

January 1, 2026

Annual Message of the MD&CEO

Develop attitude to ensure consistent AML&CFT Compliance in the Bank to Boost up Business in a Compliant Manner



My Dear Colleagues,

Wishing you all a very Happy New Year-2026.

Alhamdulillah, another challenging and distressing year, with the best effort of all officials of MMBPLC, we have accomplished and attained sustainable growth overcoming all hindrance arisen in the country in stiff policrisis. In 2025, rising defaults exposed how capital erosion, mounting non-performing loans, weak governance and liquidity stress had become tightly linked. Higher provisioning, drained capital and profitability, tightening credit, while high inflation and a restrictive monetary stance further suppressed lending. These strains were not purely macro-driven, weak management and poor lending practices amplified vulnerabilities. Despite Bangladesh Bank's tougher regulations and bank mergers, asset-quality and governance challenges—are likely to persist, as consolidation alone will not assurance stability. Banking sector is approaching 2026 easing with macroeconomic pressures, but deep structural weaknesses remain that will take time and political resolve to fix. Simultaneously, Risk based supervision (RBS), a new framework and approach would give result to refrain banks from misleading its fund and do business in compliant manner.

Tone of the Top about AML&CFT Compliance: Zero Tolerance, Absolute Commitment

The Board of Directors, composed of seasoned, prudent and high-integrity professionals, has reaffirmed a clear and uncompromising '**ZERO TOLERANCE**' stance toward any breach of AML & CFT standards. The Board and Management are united in ensuring that MMBPLC remains a safe, trusted and compliant financial institution, aligned with all statutory requirements, regulatory directives and international best practices, including FATF Recommendations.

Changing Risk Landscape: New Threats, New Responsibilities

Recent developments have exposed systemic vulnerabilities related to corruption, illicit financial flows, misuse of digital platforms, trade-based money laundering (TBML), virtual assets, cyber-enabled crimes and synthetic identity fraud. Criminal networks are increasingly leveraging AI, automation, deep fakes, anonymization tools and cross-border digital ecosystems to obscure beneficial ownership and transaction trails.

In response, **MMBPLC** has significantly strengthened its AML&CFT framework, working in close coordination with Bangladesh Financial Intelligence Unit (BFIU) and other regulatory authorities. Our support to regulatory and law enforcement agencies through timely submission of SARs/STRs, CTRs, freezing instructions and tracer-related information reflects our institutional responsibility toward safeguarding the national financial system.

Key ML/TF Threats and Vulnerabilities: Continued Focus

Consistent with regulatory assessments, the following remain high-priority ML/TF risks:

- Digital hundi, online gaming/betting, unauthorized forex trading and virtual assets

- Fraud, cybercrime, ransomware and business email compromise
- Corruption, bribery, professional money laundering and organized crime
- Trade-based and credit-backed money laundering
- Misuse of legal entities, shell/front companies, trusts and nominees
- Weak identification of beneficial ownership and source of funds.

Identified & expressed common AML&CFT compliance observations at branch level as stated in the regulatory inspection report:

1. Inadequate CDD/EDD practices.
2. Weak customer risk assessment and ongoing due diligence.
3. Delays or inaccuracies in SAR/STR initiation and reporting
4. Lapses/deficiencies in transactions monitoring, verifying the sources of fund/income and identifying beneficial owners of the accounts.
5. Not obtain or retain any additional information or explanation from the customer regarding unusual transactions.
6. Screening process and False Positive reports have not been properly maintained and preserved.
7. Monitoring of loan end-use is inadequate and monitoring of loan-related transactions remains insufficient.
8. Adequate review and supporting documentation for price verification have not been maintained and the supplier's credit report and vessel tracking system have not been reviewed and monitored.

These above observation must be addressed decisively, consistently and sustainably.

Dear Branch Managers, BAMLCOs & DAMLCOs,

The Board of Directors of MMBPLC has promptly approved at its 92nd meeting held on 24 December, 2025 '**Revised MMBPLC Policy on Prevention of Money Laundering & Combating Terrorist Financing (Version-2025) & Revised MMBPLC Policy for Prevention of Trade-Based Money Laundering (Version-2025)**' to strengthen internal control mechanisms and to safeguard the Bank against unauthorized and unlawful use of its resources and operational facilities for money laundering and terrorist financing activities. Under the revised policy framework, specific **roles and responsibilities** have been clearly defined and assigned to designated officials, including GBCO, CCO, TCO, CRCO and Sub Branch officials. Each role carries defined accountability to ensure effective governance, transaction monitoring, customer risk assessment and regulatory compliance.

In line with the Compliance and Risk Management Policy, all branches/divisions must ensure that **High-Risk accounts** must be reviewed at least annually within the prescribed timeline, with updated KYC, proper documentation and risk reassessment to meet AML & CFT regulatory requirements. **Low-Risk accounts** shall be reviewed once every 5 (five) years by the designated branch official, as periodic reviews remain essential to identify any change in customer behavior, transaction patterns or risk profile. Strict due diligence and accurate record-keeping must be maintained in all cases.

In particular, repeated findings/observations highlighted during inspections conducted by internal/external audit team (ICCD, AML, BFIU, DBI & BB) are strictly not acceptable. Such observations indicate gaps in corrective action and failure to implement previous recommendations effectively. In this regard, the Branch Manager and Manager Operation shall be held directly responsible for **any repeated** audit observations and are required to ensure timely resolution of all audit findings through proper root cause analysis, effective implementation of corrective measures and continuous supervisory monitoring to prevent recurrence.

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Supporting Compliant Banking through Data-Driven Risk and Compliance Frameworks:

To adapt to rapid changes, all of you should recognize that the upcoming year marks a strategic shift from rule-based compliance to intelligence-led compliance. We are progressively integrating Artificial Intelligence, Machine Learning, Advanced Analytics and Robotic Process Automation (RPA) into our AML & CFT ecosystem, including:

- AI-assisted customer risk profiling and behavioral analysis
- Predictive and adaptive transaction monitoring systems
- Automated name screening, adverse media monitoring and sanctions filtering
- Enhanced detection of TBML patterns, funnel accounts, mule networks and synthetic identities
- Data-driven prioritization of high-risk customers, accounts and transactions

However, technology alone is not sufficient. Human judgment, ethical conduct and professional integrity remain irreplaceable. AI is a powerful tool—but responsibility, accountability and compliance culture rest with our **people**.

Dear Colleagues,

Risk-Based Approach: Responsibility at every level

I strongly urge all officials—especially Branch Managers, BAMLCOs, DAMLCOs and others staffs—to rigorously apply a Risk-Based Approach (RBA) in daily operations. Compliance is not an additional duty; it is an integral part of our professional responsibility.

- Ensure accurate and updated KYC, KYB and Beneficial Ownership information.
- Maintain confidentiality and professionalism in customer interactions.
- Conduct timely reviews of high-risk, PEP, IPS and high-transacting accounts.
- Initiate SARs/STRs promptly and confidently when suspicion arises.
- Ensure accuracy and timeliness in regulatory reporting and responses.

People to be converted into Human Capital: Develop Attitude and Build a Compliance Culture

As part of our long-term sustainability strategy, management trying to transform our human resources into human capital—through continuous training, skill development, ethical leadership and technology adoption. A compliance-aware, digitally capable and professionally confident workforce is our strongest defense against financial crime.

Our Aspiration for 2026

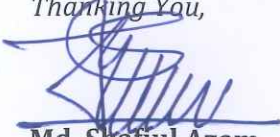
- ☞ To achieve and sustain a 'STRONG' AML & CFT rating to be given by the regulator,
- ☞ To embed AI-driven compliance responsibly and
- ☞ To strengthen trust among customers, stakeholders and regulators.

Let us remember: Compliance may be costly, but non-compliance is far costlier - financially, legally and reputational.

Dear Colleagues,

Take pride in your responsibilities. Love your profession. Serve customers with empathy, integrity and professionalism—while upholding the highest standards of compliance. In this era of rapid change and intelligent technology, our values must remain stronger than algorithms. Together, with dedication, vigilance and innovation, we will navigate the challenges of 2026 and ensure sustainable, compliant and ethical growth for Modhumoti Bank PLC.

Thanking You,



Md. Shafiul Azam
Managing Director & CEO