-reducing controls recommended from the risk assessment process. Risk mitigation is a systematic methodology used by senior management to reduce risk. Risk mitigation will be achieved through following risk mitigation options:

i) Risk Assumption: To accept the potential risk and continue operating the IT system or to implement controls to lower the risk to an acceptable level.

ii) Risk Avoidance: To avoid the risk by eliminating the risk cause and/or consequence (e.g., forgo certain functions of the system or shut down the system when risks are identified).

iii) Risk Limitation: To limit the risk by implementing controls that minimize the adverse impact of a threat's exercising a vulnerability (e.g., use of supporting, preventive, detective controls).

iv) Risk Planning: To manage risk by developing a risk mitigation plan that prioritizes, implements, and maintains controls.

v) Research and Acknowledgment: To lower the risk of loss by acknowledging the vulnerability or flaw and researching controls to correct the vulnerability.

vi) Risk Transference: To transfer the risk by using other options to compensate for the loss, such as purchasing insurance.

vii) All categorized ICT related risks would be reviewed by Risk Management personnel and should be acted accordingly.

3.10 Compliance of Bangladesh Financial Reporting Standard (BFRS)

Name of the standards	Ref.	Status
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	Not applicable
Share-based Payment	BFRS-2	Not applicable
Business Combinations	BFRS-3	Not applicable
Insurance Contracts	BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	BFRS-6	Not applicable
Financial Instruments: Disclosures	BFRS-7	Applied with some departure
Operating Segments	BFRS-8	Applied
Consolidated Financial Statements	BFRS-10	Not applicable
Joint Arrangements	BFRS-11	Not applicable
Disclosure of Interests in other Entities	BFRS-12	Not applicable
Fair Value Maserment	BFRS-13	Applied
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	Not Applicable
Statement of Cash Flows	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	Not Applicable
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Not Applicable
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	Applied
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	Not Applicable
Consolidated and Separate Financial Statements	BAS-27	Not Applicable
Investments in Associates	BAS-28	Not Applicable
Interests in Joint Ventures	BAS-31	Not Applicable
Financial Instruments: Presentation	BAS-32	Applied with some departure
Earnings per Share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Not Applicable
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	Applied with some departure
Investment property	BAS-40	Not Applicable
Agriculture	BAS-41	Not Applicable

The Bank has consistently applied the accounting policies as set out in note 3: significant accounting policies. During the year ended 31 December 2015, the Bank has not adopted any new standards and amendments to existing standards, having any material impact on preparing these financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and optional earlier adoption is permissible. However, the Bank has not early adopted these new or amended standards in preparing these financial statements. Some of these new or amended standards relevant to the Bank are disclosed below:

BFRS 9 Financial Instruments

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 9.

BFRS 15 Revenue from Contracts with Customers

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRIC 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Bank is assessing the potential impact on its financial statements resulting from the application of BFRS 15.

3.11 Correspondence items

Correspondence items are maintained to have control over all items of importance and for such transactions where the Bank has only a business responsibility and no legal commitment. Stock of travellers cheques, savings certificates, wage earners bond and others fall under the correspondence items.

3.12 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under BFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.13 Operating segments

The Group and the Bank have no identified operating segment and as such presentation of segmental reporting is not made in the financial statements as per BFRS 8.

3.14 Approval of financial statements

The Bank in its 20th Board Meeting held on12th April, 2016 approved the Financial Statements for the year ended 31 December 2015.

3.15 General

a) These financial statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka

b) The expenses, irrespective of capital or revenue nature, accrued/ due but not paid have been provided for in the Books of the Bank.

c) Figures of previous year have been rearranged whenever necessary to conform to current years presentation.

		Amount in Taka	
		2015	2014
4.	**Cash**		
	In hand:		
	Local currency	106,111,786	55,901,890
	Foreign currencies	2,185,998	2,114,094
		108,297,784	**58,015,984**
	Balance with Bangladesh Bank:		
	Local currency	1,068,904,916	609,828,923
	Foreign currencies	176,715,717	34,380,823
		1,245,620,633	**644,209,746**
	Balance with Sonali Bank Limited. (as agent of Bangladesh Bank):		
	Local currency	4,195	5,000
		1,245,624,828	**644,214,746**
		1,353,922,612	**702,230,730**

4.1 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with Section 33 of Bank Company Act 1991, DOS circular nos. 01 dated 19 January 2014 and MPD circular no. 01 dated 23 June 2014.

The statutory Cash Reserve Requirement on the Bank's time and demand liabilities at the rate of 6% on daily basis and 6.5% on bi-weekly basis has been calculated and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Requirement, including CRR, on the same liabilities has also been maintained in the form of treasury bills, bonds and debentures including FC balance with Bangladesh Bank. Both reserves maintained by the Bank, are shown below:

4.1.1 Cash Reserve Requirement (CRR)

As per Bangladesh Bank DOS Circular No. 01 dated January 01, 2014 and MPD circular no. 01 dated 23 June 2014, Bank has to maintain CRR @ 6.5% on bi-weekly average basis and minimum @ 6% on daily basis.

i) Daily basis		
6% of average Demand and Time Liabilities		
Required reserve	898,681,131	500,179,510
Actual reserve held (Average daily on bi-weekly basis)	1,068,904,916	609,828,923
Surplus	**170,223,785**	**109,649,413**
ii) Bi-weekly average basis		
6.5% of average Demand and Time Liabilities		
Required reserve	973,571,225	541,861,140
Actual reserve held (Average daily on bi-weekly basis)	1,068,904,916	609,828,923
Surplus	**95,333,691**	**67,967,783**

4.1.2 Statutory Liquidity Requirement (SLR)

13% of required Average Demand and Time Liabilities:		
Required reserve	1,947,142,420	1,083,722,280
Actual reserve held	2,698,658,077	7,012,981,411
Surplus	**751,515,657**	**5,929,259,131**
Held for Statutory Liquidity Requirement		
Cash in hand	108,297,784	58,015,984
Balance with agent bank (Sonali Bank Ltd.) as per statement	4,195	5,000
Government treasury bills	89,433,734	1,792,252,780
Bangladesh Bank Bills	-	-
Government treasury bonds	2,500,922,363	5,162,707,648
	2,698,658,077	**7,012,981,411**

		Amount in Taka	
		2015	2014
5	**Balance with other banks and financial institutions**		
	In Bangladesh (Note -5.1)	8,490,751,465	3,683,049,747
	Outside Bangladesh (Note-5.2)	236,252,545	182,553,873
		8,727,004,010	**3,865,603,620**
	Also refer to note 5.3 for maturity wise grouping		
5.1	**In Bangladesh**		
	Current account with:		
	Prime Bank Limited	3,761	27,686
	Sonali Bank Limited	1,000,000	-
	Jamuna Bank Limited	1,095,307	-
	Trust Bank Limited	4,007,829	5,978,783
		6,106,897	**6,006,469**
	Short term deposits account with:		
	Prime Bank Limited	39,015,332	24,061,608
	Eastern Bank Limited	531,065,366	502,411,975
	The City Bank Limited	104,563,870	40,569,695
		674,644,569	**567,043,278**
	Fixed deposits with other banks:		
	National Bank of Pakistan	300,000,000	-
	Midland Bank Limited	500,000,000	
	Bank Al Falah Limited	10,000,000	
	Standard Bank Limited	400,000,000	
	NRB Bank Limited	300,000,000	
	The Farmers Bank Limited	-	160,000,000
	NRB Global Bank Limited	-	300,000,000
	AB Bank Limited	-	500,000,000
		1,510,000,000	**960,000,000**
	Fixed deposits with financial institutions:		
	Prime Finance & Investment Limited	450,000,000	-
	International Leasing and Financial Services Ltd.	300,000,000	-
	Bay Leasing and Investment Limited	150,000,000	100,000,000
	Industrial and Infrastructure Development Finance Company Limited	750,000,000	-
	Delta Brac Housing Finance Corporation Ltd.	700,000,000	
	Bangladesh Industrial Finance Company Ltd.	200,000,000	200,000,000
	IDLC Finance Limited	900,000,000	-
	Phoenix Finance and Investment Company Ltd.	100,000,000	300,000,000
	Union Capital Ltd.	300,000,000	300,000,000
	Uttara Finance and Investment Ltd.	300,000,000	-
	Bangladesh Finance and Investment Co. Ltd.	300,000,000	400,000,000
	Fareast Finance & Investment Ltd.	100,000,000	150,000,000
	Premier Leasing International Ltd.	150,000,000	150,000,000
	LankaBangla Finance Limited	450,000,000	-
	Hajj Finance Company Limited	200,000,000	100,000,000
	United Leasing Company Limited	950,000,000	450,000,000
		6,300,000,000	**2,150,000,000**
		8,490,751,465	**3,683,049,747**

5.2 Outside Bangladesh (NOSTRO Accounts)

Name of the Foreign Bank / Correspondent	Currency	2015 Amount In F.C	2015 Conversion Rate	2015 Amount in Taka	2014 Amount in Taka
United National Bank Ltd. (London)	USD	18,399.39	78.9000	1,451,712	6,629,818
Sonali Bank (Kolikata)	ACU	2,000.00	78.9000	157,800	-
Masherq Bank, PSC, NY (OBU)	USD	122,003.97	78.9000	9,626,113	-
Masherq Bank, PSC, NY	USD	2,219,864.69	78.9000	175,147,324	140,658,058
AB Bank (OBU)	USD	4,794.00	78.9000	378,247	-
United National Bank (UK)	EURO	8,973.13	86.4659	775,870	825,024
Masherq Bank, PSC, (UK)	GBP	159.49	117.1660	18,687	608,604
United Bank of India (KOLIKATA)	ACU	9,705.50	78.9000	765,764	661,361
AB Bank Ltd. (MUMBI)	ACU	591,783.00	78.9000	46,691,679	19,078,124
United National Bank (UK)	GBP	1,278.00	117.1660	149,738	7,392,613
Masherq Bank, PSC, (EURO)	EURO	1,953.79	86.4659	168,936	4,761,400
National Bank of Pakistan (TOKYO)	YEN	1,404,111.00	0.6557	920,676	1,938,869
Total				**236,252,545**	**182,553,873**

		Amount in Taka 2015	Amount in Taka 2014
5.3	**Maturity grouping of balance with other banks and financial institutions**		
	On demand	6,106,897	6,006,469
	Not more than three months	5,734,644,568	2,959,597,151
	More than three months but not more than six months	2,750,000,000	900,000,000
	More than six months but not more than one year	-	-
	More than one year but less than five years	-	-
	Above five years	-	-
		8,490,751,465	**3,865,603,620**
6	**Money at call and on short notice**		
	International Leasing and Financial Services Ltd.	170,000,000	-
	Delta Brac Housing Finance Corporation Ltd.	80,000,000	-
	Premier Leasing International Ltd.	40,000,000	-
	Fareast Finance & Investment Ltd.	30,000,000	-
	MIDAS	70,000,000	-
	Bangladesh Industrial Finance Company Ltd.	110,000,000	-
	Bangladesh Finance and Investment Co. Ltd.	100,000,000	-
		600,000,000	**-**
7	**Investments**		
	Government securities (Note-7.1)	2,590,413,497	6,954,975,128
	Others (Note-7.2)	50,000,000	-
		2,640,413,497	**6,954,975,128**
7.1	**Government Securities**		
	91 days Treasury Bills	29,997,121	78,773,051
	182 days Treasury Bills	29,992,684	265,811,947
	364 days Treasury Bills	29,443,929	1,447,667,782
	2 years BGTB Bond	-	20,052,200
	5 years BGTB Bond	118,545,650	443,546,220
	10 years BGTB Bond	1,513,482,524	1,358,530,411
	15 years BGTB Bond	784,594,288	2,708,319,311
	20 years BGTB Bond	84,299,900	632,259,506
	Prize Bonds	57,400	14,700
		2,590,413,497	**6,954,975,128**
	Add: Reverse repo with other banks	-	-
		2,590,413,497	**6,954,975,128**

		Amount in Taka	
		2015	2014
7.2	**Other Investment**		
	Investment in Commercial Papers	50,000,000	-
		50,000,000	**-**
7.3	**Investments classified as per Bangladesh Bank Circular**		
	Held for trading (HFT)	620,441,237	6,368,728,031
	Held to maturity (HTM)	1,969,914,860	586,232,397
	Other securities	50,057,400	14,700
		2,640,413,497	**6,954,975,128**
7.4	**Maturity-wise grouping**		
	On demand	57,400	14,700
	Not more than three months	59,441,050	267,072,901
	More than three months but not more than one year	79,992,684	1,544,825,039
	More than one year but not more than five years	388,205,408	864,535,620
	Above five years	2,112,716,955	4,278,526,867
		2,640,413,497	**6,954,975,128**

7.5 Cost and market value of investments

7.5.1	**Government securities**	**2015**		**2014**
		Cost price Taka	Market price Taka	
	Treasury Bills	87,661,890	89,433,734	1,792,252,780
	Bangladesh Bank Bills	-	-	-
	Bangladesh Government Treasury Bond	2,410,952,911	2,500,922,363	5,162,707,648
	Prize Bonds	57,400	57,400	14,700
		2,498,672,201	**2,590,413,497**	**6,954,975,128**

7.6 Repo and Reverse-repo

7.6.1 Repo as on 31 December 2015

Counter party name	Agreement date	Reversal date

7.6.2 Transactions of Repo and Reverse-repo during the year 2015

	Minimum outstanding Taka	Maximum outstanding Taka	Maximum outstanding Taka
Securities sold under repo			
i) With Bangladesh Bank	-	-	513,000,000
ii) With Other Bank & FIs	105,500,000	943,300,000	1,060,400,000
Securities purchase under reverse repo			
i) With Bangladesh Bank	430,000,000	730,000,000	-
ii) With Other Bank & FIs	61,900,000	770,700,000	-

		Amount in Taka	
		2015	2014
8	**Loans and advances**		
	Loans, cash credit, overdrafts etc. (Note 8.1)	9,859,716,268	4,079,517,493
	Bills purchased and discounted (Note 8.13)	123,321,918	51,378,976
		9,983,038,186	**4,130,896,469**
8.1	**Loans, cash credit, overdrafts etc.**		
	In Bangladesh		
	Cash credit and overdrafts	1,902,542,601	1,923,148,764
	Loans (General)	1,359,682,812	1,647,416,393
	House building loan	432,754,588	129,927,242
	Loan against trust receipt	437,556,784	225,540,786
	Other Loans	5,727,179,483	153,484,308
		9,859,716,268	**4,079,517,493**
	Outside Bangladesh	-	-
		9,859,716,268	**4,079,517,493**
8.2	**Performing loans and advances**		
	Gross loans and advances	9,983,038,186	4,130,896,469
	Non-performing loans and advances	-	-
		9,983,038,186	**4,130,896,469**
8.3	**Maturity-wise grouping**		
	On demand	252,990,637	23,958,779
	Less than three months	1,218,668,920	560,778,050
	More than three months but less than one year	3,215,905,567	1,801,997,949
	More than one year but less than five years	3,303,301,647	1,255,058,065
	More than five years	1,992,171,415	489,103,627
		9,983,038,186	**4,130,896,469**
8.4	**Loans and Advances on the basis of significant concentration**		
	Advances to allied concerns of directors	113,363,420	104,349,377
	Advances to chief executive and other senior executives	35,379,133	37,078,259
	Advances to customers' group:		
	Advances to large and medium industries	7,477,224,609	2,648,058,117
	Advances to small and cottage industries	82,810,002	32,085,162
	Commercial Lending	1,138,137,754	938,046,888
	House Building Loan	626,066,295	78,490,754
	Consumer Credit Scheme	235,119,208	187,491,422
	Other Loans and Advances	274,937,765	105,296,488
		9,983,038,186	**4,130,896,469**

8.5 Sector-wise allocation of loans and advances

	% of total loan	Taka	Taka
Agriculture, fishing, forestry and dairy firm	0.63%	63,357,131	56,622,590
Industry (Other than working capital)	27.99%	2,793,778,684	121,247,308
Working capital financing	15.89%	1,585,919,590	755,955,439
Export credit	2.10%	209,182,512	52,089,901
Import credit	7.09%	707,633,378	165,548,628
Commercial credit	11.21%	1,118,629,937	703,754,598
Constructions	8.05%	803,141,203	223,508,748
Transport and Communication	6.00%	598,617,600	603,215,311
Consumer Credit	2.74%	273,648,145	137,912,045
Others	18.32%	1,829,130,006	1,311,041,900
	100.00%	**9,983,038,186**	**4,130,896,469**

	Amount in Taka	
	2015	2014

8.6 Details of large loans and advances

Number of clients with outstanding amount and classified loans exceeding 10% of total capital of the Bank. Total capital of the Bank was Tk.558.17 crore as at 31 December 2015 (Tk.494.93 crore in 2014).

Number of clients	10.00	6.00
Amount of outstanding loans and advances (Taka in crore)	366.89	188.13
Amount of classified loans and advances	-	-
Measures taken for recovery	-	-

Name of clients	Outstanding (Taka in crore)		Total	Total
	Funded	Non-Funded	Taka in crore	Taka in crore
Mercantile Bank Securities Ltd.	-	-	-	10.50
IFAD Autos Limited	33.36	2.38	35.74	25.80
Confidence Electric Limited	0.16	-	0.16	12.51
EC Securities Limited	56.89	-	56.89	51.80
Nitol Motors Limited	13.19	-	13.19	20.88
Hashem Food Limited	-	52.38	52.38	-
Pran Diary Limited	43.35	-	43.35	-
Evince Textiles Limited	70.50	14.35	84.85	-
Radiant Sweaters Industries Ltd. & Sayem Fashions Ltd.	1.40	2.46	3.86	-
Abul Khair Tobacco Co. Ltd.	48.42	-	48.42	-
Abul Monem Limited	14.79	13.26	28.05	66.64
	282.06	**84.83**	**366.89**	**188.13**

8.7 Category-wise Small Medium Enterprise Loans and Advances (SME)

Service Sector	1,375,973,932	530,898,720
Trading Sector	1,122,469,206	637,502,178
Industrial Sector	618,053,861	89,976,035
	3,116,497,000	**1,258,376,933**

8.8 Geographical location-wise allocations of loans and advances

	% of total loan		Taka
Dhaka region	93.81%	9,365,115,566	3,953,800,235
Chittagong region	4.74%	472,758,513	-
Rajshahi region	0.00%	-	-
Sylhet region	1.26%	125,306,570	60,736,938
Khulna region	0.20%	19,857,538	116,359,296
Rangpur region	0.00%	-	-
Barisal region	0.00%	-	-
	100.00%	**9,983,038,186**	**4,130,896,469**

		Amount in Taka			
		2015		2014	
8.9	**Classification of loans and advances**				
	Unclassified:				
	Standard including staff loan	99.81%	9,964,303,213	100.00%	4,130,896,469
	Special Mention Account (SMA)	0.19%	18,734,974	0.00%	-
		100.00%	9,983,038,186	100.00%	4,130,896,469
	Classified:				
	Sub-standard	-	-	-	-
	Doubtful	-	-	-	-
	Bad/loss	-	-	-	-
		-	-	-	-
		100%	**9,983,038,186**	**100%**	**4,130,896,469**

		Amount in Taka	
		2015	2014
8.10	**Particulars of loans and advances**		
i)	Debts considered good in respect of which the bank is fully secured;	4,437,860,910	1,728,617,858
ii)	Debts considered good for which the bank holds no other security than the debtors' personal guarantee;	418,887,255	25,692,524
iii)	Debts considered good secured by the personal liabilities of one or more parties in addition to the personal guarantee of the debtors;	5,110,903,539	2,376,586,087
iv)	Debts adversely classified; provision not maintained thereagainst	-	
v)	Debts due by directors or officers of the bank or any of them either severally or jointly with any other persons;	121,302,005	91,581,180
vi)	Debts due by companies or firms in which the directors or officers of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;	113,363,420	104,349,377
vii)	Maximum total amount of advances, including temporary advances made any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons;	121,302,005	91,581,180
viii)	Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the bank are interested as directors, partners or managing agents or, in case of private companies, as members;	113,363,420	104,349,377
ix)	Due from banking companies;		
x)	Classified loans/investments for which interest has not been charged:		
	(a) Increase/decrease of provision (specific)		
	Amount of debts written off	-	-
	Amount realized against the debts previously written off	-	-
	(b) Provision against the debt classified as bad/loss at the date of balance sheet	-	-
	(c) Amount of interest charged in suspense account	-	-
xi)	Loans written off:		
	- Current year	-	-
	Cumulative to-date	-	-
	- The amount of written off loans for which lawsuit filed	-	-

8.11 Particulars of required provision for loans and advances/investments	Amount in Taka 2015 % of required provision	2015 Required provision	2014 Required provision
For loans and advances:			
Unclassified - General provision			
All unclassified loans (other than small enterprises, housing finance, Loan to MBs ,loans for professional, consumer financing and special mention account)	1%	58,305,956	19,469,849
Small and medium enterprise financing	0.25%	7,776,201	3,145,942
Loan to BHs/MBs/SDs against shares	2%	12,928,002	14,337,351
Housing and loan for professional	2%	1,675,969	501,560
Consumer finance	5%	5,806,615	1,769,269
Agriculture finance	2.50%	1,389,851	1,415,565
Special Mention Account (SMA)	0.25%-5%	327,222	-
		88,209,817	**40,639,536**
Classified - Specific provision:			
Sub-standard	20%	-	-
Doubtful	50%	-	-
Bad/loss	100%	-	-
		-	-

	Amount in Taka 2015	2014
Required provision for loans and advances	**88,209,817**	**40,639,536**
Total provision maintained	**88,687,000**	**41,000,000**
Excess provision at 31 December	**477,183**	**360,464**

8.12 Listing of assets pledged as security/collaterals		
Nature of the secured assets		
Gold & Gold Ornaments	-	-
Shares & Securities	-	-
Merchandise	903,735,937	242,048,036
Machinery with other Fixed Asset and Financial obligation	541,104,178	-
Real Estate with Financial obligation	4,157,568,517	1,285,352,254
Financial Obligation only (Insurance policies, Savings certificates, Bank deposit etc)	280,292,393	107,990,430
Miscellaneous;		
i) Crops/stock of crops hypothecations	603,459	-
ii) Guarantee of individuals/ Institutions	1,651,364,612	1,363,492,624
ii) Others	2,448,369,090	1,132,013,126
	9,983,038,186	**4,130,896,469**

8.13 Bills purchased and discounted		
In Bangladesh	107,935,435	51,378,976
Outside Bangladesh	15,386,483	-
	123,321,918	**51,378,976**

8.13.1 Maturity-wise grouping		
On demand	13,602,589	-
Less than three months	53,818,932	-
More than three months but less than one year	55,900,396	51,378,977
More than one year but less than five years	-	-
More than five years	-	-
	123,321,918	**51,378,977**

		Amount in Taka	
		2015	2014
9	**Fixed assets including premises, furniture and fixtures**		
	Cost:		
	Land	-	-
	Building	-	-
	Furniture and fixture	96,434,303	65,064,679
	Computer and Computer peripheral	35,609,301	26,270,313
	Electrical Equipments	61,870,173	36,287,492
	Motor vehicles	31,300,000	21,300,000
		225,213,777	**148,922,484**
	Less: Accumulated depreciation		
	Land	-	-
	Building	-	-
	Furniture and fixture	13,143,449	5,542,808
	Computer and Computer peripheral	9,792,587	4,356,054
	Electrical Equipments	14,347,176	5,607,912
	Motor vehicles	9,568,367	3,475,005
		46,851,579	**18,981,779**
		178,362,198	**129,940,705**
	Software:		
	Computer Software	31,290,000	20,230,000
	SWIFT Software	4,221,235	4,221,235
		35,511,235	**24,451,235**
	Less: Amortization during the year	12,197,580	5,758,770
		23,313,655	**18,692,465**
	Written down value at the end of the year	**201,675,853**	**148,633,170**
	Details are shown in Annexure-A		
10	**Other assets**	**259,447,340**	**570,757,467**
10.1	**Classification of other assets**		
	a) Income generating other assets	-	-
	b) Non-income generating other assets:		
	i) Investment in shares of subsidiary companies:		
	- In Bangladesh	-	-
	- Outside Bangladesh	-	-
	ii) Stationery, stamps, printing materials, etc.	558,391	127,640
	iii) Advance rent	93,440,238	98,659,152
	iv) Interest accrued on investment but not collected, commission and brokerage receivable on shares and debentures, and other income receivables	154,428,414	208,166,640
	v) Security deposits	-	-
	vi) Preliminary, formation and organizational expenses, renovation, development and prepaid expenses	7,599,442	36,762,640
	vii) Branch adjustment (Note 10.2)	-	-
	viii)Suspense account	2,165,000	1,658,000
	ix) Advance income tax	-	224,522,004
	x) Others	1,255,855	861,392
		259,447,340	**570,757,467**
10.2	**Branch adjustment**		
	General accounts debit	-	-
	General accounts credit	-	-
		-	-

		Amount in Taka	
		2015	2014
11	**Borrowing from other banks, financial institutions and agents**		
	In Bangladesh (Note 11.1)	1,003,400,000	1,400,000,000
	Outside Bangladesh	-	-
		1,003,400,000	**1,400,000,000**
11.1	**In Bangladesh**		
	Re-finance for women entrepreneurs from Bangladesh Bank	3,400,000	-
	Borrowing against securities from Bangladesh Bank	-	-
	Sonali Bank Limited	1,000,000,000	-
	BRAC Bank Limited	-	900,000,000
	Meghna Bank Limited	-	500,000,000
		1,003,400,000	**1,400,000,000**
11.2	**Maturity grouping of borrowings**		
	Repayable on demand	-	-
	Repayable within one month	-	1,400,000,000
	Over one month but within six months	1,000,000,000	-
	Over six months but within one year	-	-
	Over one year	3,400,000	-
		1,003,400,000	**1,400,000,000**
12	**Deposits and other accounts**		
	Current and other accounts		
	Current deposits	483,975,062	116,021,819
	Foreign currency deposits	147,745,641	40,216,865
	Sundry deposits (Note 12.1)	301,466,674	131,356,526
		933,187,377	**287,595,209**
	Bills payable		
	Payment order issued	117,142,448	87,847,605
	Demand draft	-	-
		117,142,448	**87,847,605**
	Savings bank deposits	**351,872,642**	**177,636,832**
	Term/Fixed deposits		
	Fixed deposits	10,220,219,336	6,547,841,169
	Special notice deposits	3,709,286,695	1,699,330,659
	Scheme deposits	1,248,392,875	724,383,973
	Interest Payable on FDR/Scheme	323,321,723	313,495,215
		15,501,220,630	**9,285,051,016**
		16,903,423,096	**9,838,130,662**
12.1	**Sundry deposits**		
	Margin deposits	81,694,385	75,339,195
	Security Deposits	9,817,317	6,920,018
	Government Tax, VAT and Excise duty etc.	13,308,863	13,337,905
	Others	196,646,108	35,759,407
		301,466,674	**131,356,526**
12.2	**Deposits and Others Account**		
	Deposits from Banks	100,000,000	100,000,000
	Deposits from Customers	16,803,423,096	9,738,130,662
		16,903,423,096	**9,838,130,662**

		Amount in Taka	
		2015	2014
12.3	**Sector-wise break-up of Deposits and Others account**		
	Government	3,689,763,480	1,841,167,140
	Deposit money banks	100,000,000	100,000,000
	Other public	2,982,423,404	1,376,372,332
	Foreign currency	147,745,641	40,216,865
	Private	9,983,490,571	6,480,374,325
		16,903,423,096	**9,838,130,662**
12.4	**Analysis of residual maturity grouping of deposits**		
	Inter-bank deposits		
	Repayable on demand	-	-
		-	-
	Over 1 month but within 6 months	100,000,000	-
	Over 6 months but within 1 year	-	100,000,000
	Over 1 year but within 5 years	-	-
	Over 5 years but within 10 years	-	-
		100,000,000	100,000,000
	Other Deposits		
	Repayable on demand	177,313,115	299,026,284
	Repayable within 1 month	678,084,756	391,022,287
	Over 1 month but within 6 months	7,699,070,531	5,596,195,048
	Over 6 months but within 1 year	5,520,948,109	2,600,819,034
	Over 1 year but within 5 years	2,515,735,454	590,473,643
	Over 5 years but within 10 years	212,271,131	260,594,366
		16,803,423,096	**9,738,130,662**
		16,903,423,096	**9,838,130,662**
12.5	**Unclaimed Deposits and valuables**	-	-
		-	**-**
13	**Other liabilities**		
	Provision for loans and advances (Note 13.1)	88,687,000	41,000,000
	Provision for off-balance sheet exposures (Note 13.2)	27,312,110	16,562,110
	Provision for taxation (Note 13.3)	89,351,948	147,765,210
	Accrued expenses	22,349,791	10,953,100
	Interest payable on borrowings	72,500,000	5,718,056
	Branch adjustment (Note-13.4)	-	6,500
	Provision for audit fees	250,000	250,000
	Others	32,776,118	12,430,813
		333,226,967	**234,685,789**

		Amount in Taka	
		2015	2014
13.1	**Provision for loans and advances**		
	A. General		
	Balance at the beginning of the year	41,000,000	350,000
	Add: Provision made during the year	47,533,000	40,650,000
		88,533,000	**41,000,000**
	Less: Provision no longer required	-	-
	Balance at the end of the year	**88,533,000**	**41,000,000**
	B. Provision for Off-shore Banking Unit (OBU)		
	Balance at the beginning of the year	-	-
	Add: Provision made during the year	154,000	-
	Balance at the end of the year	**154,000**	**-**
	C. Specific		
	Movement in specifi provision on classifid loans		
	Provision held as on 1 January	-	-
	Less: Fully provided debts written off during the year	-	-
	Add: Recoveries of amounts previously written off	-	-
	Add: Specifi provision made during the year for other accounts	-	-
	Add: Transferred from General Provision	-	-
	Less: Provision no longer required	-	-
	Add: Net charge to profi and loss account		
	Balance at the end of the year	**-**	**-**
	D. Total provision on loans and advances (A+B+C)	**88,687,000**	**41,000,000**
13.2	**Provision for off-balance sheet exposures**		
	Balance at the beginning of the year	16,562,110	1,562,110
	Add: Provision made during the year	10,750,000	15,000,000
		27,312,110	16,562,110
	Less: Adjustments made during the year	-	-
	Balance at the end of the year	**27,312,110**	**16,562,110**
13.3	**Provision for taxation**		
	Current tax (Note 13.3.1)	76,242,883	136,045,605
	Deferred tax (Note 13.3.2)	13,109,065	11,719,605
		89,351,948	**147,765,210**
13.3.1	**Provision for current tax**		
	Provision		
	Balance at the beginning of the year	136,045,605	46,223,473
	Add: Provision made during the year	204,508,433	132,091,071
		340,554,038	178,314,544
	Less: Settlement/ Adjustment of previous year tax liability	-	42,268,939
	Balance at the end of the year	**340,554,038**	**136,045,605**
	Advance Tax:		
	Balance at the beginning of the year	224,522,004	-
	Add: Paid during the year	39,789,151	-
		264,311,155	-
	Less: Settlement/ Adjustment of previous year tax liability	-	-
	Balance at the end of the year	**264,311,155**	**-**
	Net balance as at 31 December	**76,242,883**	**136,045,605**

Provision for current tax of Tk.204,508,433/- has been made @ 40% as prescribed by Finance Act 2015 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per Income Tax Ordinance and Rules 1984 and incompliance of para 46 of BAS 12 "Income Tax".

		Amount in Taka	
		2015	2014
13.3.2	**Provision for deferred tax**		
	Balance at the beginning of the year	11,719,605	8,058,555
	Add : Provision made for deferred tax liabilities		
	Charged/(credited) to profit and loss account	1,389,460	3,661,050
	Charged/(credited) to revaluation reserve	-	-
		1,389,460	3,661,050
		13,109,065	11,719,605
	Adjustment made during the year for revaluation reserve	-	-
		13,109,065	11,719,605
	Less: Provision made for deferred tax assets	-	-
	Balance at the end of the year	**13,109,065**	**11,719,605**
13.4	**Branch adjustment**		
	General accounts debit	-	-
	General accounts credit	-	6,500
		-	**6,500**
14	**Share capital**		
14.1	**Authorised:**		
	2,000,000,000 ordinary shares of Tk 10 each	**20,000,000,000**	**20,000,000,000**
14.2	**Issued, subscribed and paid up:**		
	452,000,000 ordinary shares of Tk 10 each issued for cash	4,520,000,000	4,520,000,000
		4,520,000,000	**4,520,000,000**

14.3 Share capital at a glance from inception

Year	Particulars	Number of shares	Capital amount Taka	Capital amount Taka
2013	Opening / Sponsors Capital	452,000,000	4,520,000,000	4,520,000,000

14.4 Name of the Directors and their shareholdings in the year 2015

Sl	Name of the directors	Status	Number of Shares	
			At 31 December 2015	At 31 December 2014
1	Mr. Humayun Kabir	Chairman	4,000,000	4,000,000
2	Mr. Shaikh Salahuddin	Vice-Chairman	18,000,000	18,000,000
3	Mr. Sheikh Fazle Noor Taposh	Director	32,000,000	32,000,000
4	Sharmin Apparels Limited Represented by Mr. Md. Ismail Hossain	Director	20,000,000	20,000,000
5	Sandhani Life Insurance Company Limited Represented by Mr. Nemai Kumer Saha	Director	30,000,000	30,000,000
6	Mr. Salahuddin Alamgir	Director	20,000,000	20,000,000
7	Tanveer Oils Limited Represented by Mr. Mostafa Kamal	Director	20,000,000	20,000,000
8	Everest Power Generation Company Limited Represented by Ms. Tanjima Binthe Mostafa	Director	20,000,000	20,000,000
9	Mr. Humayun Kabir	Director	20,000,000	20,000,000
10	Ms. Shahana Yasmin	Director	20,000,000	20,000,000
11	Ms. Sultana Jahan	Director	20,000,000	20,000,000
12	Mango Teleservices Limited Represented by Mr. A. Mannan Khan	Director	20,000,000	20,000,000
13	Azbal International Limited Represented by Mrs. Ferdousi Islam	Director	20,000,000	20,000,000
14	Anwar June Spinning Mills Limited Represented by Mr. Manwar Hossain	Director	10,000,000	10,000,000
15	S. Jute Industries Limited Represented by Mr. Md. Abul Hossain	Director	20,000,000	20,000,000
16	D & S Pretty Fashions Limited Represented by Mr. Rezin Ahmmad Talukder	Director	6,000,000	6,000,000
17	Meghna Flour & Dal Mills Limited Represented by Mr. Yousuf Ali	Director	12,000,000	12,000,000
18	Mona Financial Consultancy & Securities Limited Represented by Mr. Md Mahbubur Rahman	Director	10,000,000	10,000,000
19	Mr. Md. Didarul Alam	Director	8,000,000	8,000,000
			330,000,000	**330,000,000**

14.5 Classification of shareholders by holding

	Number of holders		% of total holding	
	2015	2014	2015	2014
Less than 500 shares	-	-	-	-
500 to 5,000 shares	-	-	-	-
5,001 to 10,000 shares	-	-	-	-
10,001 to 20,000 shares	-	-	-	-
20,001 to 30,000 shares	-	-	-	-
30,001 to 40,000 shares	-	-	-	-
40,001 to 50,000 shares	-	-	-	-
50,001 to 100,000 shares	-	-	-	-
100,001 to 1,000,000 shares	10	10	2.21	2.21
Over 1,000,000 shares	31	31	97.79	97.79
	41	**41**	**100.00**	**100.00**

		Amount in Taka	
		2015	2014
14.6	**Capital to Risk weighted Ratio (CRAR):**		
	The calculation of CRAR has been done as per BRPD Circular No.2 dated March 04, 2015 and the Guidelines on Risk Based Capital Adequacy (RBCA) under Basel-III December 2015 vide BRPD Circular No.18 dated December 21, 2014.		
	1) Tier-I -Core capital (Going Concern Capital)		
	a) Common Equity - Tier-1 Capital		
	Paid up capital	4,520,000,000	4,520,000,000
	Share premium	-	-
	Statutory reserve (Note 14)	304,815,324	110,648,598
	General reserve	-	-
	Surplus in Profit and Loss account/ Retained earnings (Note 17)	597,329,245	252,560,236
		5,422,144,569	**4,883,208,834**
	b) Additional Tier-1 Capital	-	-
		5,422,144,569	**4,883,208,834**
	2) Tier-2 Capital (Gone-concern Capital)		
	General provision maintained against unclassified loan	88,687,000	41,000,000
	General provision on off-balance sheet items	27,312,110	16,562,110
	Asset revaluation reserve	-	-
	Revaluation reserve of Government securities (50%)	8,535,650	8,535,650
		124,534,760	**66,097,760**
	Less: Regulatory Adjustment		
	Revaluation Reserve for Fixed Assets, Securities & Equity Securities (follow in deductions as per Basel-III Guidelines) 20%	1,707,130	-
		122,827,630	**66,097,760**
	A) Regulatory Capital (1+2)	**5,544,972,199**	**4,949,306,594**
	B) Risk weighted assets (RWA)		
	Credit Risk		
	On-Balance Sheet	11,899,431,343	5,864,861,390
	Off-Balance Sheet	2,213,049,442	791,449,961
		14,112,480,785	**6,656,311,351**
	Market Risk Weighted Assets	327,987,444	2,268,292,164
	Operational Risk Weighted Assets	1,286,642,752	762,289,129
	Total RWA	**15,727,110,981**	**9,686,892,644**
	C) Required capital (Required Capital Tk.400.00 crore or actual whichever is higher)	**4,000,000,000**	**4,000,000,000**
	D) Surplus (A-C)	**1,544,972,199**	**949,306,594**
	Capital adequacy ratio:		
	On core capital - against standard of minimum 5%	34.48%	50.41%
	On total capital - against standard of minimum 10%	35.26%	51.09%
15	**Statutory reserve**		
	Balance as at 1 January	110,648,598	22,238,465
	Addition during the year (20% of pre-tax profit)	194,166,726	88,410,133
	Balance as at 31 December	**304,815,324**	**110,648,598**

		Amount in Taka	
		2015	2014
16	**Revaluation gain/(loss) on investment**		
	Revaluation reserve on HTM securities		
	Balance as at 1 January	1,846,147	588,857
	Addition during the year	1,771,844	1,846,147
		3,617,991	2,435,004
	Adjustment of amortization/ revaluation gain against sale/maturity	(1,846,147)	(588,857)
	Balance as at 31 December	**1,771,844**	**1,846,147**
	Revaluation reserve on HFT securities		
	Balance as at 1 January	15,225,152	-
	Addition during the year	1,270,128,318	328,080,291
		1,285,353,470	328,080,291
	Adjustment of amortization/ revaluation gain against sale/maturity	(1,183,818,679)	(312,855,139)
	Balance as at 31 December	**101,534,791**	**15,225,152**
		103,306,635	**17,071,299**
17	**Surplus in profit and loss account/Retained earnings**		
	Balance as at 1 January	252,560,236	34,671,828
	Currency Translation difference	-	-
	Prior year adjustment	-	-
		252,560,236	34,671,828
	Add: Addition during the year	764,935,735	306,298,541
		1,017,495,971	340,970,369
	Less:		
	Transfer to Statutory reserve	194,166,726	88,410,133
	Issue of bonus shares	-	-
	Cash dividend paid	226,000,000	-
		420,166,726	**88,410,133**
	Balance as on 31 December	**597,329,245**	**252,560,236**
	Add: Foreign currency translation gain/(loss)	231	-
		597,329,476	**252,560,236**
17(a)	**Foreign currency translation gain/(loss)**		
	Balance as at 1 January	-	-
	Addition during the year	231	-
	Balance as on 31 December	**231**	**-**
18	**Contingent liabilities**		
18.1	**Acceptances and endorsements**		
	Acceptance under Letters of Credit -Cash (Foreign) Deferred	272,771,979	23,681,210
	Acceptance under Letters of Credit -BTB (Foreign) Usence	17,502,324	4,217,280
	Acceptance under Letters of Credit -BTB EPZ (Foreign) Usance	8,579,212	10,524,378
	Acceptance under Letters of Credit -BTB (Local) Usance	77,925,873	28,322,334
	Acceptance under Letters of Credit -BTB (Foreign) EDF	-	-
	Acceptance under Letters of Credit -Others	-	-
		376,779,388	**66,745,202**
	Less: Margin	-	-
		376,779,388	**66,745,202**

		Amount in Taka	
		2015	2014
18.2	**Letters of guarantee**		
	Letters of guarantee (Local)	696,055,032	919,656,846
	Letters of guarantee (Foreign)	-	-
	Foreign counter guarantees	-	-
		696,055,032	**919,656,846**
	Less: Margin	34,011,551	30,961,492
		662,043,482	**888,695,354**
	Money for which the Bank is contingently liable in respect of guarantee issued favouring:		
	Directors or officers	5,000,000	-
	Government	-	-
	Banks and other financial institutions	-	-
	Others	691,055,032	919,656,846
		696,055,032	**919,656,846**
	Less: Margin	34,011,551	30,961,492
		662,043,482	**888,695,354**
18.3	**Irrevocable letters of credit**		
	Letter of Credit - Foreign	835,759,138	411,052,166
	Letter of Credit - BTB Foreign	62,107,411	2,450,000
	Letter of Credit - BTB - EPZ	5,670,000	20,867,000
	Letter of Credit - BTB (Local)	145,418,740	6,653,899
	Letter of Credit - EDF & Others	161,621,845	73,436,000
		1,210,577,135	**514,459,066**
	Less: Margin	47,646,402	44,377,703
		1,162,930,733	**470,081,362**
18.4	**Bills for collection**		
	Outward bills for collection	-	13,141
	Inward local bills for collection	400,981,703	72,211,236
	Inward foreign bills for collection	43,422,997	39,483,136
		444,404,700	**111,707,513**
18.5	**Other contingent liabilities**		
	Other contingent liabilities	580,800	-
		580,800	**-**
19	**Income statement**		
	Income:		
	Interest, discount and similar income	1,983,066,482	1,253,172,414
	Dividend income	-	-
	Fees, commission and brokerage	30,022,047	13,707,389
	Gains less losses arising from dealing securities	-	-
	Gains less losses arising from investment securities	576,714,043	194,283,909
	Gains less losses arising from dealing in foreign currencies	78,708,262	66,274,138
	Income from non-banking assets	-	-
	Other operating income	19,244,984	8,518,817
	Profit less losses on interest rate changes	20,267,204	(31,832,544)
		2,708,023,023	**1,504,124,123**
	Expenses:		
	Interest, fees and commission	1,151,109,896	697,706,063
	Losses on loans and advances	-	-
	Administrative expenses	352,707,737	213,785,509
	Other operating expenses	140,352,736	71,917,310
	Depreciation on banking assets	34,582,026	23,014,579
		1,678,752,395	**1,006,423,461**
	Income over expenditure	**1,029,270,628**	**497,700,662**

		Amount in Taka	
		2015	2014
20	**Interest income**		
	Interest on loans and advances	1,051,134,173	277,596,389
	Interest on placement with other banks and financial institutions	364,282,394	602,566,692
	Interest on foreign currency balances	1,373,134	414,982
		1,416,789,701	**880,578,063**
21	**Interest paid on deposits and borrowings etc.**		
	Interest on deposits	1,007,316,529	508,125,849
	Interest on borrowings	143,793,367	189,580,214
	Interest on foreign currency account	-	-
		1,151,109,896	**697,706,063**
22	**Investment income**		
	Interest income from Government Securities (Note-22.1)	566,276,782	372,594,350
	Capital Gain on Government Securities (Note-22.2)	576,714,043	194,283,909
	Revaluation Gain/(loss) on Government Securities (Note-22.3)	20,267,204	(31,832,544)
	Gain on sale of investment in shares	-	-
		1,163,258,029	**535,045,715**
22.1	**Interest Income from Government Securities**		
	Interest on treasury bills	21,178,397	30,298,809
	Interest on treasury bonds	1,017,818,529	666,426,726
		1,038,996,926	**696,725,535**
	Interest Expenses on treasury bonds	(472,720,145)	(324,131,185)
	Interest Income from Government Securities	**566,276,782**	**372,594,350**
22.2	**Capital Gain on Government Securities**		
	Capital Gain on treasury bills	(502,613)	235,083
	Capital Gain on treasury bonds	577,216,656	194,048,826
		576,714,043	**194,283,909**
22.3	**Revaluation Gain/(loss) on Government Securities**		
	Revaluation gain/(loss) on treasury bills	4,072,261	(4,072,260)
	Revaluation gain/(loss) on treasury bonds	16,194,944	(27,760,284)
		20,267,204	**(31,832,544)**
23	**Commission, exchange and brokerage**		
	Commission on L/Cs	12,167,295	5,515,972
	Commission on Inland L/Cs	1,604,969	189,998
	Commission on L/Cs-back to back	3,375,605	521,051
	Commission on L/Gs	10,135,164	7,101,460
	Commission on ATM Card transactions	102,848	14,547
	Commission on remittance	50,574	10,160
	Underwriting Commission regarding Treasury bills/ Bonds	564,100	66,500
	Others Commission	2,021,493	287,700
	Exchange gain (Note-23.1)	78,708,262	66,274,138
		108,730,309	**79,981,526**
23.1	**Exchange gain**		
	Exchange gain from revaluation/trade of foreign currency	78,734,023	66,298,234
	Exchange loss from revaluation/trade of foreign currency	(25,760)	(24,095)
		78,708,262	**66,274,139**

		Amount in Taka	
		2015	2014
24	**Other operating income**		
	Service and incidental charges	12,334,692	1,318,133
	Charges recoveries from BTB and Local L/C	64,178	49,000
	Postage / SWIFT/ fax recoveries from Export Business	383,250	318,705
	Postage / SWIFT/ fax recoveries from Others Business	3,662,825	625,349
	Income from ATM service	594	200,198
	Miscellaneous earnings	2,799,445	6,007,432
		19,244,984	**8,518,817**
25	**Salaries and Allowances**		
	Basic salary	95,947,188	50,526,021
	Allowances	46,720,534	24,756,086
	Bonus	35,984,696	14,026,616
	Provident fund	6,920,205	3,701,060
		185,572,623	**93,009,783**
26	**Rent, taxes, insurance, electricity etc.**		
	Rent, rates and taxes	75,712,427	66,049,505
	Insurance	8,560,644	3,941,007
	Electricity and lighting	8,321,132	4,761,709
		92,594,203	**74,752,221**
27	**Postage, stamp, telecommunication etc.**		
	Postage	1,070,159	297,721
	Telephone	3,110,116	1,763,117
	Internet, email, SWIFT, Reuters etc.	7,594,344	5,389,129
		11,774,619	**7,449,967**
28	**Stationery, printing, advertisements etc.**		
	Petty stationery	3,577,041	3,755,083
	Printing stationery	8,589,422	4,735,519
	Publicity and advertisement	31,212,262	18,238,825
		43,378,725	**26,729,427**
29	**Managing Director's salary and fees**		
	Basic Salary	4,200,000	4,200,000
	House Rent	1,260,000	1,260,000
	House Maintenance	840,000	840,000
	Utilities	504,000	504,000
	Provident Fund	420,000	420,000
	Bonus	700,000	700,000
	Others	396,000	396,000
		8,320,000	**8,320,000**
30	**Directors' fees and expenses**		
	Meeting attendance fees	1,292,000	1,160,000
	Other Expenses	444,660	386,901
		1,736,660	**1,546,901**

Each Director is paid for Tk. 8,000/- per meeting per attendance.

		Amount in Taka	
		2015	2014
31	**Depreciation and repairs of Bank's assets**		
	Depreciation :		
	Furniture and fixtures	7,816,829	5,270,135
	Computer and Computer peripherals	5,462,090	4,100,550
	Software	6,438,810	4,942,104
	Electrical appliance	8,770,935	5,353,452
	Motor Vehicles	6,093,362	3,348,338
		34,582,026	**23,014,579**
	Repairs:		
	Furniture & Fixture	356,397	115,928
	Office Equipments	1,908,876	195,655
	Computer and Computer peripherals	301,185	227,886
	Motor Vehicles	418,558	80,295
	Maintenance	6,345,891	-
		9,330,907	**619,764**
		43,912,933	**23,634,343**
32	**Other expenses**		
	Security and cleaning	12,129,968	12,732,051
	Entertainment	7,985,895	5,108,088
	Other Professional Service charges	181,500	164,500
	Car expenses	29,647,003	16,501,285
	Books and periodicals	540,328	340,679
	Subscription	711,000	1,643,000
	Donation	24,370,000	8,700,000
	Travelling expenses	887,995	708,490
	Conveyance	851,443	499,501
	Gratuity expenses	12,000,000	7,500,000
	Fuel	1,927,434	1,611,670
	Leverage & Uniform	34,422	415,030
	Training/seminar	2,301,913	2,341,191
	Annual General Meeting (AGM)	819,351	1,884,765
	Amortization of preliminary expenses	478,673	1,309,109
	VAT on expenditure	3,198,878	1,892,856
	Other expense	41,673,433	8,095,095
		139,739,236	**71,447,310**
33	**Tax expense**		
	Current tax	204,508,433	132,091,071
	Deferred tax	1,389,460	3,661,050
		205,897,893	**135,752,121**

		Amount in Taka	
		2015	2014
34	**Cash received from other operating activities**		
	Service and incidental charges	12,334,692	1,318,133
	Charges recoveries from BTB and Local L/C	64,178	49,000
	Postage / SWIFT/ fax recoveries from Export Business	383,250	318,705
	Postage / SWIFT/ fax recoveries from Others Business	3,662,825	625,349
	Income from ATM service	594	200,198
	Miscellaneous earnings	2,799,445	6,007,432
		19,244,984	**8,518,817**
35	**Payments for other operating activities**		
	Rent, rates and taxes	87,375,289	81,737,172
	Postage	11,774,619	7,449,967
	Directors fees	1,736,660	1,546,901
	Repairs	9,330,907	619,764
	Legal expenses	363,500	220,000
	Audit fees	250,000	250,000
	Others expenses (Note 32)	139,739,236	63,947,310
		250,570,211	**155,771,114**
36	**Earnings per share (EPS)**		
	Net profit after tax for the year ended 31 December (Taka)	**764,935,735**	**306,298,542**
	Number of ordinary shares outstanding	**452,000,000**	**452,000,000**
	Weighted average number of ordinary shares	**452,000,000**	**452,000,000**
	Earnings per share (EPS) on closing number of share	**1.69**	**0.68**
	Earnings per share (EPS) - (Weighted Average)	**1.69**	**0.68**

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

37 General

37.1 Audit Committee

Audit Committee of the Board of Directors of the Bank has been constituted by the Board of Directors in its 1st Meeting held on 01 August, 2013 comprising the following members as per provisions contained in Bangladesh Bank's BRPD Circular Letter No. 8 dated June 19, 2011.

Sl. no.	Name	Status with the committee	Educational qualification
1)	Mr. Shaikh Salahuddin	Chairman	H. S .C
2)	Mr. Md. Abul Hossain	Member	B. A.
3)	Mr. A. Mannan Khan	Member	B. Sc. in Engineering Specilization in Tele-Communications

Role of the Bank's Audit Committee

Oversee financial reporting process

i) Monitor, choice of accounting policies and principles
ii) Review the financial statements
iii) Review the appropriateness of the Bank's accounting policy
iv) Oversee the Bank's relationship with external auditors
v) Review the Bank's existing system and upgradation of systems
vi) Review the adequacy of internal audit functions
vii) Review all reports of internal auditors
viii) Review Management's report on risk management
ix) Review the internal control weakness as submitted by statutory auditors
x) Review Audit Committee's own terms of reference within the purview of BRPD Circular No. 11 dated 27 October 2013 of Bangladesh Bank.

During the year 2015, the audit committee held 4 (four) meetings. In these meetings, the Committee reviewed the Audited Financial Statements for the year 2014 in presence of external auditors and also Inspection Reports prepared by ICCD of the Bank from time to time in perview with Bagladesh Bank's Circular and advised the Management to take necessary compliance and also for establishing a unique and up-to-the-mark Internal Control and Audit System in the Bank with adequate facilities complying policy guidelines by Bangladesh Bank.

37.2 Related party/(ies) disclosure

37.2.1 Related party transactions

During the year 2015, the bank conducted business deal with the following organisation in which the directors has interest.

i)

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
1.	Mr. Md. Abul Hossain	Director	A. H. Builders Ltd.	Managing Director
2.	Mr. Md. Didarul Alam	Director	M.S.A Services Limited	Chairman
3.	Mr. Humayun Kabir	Director	Bengal House	Owner

ii) Loans and advances to directors and their related concern

Name of party	Name of the director	Related by	Nature of Facilities	Amount in Taka	Status
A. H. Builders Ltd.	Mr. Md. Abul Hossain	Director	OD (General)	113,363,420	Regular
M.S.A Services Limited	Mr. Md. Didarul Alam	Director	BG	5,000,000	Regular

iii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2015

Bank has rented a portion of 10,150 square feet of Bengal House located at House No.12/A, Road No.63 Gulshan-2, Dhaka-1212 at a monthly rent of BDT 1,400,000.00. The Bank has paid BDT 50,400,000.00 as advance against Office Rent. During the year, Bank has paid total of BDT 16,800,000.00 and outstanding balance as advance of BDT 31,500,000.00 on 31 December 2015.

37.3 Number of employees

The number of employees engaged for the whole year or part thereof who received a total yearly remuneration of Tk 144,000 or above were 2015.

37.4 Highlights on the overall activities of the Bank

Highlights on the overall activities of the Bank have been furnished in Annexure - B.

Annexure-A

Schedule of fixed assets including premises, furniture and fixtures

As at 31 December 2015

Amount in BDT

Particulars	Cost				Rate of Dep.	Depreciation				Written down value as at 31.12.2015
	Opening balance as on 01.01.2015	Addition during the year	Disposal during the year	Balance as at 31.12.2015		Opening balance as on 01.01.2015	Charged during the year	Disposal/ Adjustment during the year	Balance as at 31.12.2015	
Land	-	-	-	-					-	-
Building	-	-	-	-					-	-
Furniture and fixtures	64,924,679	31,509,624	-	96,434,303	10%	5,326,620	7,816,829	-	13,143,449	83,290,854
Computer and Computer peripheral	26,270,313	9,444,288	105,300	35,609,301	20%	4,355,067	5,462,090	24,570	9,792,587	25,816,714
Electrical Equipments	36,427,492	25,696,681	254,000	61,870,173	20%	5,618,899	8,770,935	42,658	14,347,176	47,522,997
Motor vehicles	21,300,000	10,000,000	-	31,300,000	20%	3,475,005	6,093,362	-	9,568,367	21,731,633
	148,922,484	**76,650,593**	**359,300**	**225,213,777**		**18,775,591**	**28,143,216**	**67,228**	**46,851,579**	**178,362,198**
Software	24,451,235	11,060,000	-	35,511,235	20%	5,758,770	6,438,810	-	12,197,580	23,313,655
Total as at 31st December 2015	**173,373,719**	**87,710,593**	**359,300**	**260,725,012**		**24,534,361**	**34,582,026**	**67,228**	**59,049,159**	**201,675,853**
Total as at 31st December 2014	**87,873,535**	**85,500,184**	**-**	**173,373,719**		**1,725,970**	**23,014,579**	**-**	**24,740,549**	**148,633,170**

Aneexure B

Name of the Directors of the Bank and their interest in different entities

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
1	Mr. Humayun Kabir	Chairman	Dhaka Ice Cream Industries Limited Zest Agro Food Processing Limited Northern Hacheries Limited Northern Rubber Plantation	Chairman Managing Director Managing Director Proprietor
2	Mr. Shaikh Salahuddin	Vice Chairman	Islami Commercial Insurance Company Limited Ajmeer Navigation Fardin Fish	Shareholder Proprietor Proprietor
3	Mr. Sheikh Fazle Noor Taposh	Director	Sheikh & Chowdhury Banglar Bani Films, Media and Publications Limited	Partner Chairman
4	Mr. Md. Ismail Hossain Representing Sharmin Apparels Limited	Director	Sharmin Group Sharmin Apparels Limited Sharmin Fashions Limited Sharaf Apparels Limited Ishayat Apparels Limited Sharaf Washing & Dyeing Industries Limited Sharaf Embroidery & Printing Limited A.M. Design Limited	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director
5	Mr. Nemai Kumer Saha Representing Sandhani Life Insurance Company Limited	Director	Sandhani Life Insurance Company Limited	DMD & CFO
6	Mr. Salahuddin Alamgir	Director	Matrix Sweaters Limited Starlight Sweaters Limited Raidha Collections Limited Starlight Knitters Limited Labib Fashions Limited Excel Sweaters Limited Sweater Cottage Limited Juthi Packaging Industries Limited Labib Dyeing Mills Limited Nice Cotton Limited Excel Telecom (Pvt) Limited X- Telecom (pvt) Limited Labib Poultry & Fisheries Limited Information Technology Consultans Limited (ITCL) Labib Poultry & Fisheries	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Director Proprietor

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
7	Mr. Mostafa Kamal Representing Tanveer Oils Limited	Director	United Feeds Limited	Managing Director
			United Edible Oils Limited	Managing Director
			United Mineral Water & Pet Industries Limited	Managing Director
			United Sugar Mills Limited	Managing Director
			Unique Cement Industries Limited	Managing Director
			Unique Power Plant Limited	Managing Director
			Unique Hatchery & Feeds Limited	Managing Director
			Tanveer Oil's Limited	Managing Director
			Tanveer Food Limited	Managing Director
			Tanveer Polymer Industries Limited	Managing Director
			Tanveer Steel Mills Limited	Managing Director
			Tanveer Paper Mills Limited	Managing Director
			Everest CNG Refueling & Conversion Limited	Managing Director
			Everest Power Generation Co. Limited	Managing Director
			G.Shipping Lines Limited	Managing Director
			Janata Flour & Dal Mills Limited	Managing Director
			Meghna Shipbuilders & Dockyard Limited	Managing Director
			Global Ad Star Bag Industries Limited	Managing Director
			Surma Mustard Oil Mills Limited	Managing Director
			Tasnim Chemical Complex Limited	Managing Director
			Sonargaon Salt Industries Limited	Managing Director
			Tasnim Condensed Milk Limited	Managing Director
			Dhaka Securities Limited	Managing Director
			Meghna Seeds Crushing Mills Limited	Managing Director
			Tanveer Printing & Packaging Industries Limited	Managing Director
			Meghna Edible Oils Refinery Limited	Managing Director
			Meghna Pulp & Paper Mills Limited	Managing Director
			A Class Builders Limited	Managing Director
			USB International Lines Limited	Managing Director
			Meghna Tea Company Limited	Managing Director
			Titanic Shipping Lines Limited	Managing Director
			Talelink Bangladesh Limited	Managing Director
			IMEX Shipping Bangladesh Limited	Managing Director
			Meghna PVC Limited	Managing Director
			MPP Power Plant Limited	Managing Director

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
8	Ms. Tanjima Binthe Mostafa Representing Everest Power Generation Company Limited	Director	Everest Power Generation Company Limited Tanveer Polymer Industries Limited Tanveer Food Limited Tanveer Still Mills Limited United Sugar Mills Limited Unique Hatchery & Feeds Limited Janata Flour & Dal Mills Limited Tanveer Paper Mills Limited Surma Mustard Oil Mills Limited Dhaka Plastic Bottle (PET) Ind. Limited Global Ad Star Bag. Ind. Limited Tasmin Chemical Complex Limited Sonargaon Salt Industries Limited Dhaka Securities Limited Tasnim Condensed Milk Limited Meghna Seeds Crushing Mills Limited Fresh Cement Industries Limited Tanveer Printing and Packaging Ind. Limited Meghna Milk Products Limited Megna Electricity and Generation Co. Limited Meghna Aviation Limited Megna Pulp & Paper Mills Limited A. Class Builders Limited USB International Lines Limited Tanveer Oils Limited United Salt Industries Limited	Director Director
9	Mr. Humayun Kabir	Director	Bengal Plastics Limited Bengal Adhesive & Chemical Products Limited Bengal Overseas Corporation Limited Power Utility BD Limited Bengal Petrochem and Synthetic Textiles Limited Bengal Plastic Pipes Limited Hemilton Metal Corporation Limited Bengal Poly and PaperSack Limited Bengal Feed and Fisheries Limited Bengal Renewable Engery Limited Bengal Flexipack Limited Bengal Corrugated Carton industries Limited Bengal Polymer Wares Limited Bengal Concept & Holdings Limited Romania Food & Beverage Limited Bengal Windsor Thermoplastics Limited Bengal Media Corporation Limited (RTV)	Director Director Director Director Director Director Director Director Director Director Director Director Director Director Managing Director Managing Director Managing Director
10	Mrs. Shahana Yasmin	Director	Farzan Fising	Proprietor

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
11	Mrs. Sultana Jahan	Director	Matrix Sweaters Limited	Director
			Starlight Sweaters Limited	Director
			Raidha Collections Limited	Director
			Starlight Knitters Limited	Director
			Labib Fashions Limited	Director
			Excel Sweaters Limited	Director
			Sweater Cottage Limited	Director
			Juthi Packaging Industries Limited	Director
			Labib Dyeing Mills Limited	Director
			Nice Cotton Limited	Director
			Excel Telecom (Pvt) Limited	Director
			X- Telecom (pvt) Limited	Director
			Raidha & Rabeya Agro Complex Limited	Director
			Labib Poultry & Fisheries Limited	Director
			Raidha Poultry & Fisheries	Proprietor
12	Mr. A Mannan Khan Representing Mango Teleservices Limited	Director	Mango Teleservices Limited	Chairman
			Mango Electronics Limited	Chairman
			CSL Distribution Limited	Chairman
			Mango Holdings Limited	Managing Director
			Playpen School	Managing Partner
13	Mrs. Ferdousi Islam Representing Azbal International Limited	Director	China Bangla Ceramic Industries Ltd	Chairman
			Bajnabo Textile Mills Ltd	Chairman
			China Bangla Engineering & Technology Services Ltd	Chairman
			Azbal International Limited	Chairman
			Trustee Securities Ltd	Managing Director
			Northern General Insurance Co. Ltd	Director
			Total Merchandising & Trims Ltd	Director
			United Shipping Lines Ltd	Director
			Bengal Tiger Cement Industries Ltd	Director
			Dhaka Foshan Mould Co. Limited	Director
			Preema Enterprise Limited	Director
			Sommit Enterprise Limited	Director
			Global International Limited	Director
14	Mr. Manwar Hossain Representing Anwar Jute Spinning Mills Limited	Director	Anwar Group of Industries	Group Managing Director
			Anwar Landmark Limited	Vice Chairman
			Anwar Ispat Limited	Managing Director
			Anwar Integrated Steel Plant Limited	Managing Director
			Anwar Galvanizing Limited	Managing Director
			Anwar Cement Limited	Managing Director
			Anwar Cement Sheet Limited	Managing Director
			A-One Polymer Limited	Managing Director
			BD Finance Securities Limited	Director
			BD Finance Capital Holdings Limited	Director
			Commerce Bank Securities and Investment Limited	Director
			Anwar Silk Mills Limited	Director
			Mehmud Industries (Pvt) Limited	Director
			Hossain Dyeing and Printing Mills Limited	Director
			Anwar Jute Spinning Mills Limited	Director
			AG Automobiles Limited	Director
			City General Insurance Company Limited	Director

Sl. No	Name	Status with the Bank	Interest in other concerns	
			Name of Concerns	Position
15	Mr. Md. Abul Hossain Representing S. Jute Industries Limited	Director	S. Jute Industries Limited Golden Resources (Pvt) Limited A. H. Jute Spinners & Belting Ltd Samsunnahar Jute International Limited D. S. Jute Mills Limited A. H Builders Limited H. Auto Bricks Limited	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director
16	Mr. Rezin Ahmmad Talukder Representing D & S Preety Fashions Limited	Director	D & S Pretty Fashion Limited Pan Pacific Sweaters Limited Kaveri Sweaters Limited Preety Sweaters Limited Pretty Engineering Limited Preety Food and Beverage Limited Pretty Real Estate Limited Preety Woolware Limited Pretty Auto Bricks Limited	Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director
17	Mr. Yousuf Ali Representing Meghna Flour & Dal Mills Limited	Director	Meghna Flour & Dal Mills Limited Agro Crop International	Managing Director Owner
18	Mr. Md. Mahbubur Rahman Representing Mona Finacial Consultancy & Securities Limited	Director	Mona Financial Consultancy & SecuritiesLimited	Company Secretary
19	Mr. Md. Didarul Alam	Director	M.S.A Services Limited Golden Oxygen Limited T. R.Ship Breakers Limited T. R.Fishing Limited Taher & Company Limited Al Haj Mostafa Hakim Cement Industries Limited Al Haj Mostafa Hakim Housing Real Estate Limited M/s. Didarul Alam & Brothers Kumira Ship Breakers Limited Golden Bricks Works Limited S.B Corporation	Chairman Managing Director Managing Director Managing Director Managing Director Managing Director Managing Director Director Director Director Director
20	Mr. Md. Mizanur Rahman	Managing Director & CEO	-	-

Annexure-C

Highlights on the overall activities

As at and for the year ended 31 December 2015

Sl No.	Particulars		2015	2014
1	Paid-up capital	Taka	4,520,000,000	4,520,000,000
2	Total capital	Taka	5,544,972,199	4,949,306,594
3	Capital surplus	Taka	1,544,972,199	949,306,594
4	Total assets	Taka	23,765,501,499	16,373,096,584
5	Total deposits	Taka	16,903,423,096	9,838,130,662
6	Total loans and advances	Taka	9,983,038,186	4,130,896,469
7	Total contingent liabilities and commitments	Taka	2,728,397,055	1,632,307,547
8	Credit deposit ratio	%	59.06%	41.99%
9	Percentage of classified loans against total loans and advances	%	-	-
10	Profit after tax and provision	Taka	764,935,735	306,298,542
11	Amount of classified loans	Taka	-	-
12	Provisions kept against classified loans	Taka	-	-
13	Provision surplus/(deficit) against classified loans	Taka	-	-
14	Cost of fund	%	8.48%	9.59%
15	Interest earning assets	Taka	21,708,096,252	15,653,705,946
16	Non-interest earning assets	Taka	2,057,405,246	698,294,555
17	Return on investment (ROI)	%	3.88%	1.90%
18	Return on assets (ROA) [PAT/ Average assets]	%	3.81%	2.53%
19	Income from investment	Taka	1,163,258,029	535,045,715
20	Capital adequacy	%	35.26%	51.09%
21	Stock dividend		-	-
22	Earnings per share	Taka	1.69	0.68
23	Net income per share	Taka	1.69	0.68
24	Price earning ratio	Times	-	-

Off-shore Banking Unit
Balance Sheet
As at 31 December 2015

Particulars	Note	31-12-2015	
		USD	Taka
PROPERTY AND ASSETS			
Cash		-	-
Cash in hand (including foreign currency)		-	-
Balance with Bangladesh Bank and its Agents Bank (including foreign currency)		-	-
Balance with other Banks and financial institutions	3.00	**122,004**	**9,626,113**
In Bangladesh		-	-
Outside Bangladesh		122,004	9,626,113
Money at call on short notice		-	-
Investments		-	-
Government securities		-	-
Other investments		-	-
Outside Bangladesh		-	-
Loans and advances	4.00	**195,012**	**15,386,483**
Loans, cash credits, overdrafts, etc.			
Bills purchased and discounted	5.00	195,012	15,386,483
Fixed assets including premises, furniture and fixtures	6.00	-	-
Other assets	7.00		
Non Banking Assets		-	-
Total assets		**317,016**	**25,012,596**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from other banks, financial Institutions and agents	8.00	**316,455**	**24,968,300**
In Bangladesh		316,455	24,968,300
Outside Bangladesh		-	-
Deposit and other accounts	9.00	-	-
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		-	-
Other liabilities	10.00	**-**	**-**
Total liabilities		**316,455**	**24,968,300**
Capital / Shareholders' equity			
Paid up capital		-	-
Statutory reserve		-	-
Other reserve		-	-
Foreign currency translation gain		-	231
Surplus in Profit and Loss Account	11.00	561	44,066
Total shareholders' equity		**561**	**44,297**
Total liabilities and shareholders' equity		**317,016**	**25,012,596**

Off-shore Banking Unit
Balance Sheet
As at 31 December 2015

Particulars	Note	31-12-2015	
		USD	Taka
OFF BALANCE SHEET ITEMS			
Contingent liabilities	12.00		
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
		-	-
Other Commitments:			
Documents credit and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
These financial statements should be read in conjunction with the annexed notes.		-	-
		-	-
		-	-

These financial statements should be read in conjunction with the annexed notes.

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

Off-shore Banking Unit
Profit and Loss Account
For the year ended 31 December 2015

Particulars	Note	31-12-2015	
		USD	Taka
Interest income	13.00	561	44,066
Less: Interest paid on deposits, borrowings, etc.	14.00		
Net Interest income		**561**	**44,066**
Income from investment		-	-
Commission, exchange and brokerage		-	-
Other operating income	15.00		
Total operating income		**561**	**44,066**
Salaries and allowances		-	-
Rent, taxes, insurance, lighting and travelling		-	-
Legal expenses		-	-
Postage, stamp, telegram and telephone		-	-
Auditors' fee		-	-
Stationery, printing and advertisement		-	-
Changes on loan losses		-	-
Managing Director's salary		-	-
Directors' meeting fee		-	-
Repair, maintenance and depreciation of assets		-	-
Other expenses		-	-
Total operating expenses		**-**	**-**
Profit before provision		**561**	**44,066**
Provision for loans & advance, other assets & off BS items		-	-
Profit before taxation		**561**	**44,066**

These financial statements should be read in conjunction with the annexed notes.

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

Off-shore Banking Unit
Cash Flow Statement
For the year ended 31 December 2015

Particulars	Note	31-12-2015	
		USD	Taka
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received in cash		561	44,297
Interest payments			
Dividend received		-	-
Fees and commission received in cash		-	-
Recovery of loans and advances in cash previously written-off		-	-
Cash paid to employees		-	-
Income tax paid		-	-
Cash received from other operating activities			
Cash paid for other operating activities			
Cash flows before charges in operating assets and liabilities		**561**	**44,297**
Increase / Decrease in operating assets and liabilities			
Loans and advances to customers		(195,012)	(15,386,483)
Other assets	16.00		
Borrowing from Banks		316,455	24,968,300
Deposits from other Banks			
Deposit from customers		-	-
Other Liabilities		-	-
		121,443	**9,581,816**
Net cash from operating activities		**122,004**	**9,626,113**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of securities		-	-
Cash payments for purchase of securities		-	-
Purchase/ Sale of property, Plant & equipment of fixed assets		-	-
Sales of fixed assets		-	-
Net cash from investing activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Received from issue of loan, capital and debts security		-	-
Net Cash from Financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalent		**122,004**	**9,626,113**
Opening cash and cash equivalent		**-**	**-**
Closing cash and cash equivalent		**122,004**	**9,626,113**

These financial statements should be read in conjunction with the annexed notes.

Chairman **Vice Chairman** **Director** **Managing Director & CEO**

		31-12-2015	
		USD	Taka
3.00	**Balance with other Banks and Financial Institutions**		
	In Bangladesh (Note -3.01)	-	-
	Outside Bangladesh (Note -3.02)	122,004	9,626,113
		122,004	**9,626,113**
3.01	**In Bangladesh**	-	-
		-	-
3.02	**Outside Bangladesh**		
	Current Account	122,004	9,626,113
		122,004	**9,626,113**
4.00	**Loans and advances**		
	i) Loans, cash credits, overdrafts, etc		
	Term Loan		
	Lease Finance		
	T.R. Loan		
		-	-
	ii) Bills purchased and discounted (note-5)		
	Inside Bangladesh		
	Inland bills purchased and discounted	195,012	15,386,483
	Outside Bangladesh		
	Foreign bills purchased and discounted		
		195,012	**15,386,483**
		195,012	**15,386,483**
4.01	**Geographical location-wise Loans and Advances**		
	Dhaka	195,012	15,386,483
	Chittagong Division	-	-
	Sylhet	-	-
	Rajshahi Division	-	-
	Khulna	-	-
	Barisal	-	-
		195,012	**15,386,483**
4.02	**Classification of Loans and Advances**		
	Unclassified :		
	(i) Standard	195,012	15,386,483
	(ii) Special mention account	-	-
	Classified :		
	(i) Substandard	-	-
	(ii) Doubtful	-	-
	(iii) Bad / Loss	-	-
		195,012	**15,386,483**
5.00	**Bills purchased and discounted**		
	In Bangladesh	195,012	15,386,483
	Outside Bangladesh	-	-
		195,012	**15,386,483**

		31-12-2015	
		USD	Taka
6.00	**Fixed assets including premises, furniture and fixtures**		
	Cost		
	Furniture and fixtures	-	-
	Office equipment and machinery	-	-
		-	-
7.00	**Other assets**		
	Advance deposits and advance rent		
	Interest receivable on Term loan		
	Interest receivable on Bills discount		
		-	-
8.00	**Borrowing from other banks, financial Institutions and its agents**		
	In Bangladesh:		
	Modhumoti Bank Limited	316,455	24,968,300
	Bangladesh Bank		
		316,455	**24,968,300**
	Outside Bangladesh	-	-
		316,455	**24,968,300**
9.00	**Current deposits and other accounts**		
	Modhumoti Bank Limited	-	-
	Bangladesh Bank	-	-
		-	-
10.00	**Other liabilities**		
	Interest on bills discount	-	-
	Due to Head Office	-	-
		-	-
11.00	**Surplus in Profit and Loss Account**		
	Opening balance	-	-
	Less: Adjustment/ payment for the year	-	-
	Add: Addition during the year	561	44,066
		561	**44,066**
12.00	**Contingent liabilities**		
12.01	**Acceptance & endorsement**		
	Back to Back bills	-	-
	Less: Margin	-	-
		-	-
12.02	**Letters of credits**		
	Letters of credits	-	-
	Back to Back letter of credit	-	-
		-	-
	Less: Margin	-	-
12.03	**Letter of guarantee**		
	Letters of guarantee (Local)	-	-
	Letters of guarantee (Foreign)	-	-
	Foreign counter guarantees	-	-
		-	-
	Less: Margin	-	-

		31-12-2015	
		USD	Taka
12.04	**Bills for collection**		
	Outward local bills for collection	-	-
	Inward foreign bills for collection	-	-
		-	-
	Less: Margin		
		-	-
13.00	**Interest income**		
	Term Loan		
	LTR loan		
	Bills discount	561	44,066
	Others	-	-
	Interest on loans and advances	**561**	**44,066**
	Interest on balance with other banks and financial institutions	-	-
	Interest received from foreign banks	-	-
		-	-
	Total Interest income	**561**	**44,066**
14.00	**Interest paid on deposits, borrowings, etc.**		
	Interest paid on Modhumoti Bank Limited		
	Interest paid on Bangladesh Bank		
		-	-
15.00	**Other operating income**		
	Service charge on loans		
		-	-
16.00	**Other Assets**		
	Opening other assets		
	Less : Closing other assets		
		-	-

The Bank inaugurated Agent Banking operations from Boheratoil and Kakrajan UDC, Shakhipur, Tangail

MODHUMOTI DIGITAL BANKING ঘরের পাশে সারাদেশে

A new dimension of **Alternative Delivery Channel**

Since inception of Modhumoti Bank Limited in September 2013, the Bank constantly emphasises on the changing demand and desire of its customers, development of new and re-engineered process of service delivery. It has a focus to create effective delivery channels to offer basic banking services all over the country. The Bank's vision is not just to be a profit-hunting organization, rather lead the new generation of local commercial banks by excelling in customer delivery through insight empowered employees, smart use of technology and a full range of highest quality products and services.

With a view to reach out the underserved portion of the population, the bank has decided to implement Agent Banking, which we have branded as 'Modhumoti Digital Banking' through which we extend a wide range of financial services to the geographically dispersed people. Modhumoti Bank Management has made a very unique decision of making Union Digital Centers (UDCs) & Pourasava Digital Centers (PDCs) to be the Bank's agent outlets to provide financial services on behalf of the Bank. In this connection, a MoU has been signed with a2i of PMO in 2015 following which the Bank has already opened 19 Agent Outlets under Shakhipur (Tangail), Shibchar (Madaripur) and Amberkhana, Sylhet Branch till reporting date and opening many more outlets is under process. The Bank is now be able to provide banking services like Account Opening, Cash Deposit, Cash Withdrawal, Money Transfer, Utility Bill Payment, Payment of Inward Foreign Remittance, Balance Inquiry, Loan Initiation etc. to a customer through an agent in his locality without establishing a branch there.

Mission of Modhumoti Bank's Agent Banking services are as follows:

- Provide foreign inward remittance services to the families of expatriate Bangladeshi;
- Provide secured banking services to the unbanked people throughout the country;
- Build Agent booths all over the country and create financial service entrepreneurs;
- Provide facilities for utility bill payment, social safety net payment services etc;
- Enable E-commerce services through the agent outlets from remote areas;
- Promote school banking in the locality
- Financing in renewable energy sectors as green banking initiatives.

Agent Banking Products & Services:

- Account opening
- Deposit & Withdrawal
- Fund Transfer to any account of MMBL
- Utility Bill Payment
- Payment of Inward Foreign Remittance
- Balance Inquiry & Mini-statement
- School Banking
- DPS & TDS Account for customers
- SME, Agricultural & Retail loan Processing
- Support Green banking Initiatives like solar Home system
- Debit Card/ATM card for Agent Banking
- Internet Banking facility for Agent banking customers

The Bank Management believes that despite substantial bank branch expansion and emergence of microfinance institutions (MFIs), scant access to basic financial services remains a deprivation suffered by large segments of the poorer rural and urban population in Bangladesh, and therefore financial inclusion should be viewed as high policy priority for more inclusive and more equitable economic growth. The Bank Management will continue expansion of this new window of delivering service as a commitment to financial inclusion concept for changing present scenario where a vast majority of people is still remains outside the formal banking network, which is about half of the adult people and still deprived from essential financial services and suffered from unfair money lending practices. In future, the Bank may use other institutions also as vehicles of service delivery.

Branch **Location**

★ **Branch of Modhumoti Bank Limited**

The Branch **Network & Managers**

Barisal Division			**01 Branch**
District: Bhola			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Charfassion 25 October 2015	**Mr. Md. Mahasin Sarder** First Assistant Vice President Cell: 01770526555	Zilla Parisad Market Charfassion, Jinnagar Bhola	(0492) 374067
Chittagong Division			**01 Branch**
District: Chittagong			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Agrabad 27 November 2014	**Mr. Mohammad Abu Toyab** First Vice President Cell: 01823925323	Dar-E-Shahidi 69 Agrabad C/A Chittagong	(031) 2520449 (031) 2520450
Dhaka Division			**13 Branches**
District: Dhaka			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Aganagar 14 May 2015	**Mr. Mohammad Najib Ullah** Assistant Vice President Cell: 01713329470	Alam Tower East Aganagar, Keraniganj, Dhaka	(02) 7761888 (02) 7762111
Ashulia 23 January 2014	**Mr. Mohammad Haider Ali Sikder** First Vice President Cell:01711361803	Altab Plaza Jamgora, Ashulia, Savar Dhaka	.....
Gulshan 30 January 2014	**Mr. Naim Md. Abdur Rashid** Senior Executive Vice President Cell: 01914743359	75 Bengal House Gulshan Avenue Gulshan, Dhaka	(02) 9860392 (02) 9860332
Mitford 02 October 2014	**Mr. Md. Touhidur Rahman** Assistant Vice President Cell: 01611449915	57-58 Mitford Road Dhaka	(02) 7343678 (02) 7343035
Motijheel 19 September 2013	**Mr. Mohd. Asaduzzaman** Vice President Cell: 01732660456	DCCI Building Ground floor 65-66, Motijheel C/A Dhaka-1000	(02) 9586686 (02) 9586687 (02) 9583806
Sheikh Kamal Sarani 01 September 2016	**Mr. A H M Masud Murshed** Vice President Cell: 01716229871	24/C, Sheikh Kamal Sarani Road 27 (old), 16 (new) Dhanmondi R/A, Dhaka	.....
Uttara 18 December 2014	**Mr. Atiqul Islam Akhand** Vice President Cell: 01713329380	Singapore Plaza (1st Floor) House-17, Road-02 Section-03, Uttara Model Town, Dhaka	(02) 7914690 (02) 7914672 (02) 7914696

The Branch **Network & Managers**

District: Faridpur			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Kanaipur 16 March 2014	**Mr. Md. Kamrul Anam Khan** Assistant Vice President Cell: 01670742586	Co-Operative Market Kanaipur Bazar, Kanaipur Faridpur	.....
District: Gopalgonj			
Sheikh Fajilatunnessa Mujib Eye Hospital 05 June 2016	**Mr. Md. Ziaur Rahman** First Assistant Vice President Cell: 01711201486	Rental Hostel (1st Floor) Sheikh Fajilatunnessa Mujib Eye Hospital Ghonapara, Gopalgonj	.....
District: Madaripur			
Shibchar 29 November 2015	**Mr. Wahed Muhammad Muradul Kabir** First Assistant Vice President Cell: 01714031183	Ilias Ahmed Chowdhury Pouro Super Market (1st Floor), Shibchar Madaripur	(06624) 56350 (06624) 56351-2
District: Mushigonj			
Shekhernagar 24 March 2016	**Mr. S.M. Shahinoor Islam** Principal Officer Cell: 01712979629	Shekharnagar Baitul Mamun Jame Masjid Market (1st Floor), Shekharnagar, Munshiganj	.....
District: Narayangonj			
Kanchan 16 April 2015	**Mr. Mohammad Mizanur Rahman** Assistant Vice President Cell: 01917609255	Kendua Para, Kanchan Pourosova, Rupgonj, Narayangonj	.....
District: Tangail			
Shakhipur 13 November 2014	**Mr. Shihab Jahangir** First Assistant Vice President Cell:01714005649	SMG Shopping Complex Main Road Shakhipur Tangail	.....
Khulna Division			**02 Branches**
District: Khulna			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Khulna 31 March 2016	**Mr. Md. Kayum Zaman** First Vice President Cell: 01719632906	Islam Trade Centre, 18 KDA Avenue, Khulna	.....
District: Jhenaidah			
Jinnahnagar 27 March 2014	**Mr. Md. Asfakur Rahaman** First Assistant Vice President Cell: 01914948576	Jinnahnagar Bazar Durgapur, Maheshpur Jhenaidah	.....

The Branch **Network & Managers**

Rajshahi Division			**01 Branch**
District: Rajshahi			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Rajshahi 20 October 2015	**Mr. Md. Kollol Hossain** First Vice President Cell: 01715587788	Chamber's Building (1st Floor), Station Road Ghoramara, Boalia, Rajshahi	(0721) 770428 (0721) 770429
Rangpur Division			**01 Branch**
District: Rangpur			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Pirgonj 11 February 2016	**Mr. Md. Abul Kalam Azad** First Assistant Vice President Cell: 01716337301	Zaman Plaza, Thana Road, Pirgonj, Rangpur	(05227) 56208
Sylhet Division			**01 Branch**
District: Sylhet			
Branch Name/ Date of opening	**Manager Details**	**Address**	**Phone**
Amberkhana 17 November 2013	**Mr. Shah Md. Humayun Kabir** Vice President Cell: 01711566486	Waves, 80-A/1, Amberkhana, Sylhet	(0821) 715424

During reporting time, the Bank is near to opening a Branch in Mymensingh at Saha Market (1st Floor) of Shambhugonj Bazar, i.e., the Bank has at least one Branch in all the Divisions of the country.

The Bank has already set up its own ATMs beside its branches through sharing Q-Cash branded largest Shared ATM/POS network in Bangladesh to provide services to its clients. In the meantime, the Bank has established 21 ATMs, i.e., 19 On-site and 2 Off-site ATMs in a Booth.

The **Executives**

Managing Director & CEO
Mr. Md. Shafiul Azam

Senior Executive Vice President
Mr. Sheikh Talibur Rahman
Mr. Khondaker Rahimuzzaman
Mr. Naim Md. Abdur Rashid

Executive Vice President
Mr. Md. Shaheen Howlader
Mr. Sufi Tofail Ahamed

Senior Vice President
Mr. Javed Khan
Mr. Moklesur Rahman
Ms. Fahmida Saeed Saki

Vice President

Mr. Shaikh Mohammed Shoieb
Mr. Md. Zainul Abedin
Mr. Arif Hasan Khan
Mr. A H M Masud Murshed
Mr. Shah Md. Humayun Kabir
Mr. Atiqul Islam Akhand
Mr. Mohd. Asaduzzaman
Mr. R.M. Sariful Islam

First Vice President

Mr. Biswas Arifur Rahman
Mr. Md. Kayum Zaman
Mr. Md. Mahboobur Rahman
Mr. Azim Salam Khan
Ms. Hasi Rani Bepari
Mr. Mohammad Haider Ali Sikder
Mr. Md. Sharif Uddin Ahammed-Al Mahmud
Mr. M. M. Moinul Kabir
Mr. Mohammad Abu Toyab
Mr. Md. Kollol Hossain

Assistant Vice President

Mr. Md. Abdus Selim
Mr. Md. Gias Uddin
Mr. K.M. Murshed Kabir
Mr. Mohammad Najib Ullah
Mr. Mohammad Mahmud Hasan
Mr. S.M. Imran Alam
Mr. Muhammad Imran Alam
Mr. Jahangir Alam
Mr. Kawsar Ahamad
Mr. Md. Monirul Islam
Mr. Kazi Asif Mahbub
Mr. Md. Mojammel Hoque
Mr. Ashutosh Talukder
Mr. Md. Touhidur Rahman
Mr. Md. Abdullah Al Mamun
Mr. Mohammad Kamrul Anam Khan
Mr. S.M. Ashikur Rahman
Mr. Mohammad Abul Hasan Kabir
Mr. Mohammad Mizanur Rahman
Mr. Zahid Al Muntasir

Foreign Correspondent Bank Network

Foreign Correspondent / Bank Name	Country
Mizuho Bank, Ltd. Sydney Branch	Australia
Korea Exchange Bank, Bahrain Branch	Bahrain
Mashreq Bank	Bahrain
National Bank of Pakistan	Bahrain
Belfius Bank Sa/Nv	Belgium
Bank of Wenzhou (Formerly Wenzhou City Commercial Bank)	China
Axis Bank Limited Shanghai Branch	China
China Everbright Bank	China
Bank of Communications	China
Bank of Ningbo	China
Industrial Bank Co. Ltd.	China
Industrial Bank of Korea (China) Limited	China
Mashreq Bank	Egypt
ICICI Bank UK PlC	Germany
Mizuho Bank, Ltd. Duesseldorf Branch	Germany
National Bank of Pakistan, Frankfurt	Germany
AB International Finance Limited (A Subsidiary Company of AB Bank Limited, Dhaka, Bangladesh)	Hong Kong
PBL Finance (Hong Kong) Limited	Hong Kong
EBL Finance (HK) Limited	Hong Kong
Axis Bank Limited	Hong Kong
Toronto Dominion Bank	Hong Kong
MashreqBank Psc., Hong Kong Branch	Hong Kong
The Bank of New York Mellon, Hong Kong Branch	Hong Kong
NBI HF	Iceland
AB Bank Limited-Mumbai Branch	India
Axis Bank Limited	India
Sonali Bank Kolkata	India
ICICI Bank Limited	India
Mashreq Bank, India	India
United Bank of India	India
Bank of China, Jakarta Branch	Indonesia
Unicredit S.P.A.	Italy
BancaUbae Spa	Italy
BancaPopolareDell'emilia Romagna	Italy
Mizuho Bank, Ltd. Milan Branch	Italy
Korea Exchange Bank	Japan
National Bank of Pakistan	Japan

Foreign Correspondent / Bank Name	Country
Mizuho Bank, Ltd.	Japan
Busan Bank	Korea
Industrial Bank of Korea	Korea
Korea Exchange Bank	Korea
Kookmin Bank	Korea
Mashreq Bank	Kuwait
AS 'privatbank'	Latvia
Mizuho Bank (Malaysia) Berhad	Malaysia
Deutsche Bank A.G. Amsterdam	Netherland
Nib Bank Limited	Pakistan
United Bank Limited, Doha	Qatar
Mashreq Bank, Qatar	Qatar
Bank Al-Jazira	Saudi Arabia
National Bank of Pakistan	Saudi Arabia
Axis Bank Limited	Singapore
ICICI Bank Limited, Singapore Branch	Singapore
Korea Exchange Bank, Singapore Branch	Singapore
Mizuho Bank, Ltd. Singapore Branch	Singapore
Caixabank, S.A.	Spain
Axis Bank Limited	Sri Lanka
Commercial Bank of Ceylon Plc	Sri Lanka
Habib Bank AG Zurich	Switzerland
UBL (Switzerland) AG/ United Bank A.G., Zurich	Switzerland
Mizuho Bank, Ltd., Taipei Branch	Taiwan
The Bank of New York Mellon, Taipei Branch	Taiwan
Mizuho Bank, Ltd., Bangkok Branch	Thailand
Bank of Ayudhya Public Company Limited	Thailand
TekstilBankasi A.S.	Turkey
TurkiyeGarantiBankasi A.S.	Turkey
Axis Bank Limited, Difc Branch (Regulated By Dfsa)	UAE
Habib Bank AG Zurich	UAE
ICICI Bank Limited, UAE Branch	UAE
Mashreq Bank Psc.	UAE
NOOR Bank P.J.S.C	UAE
Habib-UK Plc	UK
ICICI Bank UK PLC	UK
Korea Exchange Bank	UK
Mashreq Bank Psc, London Branch	UK
United National Bank	UK
Mashreq Bank Psc., New York Branch	USA
National Bank of Pakistan	USA

Modhumoti Bank Limited

Your Access to Success

Registered Office: Banglar Bani Bhaban, 81, Motijheel C/A, Dhaka-1000, Bangladesh
Head Office: DCCI Building (4th Floor), 65-66 Motijheel C/A, Dhaka-1000

PROXY FORM

I/We, ... of ..... (Address) being shareholder(s) of Modhumoti Bank Limited and entitled to vote hereby appoint Mr./Mrs./Miss ..... of ..... (Address) as my/our proxy to attend and vote for me/us and on my/our behalf at the Third Annual General Meeting of the Bank to be held on Wednesday, the 28th September 2016 at 12:30 p.m at Radisson Blu Water Garden Hotel Dhaka and at any adjournment thereof and the poll that may be taken in consequence thereof.

As witness my/our hand this ..... day of ..... 2016.

(Signature of the Proxy)
Date : .....

Revenue Stamp

Signature of the Shareholder(s)
Registered Folio : .....
No. of Shares held : .....
Date : .....

Signature Verified

Authorized Signature

Notes:

1. A Shareholder entitled to attend and vote at the Third Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.

2. Signature of the member must be in accordance with the specimen signature registered with the Company.

Modhumoti Bank Limited

Your Access to Success

Attendance Slip

I/We hereby record my/our presence at the Third Annual General Meeting of Modhumoti Bank Limited on Wednesday, the 28th September 2016 at 12:30 p.m at Radisson Blu Water Garden Hotel Dhaka.

Name of Shareholder(s)/ Proxy : .....
Registered Folio No.: .....

Signature(s) of Shareholder(s)/ Proxy

HEAD OFFICE
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