2019 ANNUAL REPORT

midlandbank ltd

bank for inclusive growth

MDB - Progressing and on Track

Midland Bank (MDB) came to the financial frontier of Bangladesh in 2013 to serve people from all walks of life. Since the beginning, the Bank has been focusing on convenience and accessibility to create superior customer experience. Being committed to the clients, community and economy, the Bank aims to bind the nation together by taking onboard, people from all across the society urban and rural, local and global, to pursue inclusive banking resonating with our corporate slogan “Banking for Inclusive Growth". The automation of banking transaction coupled with Centralized Banking process, professional wisdom and the foresight of the Board, are aptly blended in MDB to propel it to heights of success across the region and beyond.

With changing banking landscape and shifting consumer needs, MDB continues to build alliances and find new ways of customer solutions. Innovative delivery channels propped up by cutting-edge tools and technologies have branded us as a friendly financial service provider with a basket of customer friendly products, services and solutions. Overtime, with steady focus on increasing profitability, inclusive growth, capital strength and deep respect for the society, MDB has succeeded to curve a distinctive place in the banking industry of the country.

In whatever form you appear to us, a branch-lover who likes to interact face-to-face, a self-driven customer who uses ATMs, an internet user who logs into the Bank, a mobile application customer who orders transactions over phone, a remote customer who wants to make an online payment or open a digital account or a visitor to social media searching for new offers, in all cases, we are well poised to serve with passion and dedication.

Letter of Transmittal

June 23, 2020

All Shareholders of Midland Bank Limited
Bangladesh Bank
Bangladesh Securities and Exchange Commission (BSEC)
Registrar of Joint Stock Companies and Firms
Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)

Dear **Sir/Madam**,

Annual Report of Midland Bank Limited for the year ended on December 31, 2019

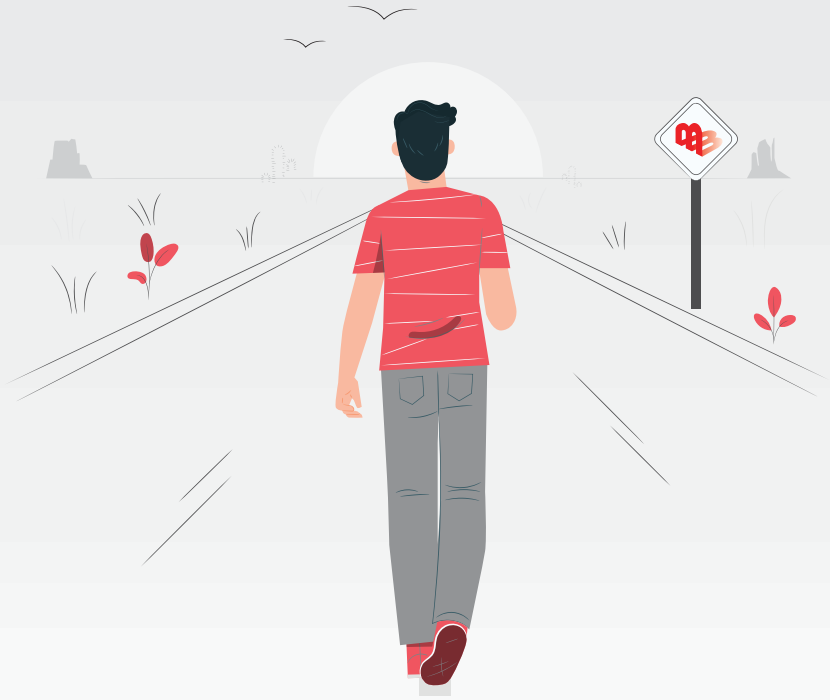
We are pleased to enclose a copy of the Bank's Annual Report 2019, together with the Audited Financial Statements for the year ended December 31, 2019 for your kind information and record.

Thank you.

Sincerely,

Khalid Mohammad Sharif FCS
Company Secretary

Statement Regarding Forward Looking Approach



The annual report contains some forward looking statements in regards to business environment and its likely effect on the financial status of the Bank. We don't treat financial statements as only historical facts, rather it gives us the guidance as to how prudently we can edge forward towards attainment of our set corpor¬ate objectives. Our forward looking statement virtually intends to address inherent risks and uncertainties that we are likely to face in our path of journey. Here we have endeavored to bring to the surface some inherent risk and challenges that may cause hindrances in near future.

- Corporate Tax for Banks/Financial Institutions is still on the higher end trajectory.
- Imposition of higher rate of Tax and VAT on banking services.
- Adverse changes of macro-economic conditions and upward movement of Non-Performing Loans (NPLs).
- Any major shift in policy which may prove unviable proposition.
- Liquidity crunch may create extra burden on our maintenance of CRR and SLR as per the requirement.
- Withdrawal / Decrease of incentives given to some thrust sectors.
- Pressure to reduce the lending rates without creating enabling situation to make corresponding adjustment on our deposit rates.
- Unexpected rise in provisioning requirement having adverse impact on our profitability.
- Abrupt price hike of commodities in international market having adverse impact on our foreign exchange dealings i.e. volatile condition.
- In our future path of journey, we shall remain relentless to address all risk related issues by taking measures of mitigation towards strengthening our balance sheet wise position.
- We virtually are in the business of risk, so we are not risk averse rather we intend to take measurable risks that we can control to protect the interest of the bank in the best possible manner.
- We want to be a tech-savvy bank and in this world of rapid pace of technological development we have no other way out rather to stay attuned with the changes as changes are always constant.

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Midland Bank Profile: Success and Promises

Midland Bank Limited (MDB) came to the financial frontier of Bangladesh in 2013 as a fourth generation Bank to serve people from all walks of life. The Bank was issued certificate of incorporation and certificate of commencement of business on March 20, 2013 under the Companies Act 1994 as a Public Limited Company by shares for conducting all types of banking activities. The Bank is led by a Board of Directors who are experienced and expert in their respective field of business. A highly competent and expert team of bankers steers the Bank's everyday operations to the path of progress as envisioned by its Shareholders.

MDB started commercial operation on June 20, 2013 with a corporate slogan "bank for inclusive growth". Bank's business model has been evolving over time in response to significant changes in the operating environment– notably tightening of regulatory oversight, rapid development of new information and communication technologies and the more worth noticing, constantly changing customer behaviour. We are well aware of our requirement to bring qualitative changes in our operational module as to make our position even more competitive and customer centric and shall remain focused to come up to the maximum possible wavelength of our customer satisfaction. MDB as a matter of policy perception believe on innovation and as part of it exploring of new avenues to ramify our financial services across the different demographic and geographical segments.

MDB is presenting its 2019 financial results as a fast growing fourth generation Bank in Bangladesh with the pride of a solid capital base, quality assets and strong profitability. The year 2019 has seen that customer accounts increased to 140,105 from 93,745 in 2018, Core business income grew by 5.69 percent to BDT 1,241.55 million from BDT 1,174.72 million in 2018 and balance sheet rose to BDT 52,911.16 million to BDT 45,750.80 million in less than seven years. Total deposits hit to BDT 39,500.76 million in the reporting year, up from BDT 35,592.17 million a year earlier and the loan portfolio increased to BDT 31,749.64 million from BDT 31,074.67 million at the year end 2019. By and large, this was most successful on our part to post return on equities (ROE) which is 8.24 percent and Earnings per Share (EPS) as best as BDT 0.98. At the year-end 2019, Bank's paid up capital increased to BDT 5,696.70 million from BDT 5,274.72 million indicating a remarkable growth of 8 percent. Shareholders' equity stood at BDT 7,038.36 million from BDT 6,486.64 million as at the balance sheet date. Bank's Capital to Risk Weighted Asset Ratio (CRAR) stood at 21.13 percent at the year-end which stayed much above minimum required ceiling of 12.50 percent as per Basel III accord. Total customer-base of Midland Bank grew to a total of 100,006 accounts in 2019 from 67,501 accounts in 2018 with considerable growth in the rural customer base. In our strategic action, we are giving priority to developing MSMEs placing special attention to extending finance to manufacturing sector. A total of 661 MSME entrepreneurs were extended BDT 3,095.90 million in loan as of 2019. We're getting growth rates above the market benchmark which give us confidence for the future.

Being committed to the clients, community and economy, the Bank is on the way to binding the nation together by including people from all across the frontiers - Urban and Rural, SME and Agriculture, Local and Global. The Bank is forging ahead with a soaring ambition. We are convinced that Midland Bank will be succeed in realizing its full potential to become the leading client-centric Bank of the country.

Corporate Information

Name of the Company Midland Bank Limited	**Authorized Capital** BDT 10,000 million	**Chairman** Nilufer Zafarullah
Legal Form Public Limited Company Registered Office N.B. Tower (Level 6 to 9) 40/7 North Avenue, Gulshan 2 Dhaka 1212	**Paid-up Capital** BDT 5,696.70 million	**Vice Chairman** Master Abul Kashem
	Total Capital (Tier-i & ii) BDT 7,527.26 million	**Managing Director & CEO** Md. Ahsan-uz Zaman
Date of Incorporation March 20, 2013	**Total Asset** BDT 52,911.16 million	**Additional Managing Director** Mohammad Masoom
Formal Inauguration June 20, 2013	**Statutory Reserves** BDT 991.37 million	**Chief Risk Officer (CRO)** Mohammad Masoom
Company Registration No. C-108070/13	**Capital to Risk Weighted** Asset Ratio (CRAR) 21.13%	**Chief Financial Officer (CFO)** Md. Zahirul Islam, FCA
Bangladesh Bank Permission No. BRPD (P-3)745(67)/2013-1665 April 09, 2013	**Earnings Per Share** BDT 0.98	**Company Secretary** Khalid Mohammad Sharif FCS
Core Banking Activities All Types of Commercial Banking Activities Money Market Operations Financial Intermediary Services Any Related Financial Services	**Net Asset Value Per Share** BDT 12.36	**Head of Internal Control & Compliance** Mohammad Syejuddin Ahmmed
	Accounting Year-end December 31	**Auditors** A Qasem & Co. Chartered Accountants
Delivery Channels Branches-33, Sub-Branch 01, Agent Banking Centres-44 Collection Booths 07, ATMs -37 Real-Time Online Banking Internet Banking SMS/Alert Banking Debit/ Credit/ Prepaid Card with Global Access Shared Network across the country	**Credit Rating Agency** Credit Rating Agency of Bangladesh Limited (CRAB)	**SWIFT Code** MDBLBDDH
	Website www.midlandbankbd.net **Total Manpower** Employee: 631 (including 195 contractual)	**Contact Centre** 16596 (Short Code) (+88) 09617016596 (+88) 09611016596

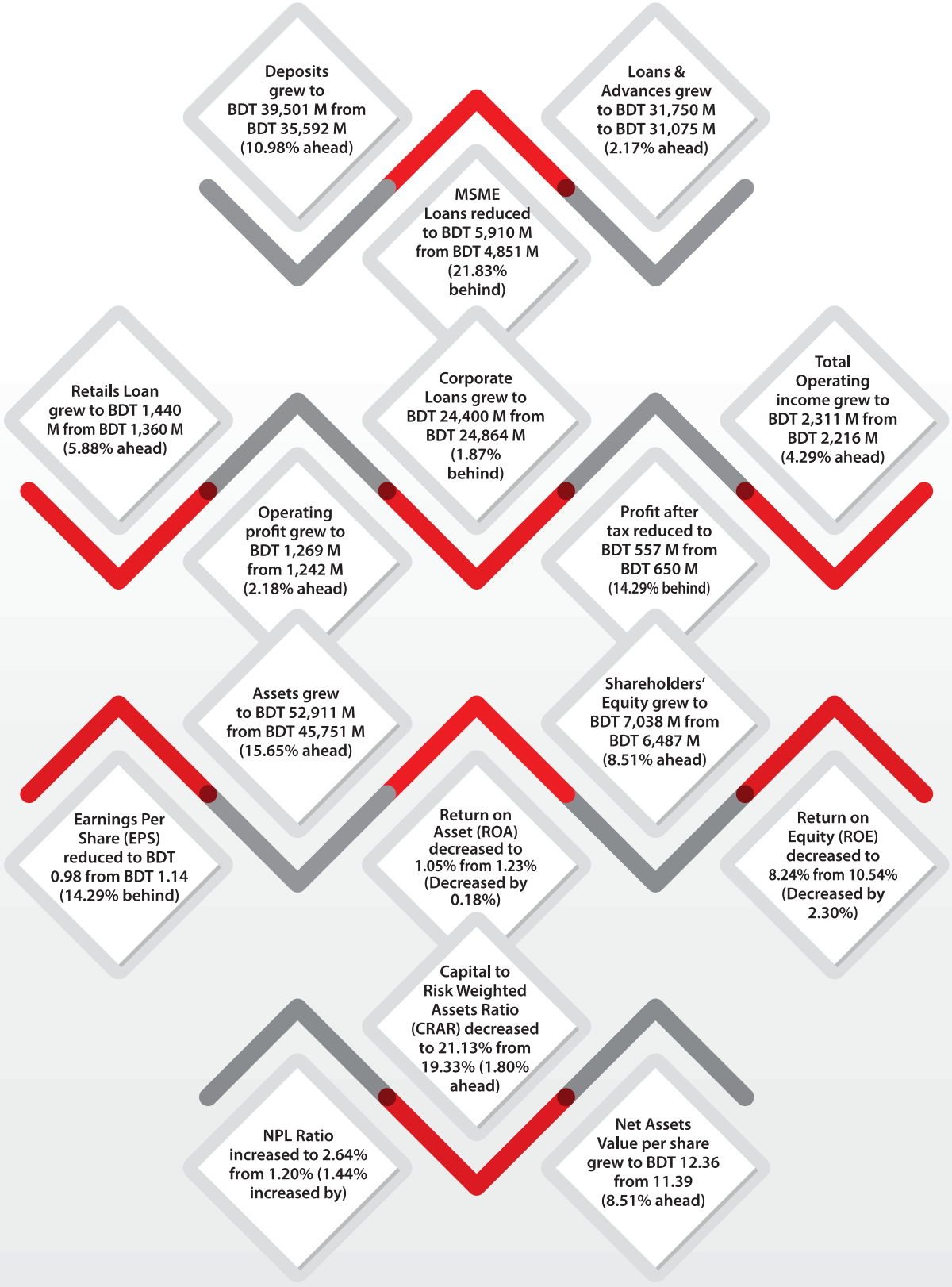
Credit Rating:		
Long Term	**A2**	The Credit rating of the Bank improved to A2 from A3). The Long Term Rating "A2" indicates strong capacity to meet financial commitments/obligations of the Bank. It is judged to be of high quality and are subject to low variability in credit risk.
Short Term	**ST-2**	Bank's short term rating stood at ST-2 (High Grade). It indicates strong capacity for timely repayment of obligations. It is also characterised with commendable position in terms of liquidity, internal fund generation, and access to alternative sources of funds is outstanding.
Outlook Status	**Stable**	Bank's outlook stood at Stable from Developing. Stable outlook underlines that Bank's overall status is stable. The outlook provides information to investors on the potential evolution of a rating, thereby underpins the precision of the rating status.

Value Creation for Stakeholders during 2019

Customers:	2019	2018
Total Deposit Accounts	135,998	90,182
Total Advances and Loans Accounts	4,107	3,564
Deposits	BDT 39,501 M	BDT 35,592 M
Interest paid to customers	BDT 2,984 M	BDT 2,547 M
Loans & Advances	BDT 31,750 M	BDT 31,075 M
Interest income	BDT 4,259 M	BDT 3,760 M
Service Points	01	01
SMS Alert A/C	86,680	63,214
Shareholders:		
Profit after Tax	BDT 557 M	BDT 650 M
Total Assets	BDT 52,911 M	BDT 45,751 M
Shareholders' Equity	BDT 7,038 M	BDT 6,487 M
Earnings Per Share (EPS)	BDT 0.98	BDT 1.14
Dividend Payout	6% cash	8% stock
Employees:		
Total Regular Headcount	436	429
Total Contractual Headcount	196	142
Total Staff Cost	BDT 548 M	BDT 506 M
Talent Development: Training hours	4,700 hrs (approx.)	4,800 hrs (approx.)
Per Employee Operating Profit	2.91 M	2.89 M
Government Institutions:		
Tax paid to Government	BDT 937 M	BDT 740 M
Tax Collected on behalf of Govt.	BDT 489 M	BDT 451 M
Excise Duty Collected on behalf of Govt.	BDT 57 M	BDT 57 M
Investment in Govt. Securities	BDT 11,413 M	BDT 5,474 M
Business Partners:		
Commission, Exchange & Fees	BDT 386 M	BDT 385 M
Payment to Service Providers	BDT 407 M	BDT 417 M
No. of Correspondent Banks (RMA)	122	121
Business Partnership Signed	35 Deals	40 Deals
Community:		
CSR / Donation	BDT 5.00 M	BDT 0.82 M
Internet Customers (midland online)	3,509	3,509
Refinance to SME, Agri, Women	23.90 M	23.90 M
Utility Bill Collection	6,359 M	6,359 M
Call Received by Call Centre	26,374	26,374

Performance Dashboard 2019

Volume Growth





Vision & Mission

Vision

We seek to be the first choice of our customers as a distinct financial service provider, trusted, respected and valued by all stakeholders within the region and beyond pursuing an endless voyage towards excellence in every respect.

Mission

We always strive-

- To continuously provide quality banking service with enhanced customer focus and innovate a wide variety of need based products with widely popular solutions.
- To achieve supremacy in customer service through state-of-the-art delivery channels and user-friendly tools and technology.
- To sharpen leadership with the standard of a learning organization well supported by the finest team of banking experts and professionals.
- To maintain a healthy and diversified financial profile for inclusive economic growth.
- To be a responsible social enterprise by effectively blending commercial pursuits with social banking.
- To be the benchmark for the regulators in terms of compliance, corporate governance and ethics.
- To build long-term shareholder value with consistent growth momentum.

Corporate Values



Customer Centricity

We are a listening and caring partner.
We continuously improve our efficiency to serve customer better.
We Focus on solutions and deliver on our promises.

Quality

We strive to exceed expectations.
We take delight in delivering high standards in all areas of operations.
We do not compromise with our service standard.

Togetherness

We value teamwork and work together to success.
We support each other in our journey to excellence.
We draw strength from our diversity and synergy.

Mutual Respect

We treat our customers and colleagues with respect.
We inspire each individual so that we can make a difference.
We recognize achievement and ensure rewards and fair returns for all.

Integrity

Integrity and ethics is the hallmark of our banking relationship.
We prefer truth, justice and fair-play above all means.
We do business on a win-win proposition.

Responsible Citizenship

We are Tax compliant.
We are committed to corporate governance and internal control and compliance.
We are respectful to the laws and values of the land.

Building the Future

We believe in real and sustainable development.
We are going green to protect our planet and our environment.
We keep building a family with our employees, shareholders, customers and community



Strategic Goals

Balance Sheet Focus

Our top priority is a resilient and fortress like Balance Sheet based on solid provisioning and sustainable profitability

Capital Strength

We ensure that our Bank is adequately capitalized to weather any financial downturn and look forward to meeting new norms as they phase in.

Cost Control

We emphasize efficient and competitive cost management without compromising our quality and maximize profitability through planned reduction in cost of funds, increased yield on advances and investments besides downsizing the cost of operation through technological leverage.

Risk Mitigation

We manage financial as well as non-financial risks to optimize profitability through effective risk management and internal control system.

Innovative Banking

We inspire innovation in product, process and market as the root tor growth as much as technology as the prime agent tor change.

Business Diversification

We continue to diversity our portfolio into leading corporate, large businesses, MSMEs, agriculture and retail customers to come together in a more sensible way.

A Better Human Force

We adore our employees and foster their growth as the future force with constant training and development

For a Green Living Habitat

We are careful about the community and the environment and exert effort to make our homeland a green living habitat for all.



Customer Charter

- We have a commitment to the customers to build long-term beneficial relationship supported by mutual respect, pursuit of excellence and integrity.
- We undertake to understand our customers' needs and demands, and use all means to live up to their expectations.
- We are aware of our contractual commitments and obligations with our customers and meet the terms of agreements with due diligence.
- We pursue good common practices and digital procedures tor customers Comfort and put a grievance redressal system in place to mitigate their complaints.
- If there is any disagreement, we step forward to seek a speedy and equitable solution framed in the context of long-term and enduring relationship.
- We have Product Policy Guidelines (PPG) outlining the guiding principles in respect of various products and services offered by the Bank and the terms and conditions governing the conduct of the accounts.
- We enforce greater transparency in dealing with individual customers and create awareness among Customers of their rights.
- We create customer value, loyalty and equity, which add to customer delight over a lifetime of patronage.

Ethical Preferences

- We ensure full compliance with the laws of the land.
- We exercise zero tolerance to misconduct and corruption.
- We speak up when we sense any breach ot rules and regulations.
- We stay compliant on Anti Money Laundering and Combating Financing of Terrorism guidelines and other prudential regulations
- We sustain confidentiality of our customers and fidelity to our principles.
- We do not go beyond the bounds of our banking business
- We always look forward to sustainable means, free of risks and full of returns.



Milestones

17-Apr-2012	Letter of Intent
20-Mar-2013	Certificate of Incorporation
20-Mar-2013	Commencement of Business
09-Apr-2013	Head Office Approval
10-Apr-2013	Gazette Published
27-Apr-2013	First Press Conference
20-Jun-2013	First Branch Operation (Dilkusha Corporate Branch)
30-Jul-2013	BACH Operation
02-Sep-2013	BEFTN Operation
08-Sep-2013	SWIFT Operation
18-Sep-2013	ATM Live Operation
18-Sep-2013	Q-Cash Operation
19-Sep-2013	Statutory Meeting of the Shareholders
07-Nov-2013	ATM Inauguration
26-Apr-2014	First Annual General Meeting (AGM)
11-Sep-2014	MDB Contact Centre launched
11-Sep-2014	midland online (Internet Banking) launched
01-Oct-2014	NPSB Operation launched
19-Nov-2014	VISA Operation inaugurated
01-Oct-2015	Completion of Centralized Banking Model (CBM)
29-Oct-2015	RTGS Operation launched
26-May-2016	Midland Bank Training Institute (MDBTI) inaugurated
03-Jan-2017	"midland online" Android Mobile App launched
23-Jan-2017	First Agent Banking Centre inaugurated
07-Mar-2017	Introduction of MDB Prepaid Card
15-Sep-2017	Core Banking Software upgraded from Desktop to Web version
02-Oct-2017	NPSB Fund Transfer through MDB Internet Banking "midland online"
23-Oct-2017	Titas Gas Bill collection started
31-Dec-2017	Establishment of Bank's real time Disaster Recovery Site
08-Jan-2018	Fund transfer with MDB Cards through NPSB using Internet Banking
03-May-2018	Agent Banking Centres started bill collection of REB
04-Jul-2018	On spot account opening process incorporated under Agent Banking Centres using TAB
19-Jul-2018	Implementation of Half Yearly Balance Confirmation SMS
26-Nov-2018	RTGS operation incorporated under Agent Banking Centres
19-Dec-2018	Agreement for transfer of money to bKash Account using internet banking
01-Jul-2019	Introduction of MDB Booth Banking at Madhobdi, Narshingdi
30-July-2019	Signed Memorandum of Understanding (MOU) for ekPay Services between ekPay Integrated One Stop Payment Platform (IOSPP) an initiative by Access to Information (a2i) Programme-II and Midland Bank Limited. Agreement for ekPay Services between ekPay Integrated One Stop Payment Platform (IOSPP) an initiative by Access to Information (a2i) Programme-II and Midland Bank Limited.
28-Aug-2019	MDB Deposit and Loan Customers are under Insurance Coverage
05-Dec-2019	Obtained Islami Banking Window License from Bangladesh Bank
31-Dec-2019	Crossing of 100,000 Customers

MDB Financial Performance and Ratios
Five Years Overview

Financial Highlights	In BDT Million					
	2015	2016	2017	2018	2019	% Changes in 2019 Over 2018
Income Statement:						
Interest income	1,689.53	2,178.91	2,816.99	3,760.22	4,259.09	13.27%
Interest expenses	1,359.46	1,600.58	2,042.08	2,547.46	2,983.90	17.13%
Net interest income	330.07	578.32	774.91	1,212.76	1,292.23	6.55%
Investment income	974.47	1,166.79	963.67	630.10	649.62	3.10%
Commission, exchange and brokerage	102.92	133.30	242.54	321.08	321.05	-0.01%
Other operating income	22.97	31.77	50.23	68.10	65.02	-4.52%
Total Operating income	1,430.43	1,910.18	2,031.35	2,232.04	2,310.88	4.29%
Operating expenses	655.03	830.54	835.57	990.53	1,042.36	5.23%
Profit before provision and tax	775.4	1,079.64	1,195.78	1,241.51	1,268.52	2.18%
Provision for loans and off-balance sheet exposure	145.07	110.01	160.49	135.23	217.18	60.65%
Profit after provision before tax	630.33	969.63	1,035.28	1,106.29	1,051.35	-4.97%
Provision for tax	191.51	301.22	343.45	496.01	493.94	8.32%
Profit after tax	438.82	668.41	691.83	650.32	557.41	-14.29%
Balance Sheet:						
Authorized capital	10,000	10,000	10,000	10,000	10,000	0.00%
Paid-up capital	4,000	4,320	4,795	5,275	5,697	7.99%
Total shareholders' equity	5,067	5,399	5,852	6,487	7,038	8.51%
Deposits	17,956	26,676	34,240	35,592	39,501	10.98%
Loans and advances	13,888	21,045	27,296	31,075	31,750	2.17%
Investments	5,429	5,973	5,777	6,726	12,710	88.96%
Fixed assets	211	236	199	283	259	-8.56%
Earning assets	21,937	32,208	37,859	40,981	47,294	15.90%
Total assets	23,893	35,352	41,949	45,751	52,911	15.65%
Total liabilities	18,827	29,953	36,097	39,254	45,834	16.76%
Total Off-balance sheet exposure	2,289	3,605	5,067	4,884	5,979	22.41%
Foreign Exchange Business:						
Import	5,590	7,535	8,366.70	7,643.40	13,496.90	76.58%
Export	1,480	2,989	5,002.00	5,749.40	7,430.30	29.24%
Inward Remittance (wages & others)	138	228	618.50	2,154.60	3,247.50	50.72%
Capital Measure:						
Risk Weighted Assets (RWA)	17,689	23,210	29,213	35,909	35,624	-0.79%
Core Capital (Tier-i)	4,484	5,149	5,836	6,481	7,018	8.28%
Supplementary Capital (Tier-ii)	165	259	307	461	509	10.43%
Total Capital held (12.50%)	4,650	5,408	6,148	6,942	7,527	8.43%
Required Capital (12.50% of RWA, Or 4,000 million which is higher)	4,000	4,000	4,000	4,264	4,453	4.43%

MDB Financial Performance and Ratios
Five Years Overview

Financial Highlights	In BDT Million					
	2015	2016	2017	2018	2019	% Changes in 2019 Over 2018
Capital Surplus/(Deficit), (A-B)	650	1,408	2,148	2,678	3,074	14.79%
Tier I Capital Ratio	25.36%	22.18%	19.98%	18.05%	19.70%	1.65%
Tier II Capital Ratio	0.93%	1.12%	1.05%	1.28%	1.43%	0.15%
Capital to Risk Weighted Asset Ratio (CRAR)	26.29%	23.30%	21.03%	19.99%	21.13%	1.80%
Credit Quality:						
Non-performing loans (NPLs)	140	144	458	374	838	52.36%
NPL to total loans and advances (%)	1.01%	0.68%	1.68%	1.20%	2.69%	0.59%
Provision for unclassified loans	141	222	256	418	455	8.64%
Provision for classified loans	56	72	185	148	286	93.99%
Provision for Off-Balance Sheet exposure	23	36	51	42	54	29.71%
Provision for other assets and diminution in Investments	-	-	0.13	17.18	48	177.24%
Share Information:						
No. of Shares outstanding	400 M	432 M	479.52 M	527.47 M	569.67 M	8.00%
No. of Shareholders	32	34	37	40	40	-
Earnings per share (EPS), (BDT)	1.10	1.55	1.31	1.26	0.98	-14.29%
Net Assets Value Per Share (BDT)	12.67	12.40	11.09	11.39	12.36	8.51%
Profitability & Performance Ratio:						
Net Interest Margin (NIM)	1.50%	5.06%	3.78%	4.44%	4.29%	-0.15%
Advance to Deposit Ratio	77.35%	78.89%	79.72%	87.31%	81.64%	-5.67%
Cost to income Ratio	45.22%	43.48%	41.13%	44.38%	45.11%	1.13%
Cost of fund on average deposits	9.73%	6.62%	6.33%	7.38%	7.71%	0.33%
Return on average assets (ROA)	1.84%	2.26%	1.65%	1.23%	1.05%	-0.18%
Return on shareholders' equity (ROE)	8.63%	12.77%	12.30%	10.54%	8.24%	-2.30%
Liquidity Ratio:						
Cash Reserve Ratio (CRR)	6.61%	7.30%	7.62%	5.63%	6.67%	1.04%
Statutory Liquidity Ratio (SLR)	35.38%	23.67%	17.48%	20.64%	35.18%	14.54%
Liquidity Coverage Ratio (LCR)	127.88%	418.80%	249.28%	171.70%	163.59%	-8.11%
Net Stable Funding Ratio	100.54%	122.21%	128.05%	115.27%	109.99%	-5.28%
Leverage Ratio	17.62%	13.86%	13.02%	13.61%	12.65%	-0.96%
Other information:						
No. of Branches	20	21	24	30	33	10.00%
No. of ATM	18	23	26	32	37	15.63%
No. of employees including contractual staffof 142 in 2018 and 196 in 2019)	335	375	503	571	632	10.68%
Number RMA	56	64	112	121	121	-
No. of NOSTRO Accounts (Five Major currency)	11	12	12	12	15	25%

The Sponsor Shareholders

SL	Name	Designation	Percentage of Shareholding
1	Mr. Kazi Zafarullah	Sponsor Shareholder	2.00%
2	Mrs. Nilufer Zafarullah	Sponsor Shareholder	1.00%
3	Mr. Kazi Omar Zafar	Sponsor Shareholder	2.00%
4	Ms. Anushka Mehreen Zafar	Sponsor Shareholder	2.00%
5	Mr. Kazi Raihan Zafar	Sponsor Shareholder	2.00%
6	Dr. Kazi Shahidullah	Sponsor Shareholder	0.25%
7	Mr. Kazi Ekramullah	Sponsor Shareholder	0.25%
8	Mrs. Sabiha Mahboob	Sponsor Shareholder	0.25%
9	Ms. Scherezad Joya Monami Latif	Sponsor Shareholder	10.00%
10	Mr. Abdullah Ahmed Yousuf	Sponsor Shareholder	5.75%
11	Mr. M. Moniruzzaman Khandaker	Sponsor Shareholder	2.75%
13	Mr. Nazib Ahmed	Sponsor Shareholder	0.25%
14	Mrs. Israt Ahmed	Sponsor Shareholder	0.25%
15	Dr. Fahmida Haque	Sponsor Shareholder	0.25%
16	Mrs. Ela Haque	Sponsor Shareholder	0.25%
17	Mr. Niranjan Chandra Saha	Sponsor Shareholder	0.25%
18	Mrs. Salina Maksuda	Sponsor Shareholder	0.25%
19	Mr. Basudev Saha	Sponsor Shareholder	0.25%
20	Reedisha Knitex Ltd. (Rep. by: Mr. Rezaul Karim)	Sponsor Shareholder	5.00%
21	Mondol Fabrics Ltd. (Rep. by: Mr. Abdul Momin Mondol)	Sponsor Shareholder	5.00%
22	Liberty Knitwear Ltd. (Rep. by: Mrs. Ferdous Ara)	Sponsor Shareholder	5.25%
23	That's It Sportswear Ltd. (Rep. by: Mr. Md. Kamal Hossain)	Sponsor Shareholder	5.00%
24	Refat Garments Ltd. (Rep. by: Mrs. Shahnaj Parveen)	Sponsor Shareholder	5.00%
25	Hazrat Amanat Shah Spinning Mills Ltd. (Rep. by: Mrs. Lutfa Begum)	Sponsor Shareholder	5.00%
26	Garment Export Village Ltd. (Rep. by: Mr. A.K.M. Badiul Alam)	Sponsor Shareholder	5.00%
27	Beq Knit Ltd. (Rep. by: Mr. Hafizur Rahman Sarker)	Sponsor Shareholder	4.75%
28	Popular Pharmaceutical Ltd. (Rep. by: Dr. Mostafizur Rahman)	Sponsor Shareholder	5.00%
29	Mr. Master Abul Kashem	Sponsor Shareholder	4.63%
30	Mr. Mohammed Jamal Ullah	Sponsor Shareholder	4.02%
31	Al-haj Mohammed Issa Badsha	Sponsor Shareholder	0.21%
32	Mr. Ahsan Khan Chowdhury	Sponsor Shareholder	5.00%
33	Mr. Md. Wahid Miah	Sponsor Shareholder	5.00%
34	Mother Steel Limited (Rep. by: Mrs. Nigar Sultana Daizy)	Shareholder	0.37%
35	Azan Limited (Rep. by: Mrs. Salma Issa)	Shareholder	0.37%
36	Ms. Mutaffin Issa	Shareholder	0.21%
37	Ms. Moomtahina Issa	Shareholder	4.21%
38	Mrs. Shahnaz Jamal	Shareholder	0.31%
39	Mr. Walid Mohammed Shamuel	Shareholder	0.35%
40	Mrs. Fariha Nousheen	Shareholder	0.31%
	Total		100%

THE BOARD OF DIRECTORS



THE BOARD OF DIRECTORS



Mrs. Nilufer Zafarullah
Chairman

Mrs. Nilufer Zafarullah is the Chairman of Midland Bank Ltd. An Architect by profession, Mrs. Zafarullah has contributed to education and development for over 26 years. She is renowned for her humanitarian effort. She is a member of the Board of Trustees of Independent University Bangladesh (IUB) and Chittagong Independent University (CIU). She is also a Director of Hong Kong Shanghai Manjala Textiles Ltd. and Donor Trustee of Begum Zebunnesa & Kazi Mahabubullah Jono Kallyan Trust.

As a life member of Zonta International, a worldwide organization for executives in the business profession, Mrs. Nilufer Zafarullah provided her services to improve legal, political, economics, health and professional status of woman at the global and local levels. Her leadership competence was evident when she served Zonta International District 25 comprising of Bangladesh, India, Nepal and Srilanka Area 02 as Director and District 25 as Lt. Governor from 1994-96 and 2006-08 respectively.

She was a Member of the National Parliament in the 9th and 10th Parliament. She also served as the Chairman of the Parliamentary Standing Committee for the Ministry of Foreign Affairs, Government of Bangladesh from 2012-13, in the ninth Parliament.



Master Abul Kashem
Vice Chairman

Master Abul Kashem is the Vice Chairman of Midland Bank Ltd. He is also a member of the Executive Committee of Midland Bank Limited. He has over 27 years of experience in the Iron & Steel industry. He was the highest tax payer in Chittagong District for four times - three consecutive years - 2009, 2010 & 2011 and recently for the year of 2016. He is a member of the Chittagong Seniors' Club Limited, a life member of Sitakunda Samity Chittagong and Maa-O-Shishu Hospital and also a member of Sitakunda Community Police Committee. He is an Ex-member of the Executive Committee of Bangladesh Ship Breakers and Recyclers Association, Ex-President of Shitalpur High School and Shitalpur Gouchia Madrasha, Shitakunda, Chittagong.

Currently he is associated with the following organizations:

Chairman
Mother Steel & Oxygen Ltd.

Managing Director
Mother Steel Limited.

Shareholder
AIBL Capital Market Services Ltd.

Proprietor
MAK Corporation
Master Steel Re-Rolling Mills



Dr. Kazi Shahidullah
Director

Dr. Kazi Shahidullah is a Sponsor Director and Chairman of the Board Audit Committee of Midland Bank Limited. Dr. Shahidullah, currently the Chairman of University Grants Commission (UGC) of Bangladesh, is a well-known academic and Ex-Professor of History at Dhaka University. He was previously Vice-Chancellor of National University from 2009 to 2013. Professor Kazi Shahidullah holds an M.A. degree from the University of British Columbia and a Ph.D from the University of Western Australia. He is a Director of Hong Kong Shanghai Manjala Textiles Ltd. He is an active member of the community and a proponent of higher education. Dr. Shahidullah participated in many high profile seminars and workshops at home and abroad. He is associated with various social and cultural organizations. He is a life member of Begum Zebunnesa & Kazi Mahabubullah Jono Kallyan Trust, Bangladesh Itihas Samity and Asiatic Society of Bangladesh.



Kazi Omar Zafar
Director

Mr. Kazi Omar Zafar is a Sponsor Director and a member of the Executive Committee of Midland Bank Ltd. After completing B.F.A. Degree from Clark University in the USA, Mr. Kazi Omar Zafar started his early career as an exhibiting artist in New York. His 21 years business career began with ship management in Greece and in Bangladesh as the Managing Director of Refresh 360 Ltd, that ran as a 3D animation company for few years. During in his formative business years also he ran the Reliance Textile Industries, after which he went back to Greece and then shortly returned to Bangladesh as consultant for Chinese firms; whereby successfully implemented Bangladesh's first large scale Chinese G to G investment in the Fertilizer sector. Mr. Zafar is one of the active Directors of Hong Kong Shanghai Manjala Textiles Limited (HSMTL). Mr. Zafar has ventured into the energy business as CEO, where his family owned company Hongkong Shanghai Manjala Power Limited (HSMPL) has recently signed agreement with GOB to implement offshore LNG Terminal project. Simultaneously, Mr. Zafar is working with various foreign JV partners for the LNG business and for future energy infrastructure business in Bangladesh. Mr. Zafar, is an energetic and promising entrepreneur and apart from his numerous business interests in Bangladesh and abroad, Mr. Zafar is also an avid sportsman who constantly participates in Squash tournaments. Mr. Zafar is compassionate about social responsibility and contributes to philanthropic services for the underprivileged women and children. This apart, he has affiliation with a number of social groups. He has visited a good number of countries across the globe on different occasions of businesses. He is a donor trustee of Begum Zebunnessa and Kazi Mahabubullah Jono Kallayan Trust.
Currently he is associated with the following organizations:

Chairman
Kalypso Limited

Managing Director
Hongkong Shanghai Manjala Power Limited (HSMPL)

Director
Hon Kong Shanghai Manjala Textiles Limited (HSMTL)



Mr. Mohammed Jamal Ullah
Director

Mr. Mohammed Jamal Ullah is one of the Sponsor Director and member of risk Management Committee of Midland Bank Limited. His core business interests includes manufacturing and trading of commodities. He earned notable name and fame in the business community for his integrity, devotion and sincerity for a span of 40 years. Mr. Mohammed Jamal Ullah has a deep affinity and attachment with various sociocultural organizations. He is a life member of Chattogram Maa-O-Shishu Hospital, Chittagong Diabetic General Hospital, Bhatiary Golf & Country Club and Chittagong Boad Club.
Currently he is associated with the following organizations:

Managing Director
- Silver Dal Mills Limited
- Ishfar Oil Mills Limited
- Shehzad Food Products Limited
- Silver Bell Properties Limited

Director
- Asia Insurance Limited

Proprietor
- Bismillah Store
- M/s Mohammed Jamal Ullah



Mr. Kazi Raihan Zafar
Director

Mr. Kazi Raihan Zafar is a Sponsor Director of Midland Bank Ltd. joined the Board of Directors with effect from 24 March 2019. He completed B.F.A. Degree from Parsons School of Design, New York, USA. Since returning to Bangladesh, Mr. Zafar is engaged in his family owned Textile business i.e. Hong Kong Shanghai Manjala Textiles Limited (HSMTL) as one of the active Directors. He is also a Director of Hongkong Shanghai Manjala Power Limited (HSMPL). The power company has agreement with GOB to implement offshore LNG Terminal project. Simultaneously, Mr. Zafar is working with various foreign JV partners for the LNG business and for future energy infrastructure business in Bangladesh. Mr. Zafar is an energetic and promising entrepreneur and apart from his numerous business interests in Bangladesh and abroad, Mr. Zafar is compassionate about social responsibility and contributes to philanthropic services for the underprivileged women and children and has affiliation with a number of social groups. He has visited a good number of countries across the globe for businesses purpose. He is a donor trustee of Begum Zebunnessa and Kazi Mahabubullah Janakalyan Trust.
Currently he is associated with the following organizations:

Director:
- Hong Kong Shanghai Manjala Textiles Limited (HSMTL)
- Hongkong Shanghai Manjala Power Limited (HSMPL)



Mr. Ahsan Khan Chowdhury
Director

Ahsan Khan Chowdhury was born in Dhaka, Bangladesh on September 6, 1970. He is the Chief Executive Officer & Chairman of PRAN-RFL Group, one of the leading business conglomerates in Bangladesh. Mr. Chowdhury initially studied in Dhaka and later for higher studies; he went to USA where he graduated from Wartburg College Iowa in 1992.

Mr. Chowdhury started his business career in the family Real State, Food, Plastic and Light engineering business. He worked in all three fields and was extremely successful in making profitable deals for his company. Under his dynamic leadership, PRAN-RFL Group earned extensive acceptability & recognition in Bangladesh as well as globally in a short span of time. Today, it is the fastest growing corporate in Bangladesh, which contributes significantly to the socio economic development of the country. Currently the group has diversified interest in Agro-processing, Food and Plastic, Light Engineering, Banking etc. The group has its own production facilities in 13 different locations all over Bangladesh. The Group is directly employing over 95000 people and another 15,00,000 people subsists of PRAN-RFL Group.

Over the last 26 years, Mr. Chowdhury's role is instrumental in the success of the Group. By profession he is an entrepreneur, but he is a pioneer on several fronts. He is known as an executive in the fields of sales, marketing and business development. From the start of his career, he had special focus on Sales & Marketing with a strong vision to make his products and services available in every shop even the remotest parts of the country. He travels all over Bangladesh to build up the strong sales and distribution network. Today the group occupies a market share of almost 65 % of the industry in Bangladesh in spite of the tough competition of the multinational companies.

Chowdhury strongly believes that in spite of Bangladesh being the world's most densely populated and poorest country, there is a lot of potential for development if given an opportunity. Bangladesh is considered as an agro based country but now with the changing trend the economy is rapidly developing to market based economy and thus it is emerging as a strong and competitive industrial based country. Bangladesh is endowed with vast human resource in the world and if properly utilized, they can prove to be most valuable asset for the development of the economy.

After winning the hearts of millions in Bangladesh, Mr. Chowdhury focused on export market. He travelled extensively in all continents, focusing on North America, Europe, Africa, and Asia to enrich and develop the markets. Under his

Charismatic and effective leadership the group has established overseas offices in Dubai, Oman, India, Africa, Malaysia and Spain. Currently, his group is exporting its products to over 134 countries of the world. In recognition of Mr. Chowdhury's outstanding contribution in exports his company was awarded with Best Exporters Trophy for last 13 consecutive years by the government of Bangladesh.

His current mission is to emerge as the first Bangladeshi Multinational company with production facilities in different parts of the world by the year 2020. As a stepping stone, his company has successfully installed its production facility in India and Nepal.

Mr. Chowdhury's father, Late Major General Amjad Khan Chowdhury (Retd.), was a soldier turned into a businessman who started the family business in 1980 with the strong support of his mother, Sabiha Amjad, who continually worked with him to establish the business. His wife, Seema Chowdhury, is carrying out the responsibility as a Director in her husband's business, contributing to the success of all industrial ventures. This couple has two daughters, Samia and Sameen who are also planning to join their father's business after completing their studies in Canada.

Mr. Chowdhury is an active member of all Trade and Commerce bodies, associations & clubs in Bangladesh. He is involved in many socio-economic activities to serve the community. He is deeply involved in every aspects of his business on regular basis, working hand in hand with his employees. He works long hours and starts his day very early and work till late night. He can be described as a successful and energetic entrepreneur, workaholic, and hands on manager. He is an optimistic and has a very pleasant personality.

Mr. Khan is associated with the following Companies of PRAN-RFL Group:

Advance Personal Care Limited	Rangpur Foundry Limited
Agricultural Marketing Co. Ltd	Accessories World Limited
Banga Agro Processing Limited	Gonga Foundry Limited
Banga Bakers Limited	Getwell Limited
Banga Miller Limited	Trade Environment Limited
Chorka Fashions Limited	AKC (Pvt.) Limited
Chorka Textile Limited	AKC Management Limited
Habiganj Agro Limited	Allplast Bangladesh Limited
Habiganj Textile Limited	Banga Building Materials Limited
Mymensingh Agro Limited	Banga Plastic International Limited
Natore Agro Limited	Habiganj Ceramics Limited
Natore Dairy Limited	Habiganj Glassware Limited
PRAN Agro Limited	Multi -Line Industries Limited
PRAN Agro Business Limited	RFL Construction Limited
PRAN Beverage Limited	RFL Electronics Limited
PRAN Confectionery Limited	RFL Exports Limited
PRAN Dairy Limited	Rangpur Metal Industries Limited
PRAN Exports Limited	RFL Plastics Limited
PRAN Foods Limited	Durable Plastic Limited
Packmat Industries Limited	Habiganj Metal Industries Limited
Sylvan Agriculture Limited	Logi-Care Overseas Limited
Sun Basic Chemicals Limited	Bangladesh Lift Industries Limited
Sylvan Technologies Limited	Property Development Limited
Sylvan Poultry Limited	Career Builders Limited
Banga Trading House Limited	Advance Personal Care Ltd.



Mr. Md. Wahid Miah
Director

Mr. Md. Wahid Miah is a Sponsor Director and a member of the Executive Committee of Midland Bank Limited. He is a very successful businessman and has over 32 years of experience in Textiles (BCI, ORGANIC YARN FRON CONTROL UNION: GOTS & OCS, OEKO-TEX, CONTROL UNION, AUSTRALIA) Jute Mills, Garments, Ship, Construction, Transport, Filling Station, Heavy Equipment, Engineering and Brick industry of the country. Under his dynamic Management, Karim Jute Spinners Ltd. (ISO 9001: 2015 certified) was awarded 'Agrani Bank Trophy' for being best export performers in 2010 and won 'National Export Trophy' for three times, i.e. 2011-12, 2013-14 and 2014-15 as recognition for being largest exporters of Jute yarn. Mr. Md. Wahid Miah is a humanitarian who is passionately involved in encouraging social awareness. Mr. Wahid regularly donates to educational institutions and promotes women's education. He is one of the largest donors to Muslim Missions and educational institutions. He is a life member of Faridpur Diabetic Samitee and an Executive Member of Bangladesh Textile Mills Association.

Currently he is associated with the following Organizations:

Managing Director:
- Al Haj Karim Textiles Ltd.
- Abdul Karim Ltd.
- Wahid Construction Ltd.
- Karim Shipping Lines Ltd.
- Karim Asphalt & Ready Mix Ltd.
- Karim Energy Limited.
- Karim LP Gas Ltd.

Director:
- Karim Jute Spinners Ltd.
- Hypoid Composite Knit Ltd.
- JK Jute and Burlap Ltd.

Proprietor:
- Karim Trading
- Jobaida Filling Station
- J.K Filling Station
- Karim Filling Station
- M/S Md. Wahid Miah

President:
- Faridpur Chamber of Commerce & Industries

Secretary:
- South Bengal Patrol Pump Owners Association

Secretary General:
- Bangladesh Container Ship Owners Association (BCSOA)

Joint Secretary:
- Bangladesh Petroleum Tankers Owner Association
- Faridpur Muslim Mission, Faridpur

Executive Member:
- Tarar Mela Ishan Memorial School, Faridpur
- Faridpur Club, Faridpur.
- Shabjan Nesa Mohila Madrasa, Faridpur
- Bangladesh Contractor Association
- Faridpur Bus-Truck Owners Association
- Faridpur Bus Owners Association
- Faridpur Truck Owners Association

Member:
- Federation of Bangladesh Chambers of Commerce and Industries (FBCCI)
- Standing Committee on 2017-2019 Ministry of Foreign Affairs (Europe & North America), International Organization.
- Bangladesh Textiles Mills Association-Standing Committee on
  1. Labour & Law
  2. Logistic & Infrastructure
- Sub-Committee on Arbitration to Mediate Dispute among the member mills

Sponsor & Life Member:
- Heart Foundation, Faridpur
- Sufl Club, Faridpur
- Sandhani Club, Faridpur
- Faridpur Diabetic Shametti
- Faridpur Diabetic Shametti, Faridpur
- Faridpur Muslim Mission, Faridpur

Honorable Member
- Bangladesh Jute Spinners Association
- Dhaka Club, Dhaka
- India Bangladesh Chamber of Commerce
- Kurmitola Golf Club



Mr. Rezaul Karim
Director

Mr. Rezaul Karim is a member of the Board of Directors of Midland Bank Limited as the Nominee Director of Reedisha Knitex Limited. He is also the "Chairman of the Executive Committee" of the Bank. He is a well-known and respected personality in the business community of Bangladesh for more than 39 years.

Presently he is holding the following portfolios in different organizations:

Chairman:
- Board of Trustees, Southeast University Trust
- Board of Trustees, Southeast Asia Foundation
- Bangla Tel Limited
- Jibondhara Solutions Limited
- BD Link Communication Limited

Vice Chairman:
- Islami Commercial Insurance Company Limited

Managing Director:
- Kohinoor Chemical Company (BD) Limited
- Reedisha Knitex Limited
- P.A. Knit Composite Limited
- Reedisha Textipe Limited
- Reedisha Spinning Limited
- Reedisha Blended Yarn Limited
- Reedisha Foods & Beverages Limited
- Reedisha Printing and Packaging Limited

Director:
- Chartered Life Insurance Company Limited

Proprietor
- Reedisha Trading and Distribution Co.

President:
- Bangladesh Cosmetics and Toiletries Manufacturers Association

Adviser:
- Banani Society and Gulshan Joggers Society

Member:
- Dhaka Chamber of Commerce and Industry (DCCI)
- India-Bangladesh Chamber of Commerce and Industry (IBCCI)
- Bangladesh Textile Mills Association (BTMA)
- Bangladesh Garments Manufacturers and Exporters Association (BGMEA)
- Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA)
- Banani Club Limited



A.K.M. Badiul Alam
Director

On completion of post-Graduation with Honours in Management from Dhaka University, **Mr. A.K.M. Badiul Alam** chosen "Business" as his profession. Glorious family background of Kasba, Brahmanbaria has inspired him to go forward. He established a small textile weaving unit in 1984. Thereafter, he turned his business line to the trend of national demand of the time. He has a successful story in marketing, networking for exporting RMG's as well as in Apparel Manufacture. AMTRANET GROUP now is one of the prominent RMG Exporter from Bangladesh.

Mr. A.K.M. Badiul Alam is a member of the Board of Directors of Midland Bank Limited as the nominee Director of Garments Export Village Limited. He is also member of the Executive Committee of the Board of Directors of the Bank.

His initiatives have created employment too many unemployed and made unskilled workers to valuable workforce who are now rendering their labour and efforts for development of the national economy. Besides RMG Manufacturing and exporting, Mr. Alam also taken initiatives to establish companies relating to Electricity generation, Oil refinery. He has also involved with the Medical service, Technical education, traditional and International standard basic educational institutions. He has earned name & fame by voluntary welfare service to his local native people.

For extra ordinary performance in RMG Export, recently Mr. Alam has been awarded CIP status by the Ministry of Commerce, Government of Peoples Republic of Bangladesh.
Presently he is holding position in the following companies/institutions:

Chairman:
- Garments Export Village Limited.
- Power Vantage Wear limited.
- Amtranet Limited.
- Bravo Apparel Manufacturer Limited.

Director:
- Shahjibazar Power Co. Limited.
- Petromax Refinery Limited.
- Zenith Islami Life Insurance Limited.
- Eden Multi Care Hospital (pvt.) Limited.
- Australian International School, Dhaka.
- Tiger Tours Ltd.
- Imperial Capital Ltd

Founder:
- Badiul Alam Science and Technical Institute.



Mrs. Shahnaj Parveen
Director

Mrs. Shahnaj Parveen is a Member of Board of Directors of Midland Bank Limited as the Nominee Director of Refat Garments Ltd. She is also a Member of the Risk Management Committee of the Bank.

Currently Mrs. Shahnaj Parveen is associated with the following organizations:

Executive Director:
- Refat Garments Ltd.
- Bango Engineering Co. Ltd.

Shareholder:
- Next Collections Ltd.
- Next Garments Ltd.



Mr. Md. Kamal Hossain
Director

Mr. Md. Kamal Hossain is a Member of Board of Directors of Midland Bank Limited as the Nominee Director of That's It Sportswear Ltd. He is also a Member of Board Audit Committee of the Bank.

Currently Mr. Md. Kamal Hossain is associated with the following organizations:

Executive Director:
- That's It Sportswear Ltd.

Shareholder:
- Ha-Meem Travel Ltd.
- Explore Lingerie Ltd.
- Fauji Chatkal Ltd.
- M H Sports Wear Ltd.
- M H Design Ltd.
- MH Jute Mills Limited
- Modern Cargo Carrier Limited

Mrs. Lutfa Begum
Director

Mrs. Lutfa Begum is a member of Board of Directors of Midland Bank Limited as the Nominee Director of Hazrat Amanat Shah Spinning Mills Ltd. She is also a Member of the Board Audit Committee of the Bank.

Currently Mrs. Lutfa Begum is associated with the following organizations:

Director:

- Hazrat Amanat Shah Spinning Mills Ltd.
- Amanat Shah Weaving Processing Ltd.
- Standard Company Ltd.
- Amanat Shah Fabrics Ltd.
- Hazrat Amanat Shah Securities Ltd.

Proprietor

- M/S Goldenaize Entreprise



Mr. Hafizur Rahman Sarker
Director

Mr. Hafizur Rahman Sarker is a Member of the Board of Directors of Midland Bank Limited. He represents Beq Knit Limited in the Board. Mr. Sarker is a renowned businessman in Bangladesh who started his career in 1988 having more than 31 years' experience in the Garments, Textiles and IT sectors. Being an industrialist and member of various business and social organizations like BGMEA, BTMA, DCC, Gulshan Club, Uttara Club, Kurmitola Golf Club and Savar Golf Club (SGC). He has been contributing to the national economy, job creation and socio-economic development of the country and is a well-travelled person and visited Europe, USA, Australia, China, and many Asian countries. Among others, he is the founder member of the following organizations:

Sponsor Shareholder:

Meghna Bank Ltd.

Chairman:

Lusaka Group

Managing Director:

- Beq Knit Ltd.
- Beq Fabrics (Pvt.) Ltd.
- Beq Sweaters Ltd.
- C.K. Sweaters Ltd.
- Legato Services Ltd.



Mr. Mahbubul Hady Fazle Rab
Independent Director

Mr. Mahbubul Hady Fazle Rab joined the Board of Directors of Midland Bank Limited with effect from 06 December 2018. He is a career Banker having diversified experience in Risk Management, Credit Administration, Risk Assessment and Structuring with multi-country experience. Initially he started his job with American Express Bank, Dhaka in 1991 and later served Standard Chartered Bank and Barclays Bank in Dubai in various responsible positions. Before retirement from his 25 years banking career, he served at Al Hilal Bank, Abu Dhabi, UAE as Senior Vice President- Corporate Credit. At present, he is engaged in consultancy through his own firm i.e. RAB Consulting, FZE, RAK, UAE. Mr. Mahbubul Hady Fazle Rab is an MBA with major in Finance from IBA, University of Dhaka.



Mr. Nazimuddin Chowdhury
Independent Director

Mr. Nazimuddin Chowdhury joined the Board of Directors of Midland Bank Limited with effect from 26 February 2019. He is also a member of the Board Audit Committee. As a veteran Civil Servant, he has experience in working at the highest level of the Government. He served in different ministries in his career which includes Ministry of Agriculture, Defense, Health and Family Welfare, Commerce, Railway, Establishment, ERD, Women and Children Affairs, Home Affairs and Energy and Mineral Resources. Before retirement from the Government Service, he served as the Secretary of Ministry of Energy and Mineral Resources. Mr. Nazimuddin Chowdhury has vast experience in the role Director of different Government and private sector companies which includes Bangladesh Infrastructure Finance Fund Limited (BIFFL) and MJL (BD) Limited. He also served as the Chairman of the Board of Directors of Omera Petroleum Limited.

Mr. Nazimuddin Chowdhury earned his Masters is Arts in History with Honours from University of Dhaka. He has also earned a second Masters degree in Government Financial Management from University of Ulster, Northern Ireland, UK.



Ms. Anushka Mehreen Zafar
Director

Ms. Anushka Mehreen Zafar is a Sponsor Director of Midland Bank Ltd. joined the Board of Directors with effect from 24 March 2019. She has an M.A. in Health Communication from Emerson College, Boston, USA. After returning to Bangladesh she worked in different Non-Government Organization and contributed in the Health sector of the country. Ms. Anushka Mehreen Zafar has considerable social affiliations. She has travelled widely across Asia, Europe and North America on professional and personal trips. With a compassion for the underprivileged, she is involved in various philanthropic work in the community. She is a Donor Trustee of Begum Zebunnessa and Kazi Mahabubullah Janakalyan Trust.



Mr. Md. Ahsan-uz Zaman
Managing Director & CEO

Mr. Md. Ahsan-uz Zaman is the Managing Director & CEO of Midland Bank Limited (MDB). Prior to joining MDB, Mr. Ahsan-uz Zaman was working for Mutual Trust Bank (MTB) as Additional Managing Director with responsibility for business catering to companies and individuals, International Trade Services, Information Technology and Alternative Delivery Channels. He initially joined MTB as Deputy Managing Director in July 2009 and was instrumental in developing existing and new client relationships, new business initiatives, assist in recruiting key officers, providing strategic direction and managing risk by chairing various Committees of the Bank. Prior to MTB, Mr. Ahsan-uz Zaman worked for Bank of America in New York, at its Global Wealth and Investment Management Division with responsibility for business across a wide assigned territory. He has diversified banking experience, having worked at home and abroad, serving JP Morgan Chase Bank, Morgan Stanley, BNP Paribas and ANZ Grindlays Bank where he joined as a Management Trainee in Dhaka in 1982. Mr. Ahsan-uz Zaman completed his MBA from the Institute of Business Administration of University of Dhaka and is an accredited mediator. He attended seminars on Risk Management and Capital Markets conducted by BNP Paribas in New York and received credit training conducted by ANZ Grindlays Bank in London, Melbourne and Mumbai including training courses on deposits, operations management, foreign trade, foreign exchange and presentation skills.

Committees of the Board of Directors

The Executive Committee

Sl.	Name	Designation
1	Mr. Rezaul Karim	Chairman
2	Mr. Kazi Omar Zafar	Member
3	Master Abul Kashem	Member
4	Mr. Ahsan Khan Chowdhury	Member
5	Mr. Mahbubul Hady Fazle Rab (Independent Director)	Member
6	Mr. A.K.M. Badiul Alam	Member

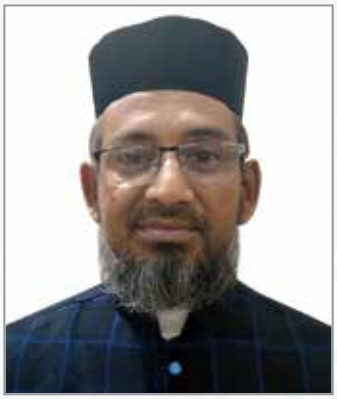
The Audit Committee

Sl.	Name	Designation
1	Dr. Kazi Shahidullah	Chairman
2	Mr. Nazim Uddin Chowdhury (Independent Director)	Member
3	Mr. Wahid Miah	Member
4	Mrs. Lutfa Begum	Member
5	Mr. Md. Kamal Hossain	Member

The Risk Management Committee

Sl.	Name	Designation
1	Mr. Ahsan Khan Chowdhury	Chairman
2	Mr. Mohammed Jamal Ullah	Member
3	Mrs. Shahnaj Parveen	Member
4	Mr. Hafizur Rahman Sarker	Member
5	Mr. Kazi Raihan Zafar	Member

The members of the Shariah Supervisory Council



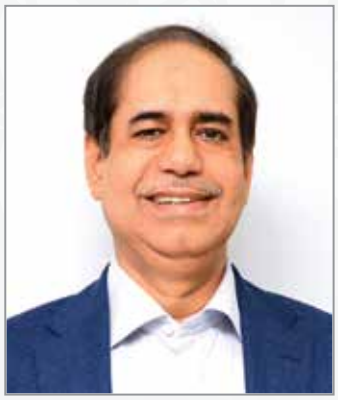
Professor Dr. Muhammad Abul Kalam Azad
Chairman



Dr. Muhammad Nazrul Islam Al-maruf
Member



Mr. N K A Mobin FCA, FCS
Member



Mr. Rezaul Karim
Member



Mr. Md. Ahsan-uz Zaman
Member

The Profile of Shariah Supervisory Council Members

Professor Dr. Muhammad Abul Kalam Azad - Chairman

Professor Dr. Muhammad Abul Kalam Azad, an eminent Islamic scholar and educationist of the country, is the Chairman of the Shariah Supervisory Council of Midland Bank Limited. He is also the current Chairman of the Shariah Supervisory Board of Islami Bank Foundation since 2018. During his 25-year education career, he was posted in different Government Colleges including Govt. Kobi Nazrul College and Govt. Jagannath College as BCS (Education) cadre, teaching Islamic Studies. He also served as the Chairman of the Department of Islamic Studies of Jagannath University in 2018-2019 term and is currently a Professor of the Department.

Mr. Abul Kalam Azad has completed his BA (honors) and Masters degree in Dawah and Islamic Studies from Islamic University, Kushtia. He also completed post-graduation securing 1st place with distinction in Arabic under Islamic University of Madinah Munawwarah, Saudi Arabia. He earned his Phd from the University of Dhaka in 2011. He has written many Islamic research papers and translated books into Bangla. He has publication in numerous local and international Islamic journals. He has also contributed to different initiatives of Islamic Foundation as Author of Islamic books and trainer of workshops and as a member of different committees like 'Fatwa Committee' and 'Research Committee' on many occasions.

Dr. Muhammad Nazrul Islam Al-maruf - Member

Dr. Muhammad Nazrul Islam Al-maruf, an eminent Islamic scholar and educationist of the country, is one of the Member of the Shariah Supervisory Council of Midland Bank Limited. Presently he is serving as Principal of Darul Ulum Hossainiah Kamil Madrasa, Mohakhali, Dhaka. After completing his initial education with outstanding result (Board Stand 2nd to 6th place) in all public exams under the Madrasah Education Board, he went to Islamic University of Madinah Munawwarah, Saudi Arabia and earned 1st class in Licentiate (4 years' graduation). After returning home he achieved MA in Islamic Studies from the University of Dhaka (1st Class 3rd place). He also earned his Phd from the University of Dhaka in 2011.

Previously he served as the guest visiting professor of Asian University of Bangladesh and Acting Vice Chancellor America Bangladesh University. He is a member of the examination committee of Bangladesh Madrashah Education Board and Islamic University, Kushtia. He is one of the authors of the Madrashah Education Board text books. His book 'Fatwa and Masail' published by Islami Foundation, Bangladesh is one of the renowned books amongst the Muslims of our country.

Mr. N K A Mobin FCA, FCS - Member

Mr. N K A Mobin FCA, FCS is the Managing Director & CEO of Emerging Credit Rating Ltd. (ECRL), a pioneer Credit Rating company in Bangladesh. Starting his professional career in 1982, he served at KPMG, Dhaka Match Industries Co. Ltd., Karnaphuli Fertilizer Co. Ltd. (KAFCO), Novartis Bangladesh Limited and lastly Grameenphone Ltd. as Finance Director and Company Secretary for more than 26 years before starting his own rating company. Mr. Mobin has vast experience in working with diverse types of Board of Directors as Independent and Government Nominated Director. At present he is serving as Independent Director in the Board of Mobil-Jamuna Lubricants (Bangladesh) Limited from 2019, Shasha Denims Ltd. from 2017 and is a Government Nominated Director in Biman Bangladesh Airlines Limited since 2016. He is the Senior Vice President and Board member of Dhaka Chamber of Commerce & Industry (DCCI) for 2020-22 term.

Mr. N K A Mobin earned his MBA and BBA in Finance from University of Dhaka. He completed three executive MBA programmes in different arenas from Stockholm Business School, Sweden, National University of Singapore and INSEAD (France). He also completed Management course from AOTS/HIDA in Japan. Mr. N K A Mobin is the Fellow member of Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Chartered Secretaries of Bangladesh (ICSB).

Note: Profile of Mr. Rezaul Karim and Mr. Md. Ahsan-uz Zaman, the other two members of Shariah Supervisory Council furnished in the Profile of Directors.

From the desk of the Chairman

Honorable Shareholders, Partners and Colleagues,

Assalamu Alaikum,

This is a matter of privilege and pleasure for me to present before you the Annual Report together with all relevant financial statements for the year 2019 reflecting the feat of performance of the bank.

I recall with the debt of gratitude of the contribution that all our sponsor shareholders made to take our beloved institution to the sustainable and consistent growth trajectory. We are aware that banking and financial institutions are facing challenging situation due to overall macro and micro economic conditions but we always intend to keep high our confidence level which I believe to be immensely helpful to wade the choppy waters and thereby navigate the institution in the right direction as desired by all our shareholders/ stakeholders. We always attach topmost importance on acquiring the confidence of the general public which we consider is not way below the importance of monetary capital. We believe in ensuring expected level of good corporate governance which is undoubtedly a value laden concept and that we nourish, nurture and practices for the betterment of financial health of our bank.

In the year 2019, we endeavored to consolidate our balance sheet status by way of reining in the growth of NPLs, which we consider to be the drag on the financial health of the banks and financial institution at large. Keeping this objective in view our Board always gives the management prudential policy guidance and I do appreciate the relentless efforts that the management had made during the immediate past year and which made it possible to downsize our NPLs within the threshold of below 2 percent. But there is no scope of complacency as even more challenging situation is still awaited for us and which will have to be tackled with utmost prudency and professional wisdom.

I take this opportunity to emphasize on expansion of the size of our balance sheet which is of imperative need to ensure sustainable growth with resilient foundation by striking balance between two diametrically opposite factors of liquidity and profitability. As a banking financial institution we are in the business of risk and guided by the policy of ensuring risk and return trade off in the right perspective. I consider for the sake of expediting the growth process we should not be risk averse rather we want to create good risk management culture within the institution for ensuring proper identification of risk and corresponding mitigation to attain the bottom line target towards optimization of profitability.

It reveals from the report published by UNCTAD that 2019 experienced weakest economic growth in a decade and there has been an apprehension that this slow pace of growth tendency may turn out as outright contraction in 2020. The report emphasizes that the policymakers of the developed and developing countries should take preemptive measures to deal with the fallouts from trade wars between US and China, Brexit, currency gyration and movements of interest rates in a long run. The report also highlighted that slow pace of growth in major economies including the US indicate the reliance on flexible monitory policy and asset prices to stimulate demand at best generates ephemeral growth but not necessarily be sustainable. Another citable example is that corporate income tax cuts so far failed to trigger any investment spree in the real economy. The US, the largest economy of the world, accounting for 24 percent of global economy recorded 2.30 percent growth in 2019 and appreciating the overall trend it is expected that US economy will experience growth of 1.9 percent this year as against the targeted goal of 3 percent. China, the second biggest economy in the ranking accounting for 16 percent of global GDP has now become cause of concern, specially the aftermath impact of the

Coronavirus has put snag on the economy. Japan the world's third largest economy has also experienced downside growth, which is expected to grow by 0. 60 percent this year compared to 1 percent in 2019. The economy of Japan has been hard hit by the US-China trade war. Germany, the world's fourth largest economy and the driving force for Eurozone narrowly saved from technical recession in 2019. All the available data indicate the dismal growth prospect.

Bangladesh is expected to graduate from least developed country and consequentially will enjoy the status of developing country in 2024. The country is set to achieve GDP growth rate of 9.9 percent and thereby to reach to the trajectory of high income country by 2041. In between 2021 and 2041 the country is destined to achieve sustainable development goals by 2030 and thereby becoming upper middle income country. Our all those targets are not necessarily the dream, but we believe we have that much potentiality and prospect to reach to the most desired level of growth trajectory in the process of graduation by exploring all the available opportunities in the mist of resource constraints. Our Government is very much committed to realize the targets both from short and long term perspective into a reality.

Globally no major setback suffered by Bangladesh economy during 2019, which is largely due to limited degree of globalization and integration with the outer world. The reverberation of destabilization caused by President Trump unilateral trade policy contributed to the turbulence of the global economy affecting the export front to some extent. According to Bangladesh Bureau of Statistics (BBS), exports from Bangladesh registered decline by 7.6 percent in the first five months of the current fiscal while imports slid by 3.20 percent during the same period. Bangladesh has witnessed export led economic growth in recent years mainly driven by the private sector.

The increase in GDP by 8.13 percent is most likely the result of huge public sector investment as a good number of infrastructure related mega projects are in the process of implementation. In the real sense of the term private sector investment bears immense importance to ensure sustained growth of the economy and creation of employment opportunities. In the recent past, private sector investments has declined which is largely the result of liquidity crisis and shoot up of NPLs. The private sector investment growth had increased merely by 0.38 percent i.e. from 23.26 percent in the fiscal year 2017-18 to 23.54 percent during 2018-19. It is noticeable that strong growth momentum of remittance during the period has replenished the gap in export earnings. Inflow of remittance jumped around by 23 percent in the first four months of the current fiscal. Remittance earning stood at 20 billion dollar at the yearend 2019 which is largely due to the impact of depreciation of taka and introduction of cash incentive on remittance earning at the rate of 2 percent.

During 2019, the Bank logged in operating profit of BDT 1,268.52 million and posted net profit after tax at BDT 557.41 million. The Bank earned distributable profit of BDT 348.18 million, down from BDT 425.52 million in 2018. Total deposit rose by 10.98 percent to BDT 39,500.76 million from BDT 35,592.17 million in 2018. Loans and advances marginally increased by 2.17 percent to BDT 31,749.64 million from BDT 31,074.67 million in 2018. Amount of fee based income were sustained, earned BDT 386.07 million in 2019 compared to BDT 385.45 million in 2018. Shareholders' equity rose to BDT 7,038.36 million from BDT 6,486.64 million, with an increase of 8.51 percent. Unlike many of our peer competitors, we were well-capitalized, deposit funded and liquid. MDB's capital management framework was intended to ensure best composition capital in relation to business growth. Bank's Capital to Risk Weighted Assets Ratio (CRAR) stood at 21.13 percent against minimum requirement of 12.50 percent per Basel iii compliance. Return on Assets (ROA) and Return of Equity (ROE) stood at 1.05 percent and 8.24 percent, respectively. In an adverse scenario of Non-Performing Loan (NPL) in the banking industry of Bangladesh, MDB was able to maintain its NPL below 3 percent (2.64 percent), compared to an industry average of 10.30 percent. At the end of 2019, our number of branches stood at 33 (thirty three)

including 18 (eighteen) rural branches, 15 (fifteen) urban branches, 1 (one) sub branch and 43 Agent Banking Centres covering strategically important locations of the country. The Bank ramified its service network by setting 37 (thirty seven) ATM Booths, 5 (Five) Bill Collection Centers and ensure customers access to over 6,000 ATMs through Q-Cash.

We have put on the agenda of our priority as to become a tech-savvy bank and in this direction we are endeavoring to digitalize the banking transaction within our all limitations and constraints. We believe that proper setting of strategic objectives in sync with the emerging realities will definitely be instrumental to make our position distinctive in the banking industry. We are not oblivious of the immense importance of human capital alongside the technological innovation for ensuring better synergy towards attainment of desired result with cost-efficiency.

In the present overall context, Money laundering stands as a threat for any financial institutions as money launderers use the financial intermediaries as a vehicle to attain their ill-conceived and mala fide objectives which eventually affect the reputation of the concerned financial institution. From the very outset we are very much alley regarding the consequential effect of money laundering and taking of preemptive measures to restrain the heinous attempts of money laundering and terrorist financing. In this direction, we have taken measures for creation of awareness among the rank and file of employees by arranging training program and workshops. Money launderers adopt even more sophisticated and innovative means for layering their activities or through creation of smoke screen to outwit our attempt to detect their activities. So we need to be even more proactive to apply available tools for restraining their heinous act with maximum extent of prudence and through intensification of awareness.

We in Midland Bank from the very outset prioritize to induct and practice good corporate governance as we considered it to be the pillar to give our bank a sound institutional shape with stronger footing. The art of Good Governance pre-supposes to evolve appropriate strategies through which the multiple actors/stakeholders come under common platform with resolve to figure out solution of any problem by addressing the respective area of problem with professional zeal thereby making constructive contribution to ingrain the values of good governance and that should percolate down the line of the organization. The underlying sprit of good corporate governance is to build and strengthen accountability, credibility and upholding the institutional integrity. It ensures proper delegations of authorities with proportionate responsibility among the members of the management as well as roles are well distinguished between the stakeholders representing the interest of the owners and that of the management. Good Corporate Governance presupposes to steer the affairs of the organizations in conformity with the prescribed rules and regulations and ensuring of transparency through proper accountability. Our Board of Directors as a matter of policy perception attach utmost importance on the issue of Corporate Governance and its proper practice up to the maximum possible extent to grow the organization with sustainability and its navigation in the right direction.

It is an admitted fact that financial institution by operation per se don't create any cause not contamination of the environment but its financing to the counterparties specially in different projects which are found directly responsible for carbon emission but at the same time we cannot afford to make them nonfunctional for the greater interest of the economy. In this case, Banks role bears immense importance as it has got the scope to impress upon the counterparty borrowers to adopt the appropriate technologies which can neutralize the harmful effect on the environment through emission of carbon. In other words, banks can induce the borrowers to turn their red category project greener one by practice through adoptions of appropriate technology and making it the integral part of the project cost component in case of financing. So it is very much conceivable that banks/financial institutions have got the huge and fruitful scope to build up eco-friendly project in the country and thus can ensure their role towards making contribution to build up a sound eco-friendly business

environment in the country. We in Midland Bank appreciating our scope of contribution in this sphere stay focused to play meaningful role to ensure and promote the cause of eco-friendly banking landscape.

We in Midland Bank as a policy priority nurture and promote the idea of equitable and sustained growth of the economy for ensuring allocative value of our limited resources thereby minimizing of hiatus between the haves and have nots. We believe that the banks as financial intermediary has got their role to play for ensuring equitable distribution of resources and the CSR activities may act as an effective instrument to make our contribution in this direction. To this effect we set out a part of our operating income as dedicated fund to carry out our activities under the umbrella of corporate social responsibilities. We want to be very much responsive as a corporate citizen to any call to the cause of distressed humanity.

I would like to draw conclusion by expressing my debt of gratitude on behalf of my colleagues of the Board to all our stakeholders, patrons, business partners and our most valued clienteles as without their support and patronization as well inspiration it would not have been possible for us to make progress/headway of whatever scale we have attained so forth. In the same breath, I would also express my deep sense of appreciation and gratitude to the Government of Bangladesh, Bangladesh Bank, Ministry of Finance, Bangladesh Securities & Exchange Commission (BSEC), National Board of Revenue (NBR) and other regulatory bodies for their precious guidelines, advice and relentless support. I also appreciate the contributions made by the management team and the rank and file employees of the bank for their dedicated service and hardwork, which made it possible for us to churn out the expected financial result in the face of headwinds and challenges. I am also very much thankful to my colleagues on the Board who have proved themselves as very much supportive in giving strategic policy guidance towards taking this institution to the next growth trajectory. I confidently believe that Inshallah by the grace of the Almighty and by virtue of the dedicated efforts of our professional management team we will surely succeed to materialize our goal as set to turn Midland Bank into the one of the finest financial institutions in the banking industry with resilient financial fundamentals.



Nilufer Zafarullah
Chairman

Report of the Audit Committee of the Board of Directors

Formation

The Board Audit Committee (BAC) of Midland Bank Limited was formed by the Board of Directors in its 15th Meeting held on April 26, 2014 to provide independent oversight of the company's financial reporting, non-financial corporate disclosures, internal control system and compliance to governing rules and regulations in compliance with Bangladesh Bank's BRPD circular No.11, Dated: October 27, 2013 regarding formation and responsibilities of Board of Directors of a Bank Company and in line with Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/134/Admin/44, Dated: August 07, 2012 and No. SEC/CMRRCD/2006-158/147/Admin/48, Dated: July 21, 2013 on Corporate Governance.

Organizational Structure of BAC

As per Bangladesh Bank BRPD Circular No.11, dated 27 October 2013, a 5 (Five) member Board Audit Committee (BAC) was last reconstituted in the 93rd meeting of the Board of Directors held on 26.12.2019 with the following Board Members:

SL No.	Name	Status with the Bank	Status with the Committee
01.	Dr. Kazi Shahidullah	Director	Chairman
02.	Mr. Md. Wahid Miah	Director	Member
03.	Mr. Md. Kamal Hossain	Director	Member
04.	Mrs. Lutfa Begum	Director	Member
05.	Mr. Nazim Uddin Chowdhury	Independent Director	Member

The Company Secretary acts as the Secretary of the Audit Committee of the Board.

Participation of non-members:

The Managing Director and CEO, Additional Managing Director, Chief Financial Officer and Head of ICCD attended some of the meetings on need basis.

Roles and Responsibilities of Committee

The roles and responsibilities of BAC of MDB have been framed by considering the provisions of BRPD Circular No 11 dated 27 October 2013, Corporate Governance Notification issued by BSEC on August 07, 2012, July 21, 2013 and other best practice on corporate governance guidelines and standards. Main roles and responsibilities of BAC of MDB are highlighted below in broad scale:

a) Internal Control:

- Evaluate whether management is adhering to the appropriate compliance culture by communicating the importance of internal control and risk management to ensure that all employees have clear understanding of their respective roles and responsibilities.
- Review the initiatives taken by the management for developing and maintaining a suitable Management Information System (MIS).
- Consider whether internal control strategies recommended by internal and external auditors have been implemented timely by the management.

- Review the existing risk management policy and procedures for ensuring an effective internal check and control system.
- Review the corrective measures taken by the management as regards to the reports relating to fraud-forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulators and inform the Board on a regular basis.

b) Financial Reporting

- Check whether the Annual Financial Statements reflect the concrete and complete information and determine whether they are in consistent with applicable accounting and reporting standards set by respective governing bodies and regulatory authorities.
- Meet with Management and External/Statutory Auditors to review annual financial statements before their finalization.
- Review along with management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

c) Internal Audit

- Monitor/evaluate whether internal audit functions are conducted independently from the management.
- Review the activities and organizational structure of the internal audit function and ensure that no unjustified restrictions or limitations are made on the internal audit process.
- Review and assess the annual internal audit plan and appraise the same to the Board to get approved.
- Review the efficiency and effectiveness of internal audit function.
- Review that findings and recommendations made by the Internal Auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.
- Meet the Head of ICC and the head of internal audit/monitoring as and when necessary without management being present to discuss about any issues arising from the internal audits carried out.

d) External Audit

- Review the performance of the external auditors and their audit reports.
- Consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the bank's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.
- Oversee the relationship with the external auditors including:
- Approval of their remuneration, i.e. fees for audit or non-audit services.
- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.
- Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the bank (other than in the ordinary course of business).
- Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage.
- Review the findings and recommendations made by the external auditors for removing the irregularities, if any, detected are duly acted upon by the management in running the affairs of the bank.

e) Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal circular/instructions/policy/regulations approved by the Board and Management have been complied with.

f) Miscellaneous

- Submit a compliance report to the Board of Directors on quarterly basis on regularization of the omission, fraud and forgeries (if any), and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities.

- Submit the evaluation report relating to Internal and External Auditor of the Bank to the Board.
- Supervise other assignments delegated by the Board and evaluates its own performance regularly.

Meetings of the BAC

Bangladesh Bank suggested banks to hold at least 4 meetings in a year. In the year 2019, the BAC of MDB managed to hold 04 (four) meetings and had detailed discussions and review session with the Head of Internal Control & Compliance on issues of bank affairs that need improvement. The BAC instructed management to follow those remedial suggestions and monitored accordingly.

Major areas focused by BAC in 2019 meetings:

- Recommendation regarding appointment/re-appointment of External Auditor(s) of the Bank for the period upto 7th Annual General Meeting.
- Review and recommend for recruitment of Independent Director(s) in the Audit Committee of the Board of Directors of the Bank.
- Review and recommend for approval of ICCD activity plan for the year-2019.
- Review and submit a compliance report to the Board of Directors on quarterly basis on regularization of the omission, fraud and forgeries (if any), and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities.
- Review the performance of ICCD in 2018, half yearly in 2019.
- Review the summary of audit findings by internal auditors and recommend the management for rectification.
- Review the highlight of all Bangladesh Bank Inspection reports and recommend the management for rectification.
- Review all Internal Audit and Inspection reports submitted to the Board Audit Committee.
- Follow up of implementation status of meeting decisions taken by BAC.
- Review of annual un-audited financial statements of 2018 and quarterly, half-yearly un-audited financial statements of 2019.
- Review of annual integrated health report–2018.
- Review of certificate of Management Committee (MANCOM) regarding the effectiveness of Internal Control Policy, Practice and Procedure.
- Review of list of approvals taken as Credit Policy exception.

In reviewing the Company's policies and practices with respect to assessment of the various Internal Audit reports, it is evident that MDB has continued to be efficient in internal control over financial reporting for the year ended December 31, 2019. Since most of the computation is system based, the possibility of manipulation is almost absent. The committee has selected International Standards of Auditing (ISA) and International Financial Reporting Standards (IFRS) as the accounting standard and accordingly the financial statement clearly states the compliance of GAAP, SEC and Bangladesh Bank guideline.

Audit Committee acknowledges the splendid support of Members of the Board, Management, Finance and Internal & External Auditors from their respective work arena to make Midland Bank as a compliant one.

On behalf of the Audit Committee,



Dr. Kazi Shahidullah
Chairman
Audit Committee of the Board of Directors

Managing Director & CEO's review

Respected shareholders and endearing partners

Assalamu Alaikum.

It is my honour to present the performance and financials of the Bank for the year 2019, the sixth year that I have had the opportunity to do so since joining in July 2014 at the infancy of the Bank when it was barely a year old. By the grace of Almighty Allah, we have strengthened our position over the period and throughout last year, continued to build on our liability portfolio where nearly 47 percent of our deposit base consists of individual deposits, simultaneous to making careful investment moves. It was indeed a moment of pride when at the end of 2019, we crossed the milestone of 100,000 deposit relationships which we celebrated on the first day of 2020. Consequently, our profitability in 2019 while it didn't increase remarkably, grew by 3.55 percent compared to the prior year despite the headwinds we faced. Our Bank kept its advance in operational capacity building more service windows in the core banking software, expanding the usage of Bank's internet banking application "midland online" and successfully penetrating the unbanked areas of the country through opening new rural Branches and Agent Banking Centres in the underserved areas of our motherland to ensure inclusive banking growth in keeping with the tag line of the Bank – Bank for Inclusive Growth. All our efforts were geared towards making it more convenient for our customers to bank with us while helping them meet their current and future financial needs. I feel grateful and pleased to report that, with Allah's blessings, we have been granted license to launch Islami Banking by Bangladesh Bank which will cater to clients who wish to do Shariah banking. The Bank has set up its Shariah Supervisory Council and the service has been successfully launched. I am also pleased to report that the Bank has been granted license for Off-shore Banking which will help expand our foreign exchange related business supporting our clients with their foreign trade and Foreign Currency needs more meaningfully. As I close this introduction, I am anguished to mention that the COVID 19 pandemic has impacted our lives and business beyond imagination bringing the whole world to its knees putting a damper on some of our new business initiatives. During this global health crisis which has cost countess lives, we stayed beside our clients with our Digital Banking platform so that they can take care of their financial affairs from their home while keeping our Branches open as per Bangladesh Bank guideline. Under our regulator's guidance, we extended fee waivers and put a freeze on loan classification till September 2020 and participated in credit support activities. The scale of the impact of the pandemic is still unfolding as this Annual Report goes to press and we beseech Allah for forgiveness, mercy and relief.

Economic environment:

Bangladesh, the third largest economy in the region, fared better than the two big economies India and Pakistan, with a growth rate officially estimated at 8.1 percent in financial year 2018/19. A moderation in domestic demand was more than offset by a pickup in exports, partly as a result of trade diversion following bilateral tariff increases between China and the United States. Bangladesh's exports showed signs of softening in recent months, after a substantial increase in exports to major trade partners in the last fiscal year. In 2020, growth in Bangladesh is projected to remain above 7 percent throughout the forecast horizon. A solid macroeconomic framework, political stability, implementation of planned public infrastructure projects and ongoing reforms to improve the business environment underline this projection. However, lack of progress in reforms to improve tax collection could result in more revenue shortfalls and widen the fiscal deficits. That will cause more government borrowings to offset the budget deficit in the coming days. As a result, private sector growth may suffer due to lack of investablemoney.

With respect to external risks, a sharper-than-expected slowdown in major overseas markets such as the United States and the Eurozone areas, would affect us through trade and financial channels. However, weak global trade outlook could be addressed by increasing regional export growth in near future, which is expected to benefit from improvement in business confidence and support from infrastructure investments.

Business strategy:

The liquidity crunch, that started in the middle of 2018 continued until the middle of 2019 for our Bank. During this time, through our hard effort we have been able to make our deposit portfolio more diverse than before. At present, we have smaller number of large corporate deposits and 47 percent of our portfolio comprises of individual and retail deposits, as already highlighted at the outset. While the liquidity crunch began to ease in the second half of year, we didn't move rapidly for aggressive business. In the coming days, our business will be focused on long term profitability, return and sustainability by taking prudent guidance from the Executive Committee and Board of Directors. The number of Branches reached 33, amongst which 15 are urban and 18 are rural branches. Agent Banking Centres (ABC) increased to 44 by the end of 2019. Number of customers reached 100,006 at the end of 2019. As per business policy, Midland Bank always prefers to expand its services in the rural areas rather than competing in the overcrowded concentrated geographical banking hubs many of which are over banked. Last year we opened 3 rural branches and we intend to launch four new branches in 2020, all of which will be rural. Moreover, we have plan to open 10 Sub-branches in the prime and potential business locations and intend to expand Agent Banking network up to 100 Centres in 2020.

As already mentioned, we obtained Islami Banking License from Bangladesh Bank for commencing Shariah Banking services through two window at our flagship branches in Dhaka and Chittagong at Gulshan and Agrabad. Through this initiative we shall introduce all types of Islami Banking services which will be serviced from all our Branches, Sub-branches and Agent Banking Centres. We have procured Islami core banking software and introduced it ensuring fully separate Islami banking operational platform for officially launching the service by middle of 2020. We are targeting to secure BDT100 crore shariah deposit and set a target of BDT 40 crore for shariah investment. May Allah be with us to attain our goals for achieving excellence in serving the people of the country through Islami Banking services.

Performance:

Midland Bank recorded a profit after tax of BDT 557.41 million slightly lower than previous year and registering marginal growth of BDT 66.83 million in business profit before provision and tax. Due to reduction in capital gain and investment in shares and Government security trading by 105.18 percent and 38.31 percent, respectively, the business profit which is fully taxable, the net profit of the Bank decreased. However, we are happy to report that 97.90 percent of our income came from core banking business of the Bank this year whereas it was 94.62 percent in 2018, indicating the strength of our banking business. Total assets of the Bank stood at BDT 52,911.16 million up by 15.65 percent year-on-year. The Bank's loan portfolios and deposits maintained a balanced growth of 2.17 percent and 10.98 percent respectively, supported by a customer centric business model. At the close of the year, our loans and advances were BDT 31,749.64 million as our client acquisition strategies supported growth. Our credit lines comprised mostly of corporate portfolio, SME lending and retail loans. Despite the alarming increase of NPL rate throughout the banking sector, we were able to maintain the NPL ratio at 2.64 percent compared to 1.20 percent at the end of the year 2018, which is again the lowest among the Banks of our generation. The Advance to Deposit ratio was maintained at 81.64 percent at the year-end while CASA contribution to total deposits was 26.48 percent, enabling the Bank to gain a competitive margin. Continuous focus on streamlining operations resulted in an improved cost to

income ratio to 44.49 percent consolidating our bottom line. The key financial heath check indicators reflect a sound position with Capital to Risk Weighted Assets Ratio (CRAR) being 21.13 percent at the close of 2019, against regulatory requirement of 12.50 percent as per Basel III standard.

Customer values:

Empirical evidence suggests that market drives customers' demand. In rhyme with consumer needs we focused on creating customer value by launching and remodeling new products to cater to their requirement which improved our customer base substantially. Traditional banking business is geared towards large business entities and upper class population, base of which is limited and hence limits the growth of banking business. Concentration of banking sector on large conglomerates and higher echelon of the society allowed this segment of customers to dictate pricing and security terms which put the banking sector in weaker position. In view of the situation, being a forward looking Bank, we concentrated more on large number of Small and Medium Enterprises (SMEs) which is the main driver and also contributes lion share of the economy. This necessitated steering our vision, from the outset of our business, towards concentrating in this segment, which in turn allowed us to lessen our reliance on large conglomerates and concentrate more in this sector to diversify our portfolio as well as enhance our profitability. We continue to shift our business focus from large conglomerates to SME and Retail segments by diversifying our asset portfolio. Both across asset and liability sides, we remained vibrant by disbursing Agri, Microfinance, green development loans and foreign currency fee based transactions and structuring current, savings and scheme deposit accounts. All of these offerings have drawn a significant appetite shown by the SME customers during the year under review.

During 2019, a total of 75 MSME entrepreneurs were added to SME client-base bringing the total to 661 and disbursed a sum of BDT 3,095.90 million which consolidated our SME portfolio with BDT 5,517.60 million outstanding at the year-end. To improve the gender balance in SME finance, we closed the year with BDT 926.80 million loan disbursement comprising 13,166 women entrepreneurs (directly through Bank to 17 number of Women Entrepreneurs and indirectly through MFIs to 13,149 number of Women Entrepreneurs) recording a growth of 41.58 percent in Women Entrepreneurs loan disbursement. We also constantly upgraded our Product Guidelines for the ease and safety of customers ensuring proper due diligence.

HR capital:

Main asset of our Bank is talented, educated, professional and self-motivated human resources who drive the Bank towards excellence for achieving our organizational goal. MDB attaches top priority to acquire talented and skilled manpower. We consider development of human resource is a continuous process to overcome the technical and business challenges and turning them into opportunity to keep the Bank ahead. We continued to invest in our Training Institute to improve the skill level of our manpower increasing its capacity and resources to better equip our human capital.

Social commitment:

From the beginning of our journey we are committed to be a responsible stakeholder for serving the society and also maintain high standard of ethics and integrity in all of our activities. Last year the Bank contributed a portion of the net profit after tax towards various CSR programmes. Our major areas of CSR activities are education, community health, disaster management, winter clothing and support for the underprivileged.

Challenges ahead:

The Management of MDB is conscious of the aftermath of the effect of deposit and interest rate capping effective from 1st April 2020. In this respect, management will operate in a compliant manner as usual

taking the prudent guidance of the Honourable Board of Directors to address the situations after April 2020. However, MDB has gained resilience to absorb any sudden shock of deposit outflow by huge improvement in the deposit mix. At present, 43 percent of total deposit consists of retail deposits including CASA and aggregate retail, CASA and other small deposits constitute 52 percent of our total deposits base. Back in 2013, the nine fourth generation Banks initially offered long term loans and advances from short term deposits that they acquired. This approach however caused stress in one new generation Bank that failed to maintain liquidity when irregularities came to surface and eventually had to be reconstituted through government intervention. It is our immense pleasure that MDB has come through the phases by strengthening and diversifying its deposit mix and enhancing corporate governance and maintaining rigorous compliance.

Pleased to acknowledge:

I convey my sincere appreciation to our Honourable Board of Directors who entrusted and guided us in our journey to achieve success. I also acknowledge that the Board at all times upheld high professionalism and ethical standard in its deliberations. I express my gratitude towards our valued clients for their trust on us to serve them with our products, services and delivery channels. I also convey my gratitude to our regulatory bodies who guided us and also provided us with solution and advice in our endeavour. I thank our Honourable Chairperson for her vision, guidance and support extended to us for which I feel deeply indebted. I also thank our regulator Bangladesh Bank for their prudent guidance; and our external auditors A. Qasem & Co., Chartered Accountants for their meticulous audit works.

It is a pride for me to be a part of the MDB family - a team committed to achieving excellence with talent, professionalism and devotion. I express my gratitude to all employees of the Bank who worked tirelessly to better the institution and deliver quality service to meet the needs of our clients.

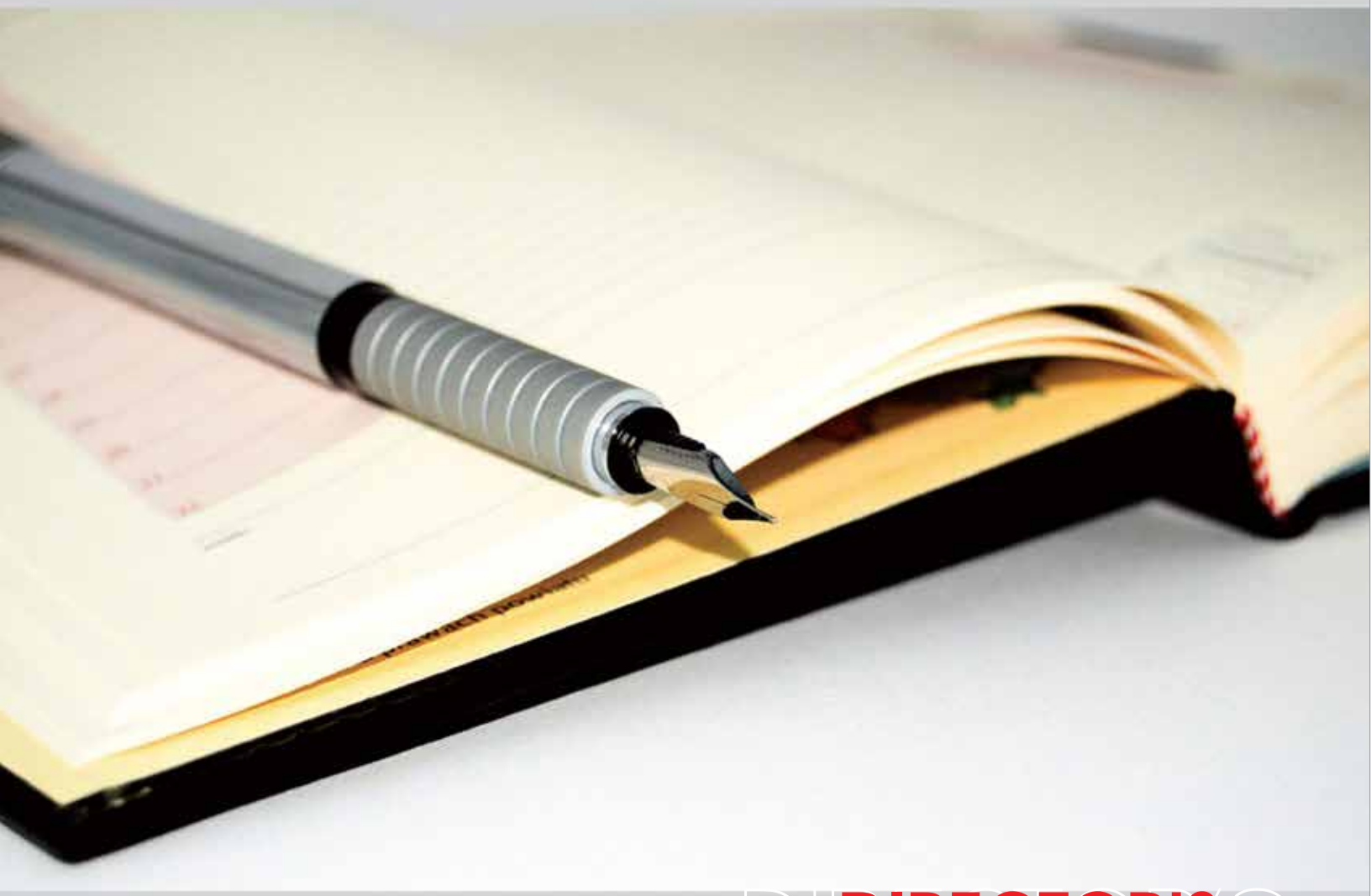
May Almighty Allah grant us strength and guide us as we serve our clients and the nation.

Sincerely,



Md. Ahsan-uz Zaman
Managing Director and CEO

DIRECTOR'S REPORT



DIRECTOR'S REPORT

Directors' Report

Dear Stakeholders,

The Board of Directors welcome you all in the 7th Annual General Meeting (AGM) of the Bank. It is a privileged pleasure for me to present the annual report along with all relevant financial statements for the year ended on December 31, 2019. In this report, we have endeavored to give the highlights of the global economy along with how we experienced the swings on our domestic economic frontier.
Global Economic Outlook:

Global growth is slated to recover in the range of 2.5 percent in 2020 that is the economy will gain very insignificant growth momentum as it was 2.4 percent in the immediate past year. Insignificant growth pattern indicates inherent weakness affecting the developed economies at large. Very recently China, the second largest economy is badly affected by coronavirus disease and if it takes pandemic turn, the overall world economy is very much likely to be affected, even the world economy may experience negative growth due to recessionary impact. The tariff war between the US and China is likely to be defused because there has been an indication of mutual settlement through bilateral negotiation. Naturally this kind of unexpected trade related tension between the two largest economies will definitely bring no positive result and this kind of attrition brings no laurel for any of the economies. It is very much conceivable that at this matured phase of globalization any protectionist measure will heighten policy uncertainty having adverse impact on international trade and that will dent the confidence level and ultimately investment spree will suffer most.

The Euro Area has witnessed very slower pace of economic activities as most of the countries of the zone had been on the verge of recession because of contraction of demand particularly from Asian countries and in the process the industrial sector of Germany suffered most. Japan's economy is also in the midst of acute weakness which is largely due to significant fall in exports particularly to china and decline of confidence level of the consumers. Here it is noteworthy that unusual increase of value added tax has largely affected the consumers purchasing spree having multiplier adverse impact on other triggers of economic growth.

For the first time China will register a pace of expansion below 6 percent since 1990, amid a slowdown in labor productivity growth and continued external headwinds. A permanent and lasting resolution of trade disputes with the United States that builds upon recent progress could bolster China's growth prospects. Chain's visible role in global supply chain is undoubtedly significant and is expected that china's economy will gain significant tractions after encountering the adverse impact of Covid -19 and very much likely to be in the driving seat of the global trade and commerce.

Bangladesh Economy
The Government has the political commitment to take the Bangladesh economy to the next transitory of developing one by 2024. For the achievement of the set target, the required GDP growth rate should be as high as 9.9 percent through acceleration of investment especially in the private sector. In the context of our country private sector play dominant role towards creation of employment opportunity thereby boosting up the per capita income and that proved to be instrumental to transform the country in to high income one by 2041.

Bangladesh economy has witnessed no major drawback due to any impact from the externalities which is due to least integration in the global chain. As the report has it from Bangladesh Bureau of Statistics (BBS), that during in the first half of the current fiscal the export front of the country has witnessed

decelerated growth by 7.6% while imports correspondingly slowed by 3.20% as our exports is to a good extent is still dependent on corresponding import. Bangladesh economy has taken the orientation of export led growth from the earlier import substitute one but there should be an expected level of alignment between the two dimensions of growth paradigm for the sake of sustainability.

The attainment of GDP growth rate by 8.13 percent is undoubtedly appreciable but which is largely led by public sector investment basically in a good number of infrastructure related megaprojects. Another contributing factors is the significant growth of the captive demand due to rise of per capita income having viable impact on the growth dynamics. Private sector investment has taken downbeat turn because of liquidity crunch in the money market and significant rise of NPLs which largely squeezed the lending appetite of the institutional lenders i.e. banks and financial institutions resulted in the negative credit flow in the private sector. As a corollary effect, private sector investment experienced very insignificant growth by 0.38 percent to 23.54 percent from 23.26% percent in the fiscal year 2017-18. During the period the economy has witnessed significant growth of remittances figured at US dollar 20 billion at the year-end 2019 because of the impact of devaluation of local currency and launching of cash incentive program on remittance earning by the Bangladeshi Diasporas.

REVIEW OF BUSINESS:

Brief history of MDB:

Midland Bank Limited (MDB) was incorporated on 20 March 2013 under the Companies Act 1994 as a Public Limited Company with an authorized capital of BDT 10,000 million and paid-up capital of BDT 4,000 million. The Bank started its commercial operation on 20 June 2013 with a corporate slogan "Bank for inclusive growth". Entitled to carry out all types of commercial banking activities, MDB stepped in the industry through Dilkusha Corporate Branch in Dhaka. Since then, the Bank has been constantly expanding far and wide in both network and business. At the end of 2019, the Bank has a total of 33 Branches including 18 Rural Branches, 1 Sub-Branch, 37 ATMs and 44 Agent Banking Centers (ABCs) across the country. Over a short span of time, the Bank has emerged as a dignified banking partner in the market having ensured an easy banking access to customers through internet banking, alternative delivery channels (ADC), mobile Apps, IT backed products and globally accessible Debit, Credit and Prepaid VISA cards. The Bank maintained a satisfactory level of growth of its assets and liabilities in spite of all challenges during the year 2019. To achieve its vision, mission and strategic priorities, the Bank is committed to maintaining the highest level of ethical standards and customer charter. With steady focus on increasing profitability, inclusive growth, capital strength and deep respect for the community, MDB is well positioned to become one of the country's leading new generation Bank soon. Taken together with the whole nation, we want to grow and prosper.

Principal activities of the Bank:

The principal activities of the Bank includes conventional banking and related businesses. The range of banking business comprises deposit mobilization, cash deposit and withdrawal, extending credit facilities to corporate, micro, small and medium enterprise (MSME), Emerging Corporate & Special Program (EC&SP), retail business, trade financing, project financing, organizing syndication deals, lease & hire purchase financing, issuance of credit card, remittance services and many other financial activities within the framework of regulatory guidelines.

Strategic Plan:

The strategic action plans for the Bank towards reinforcement of the financial fundamentals are as under:

- Diversification of credit portfolio across the MSME, Emerging Corporate & Special Program (EC&SP), Retail Business, Agriculture, Trade Financing, Project Financing and Financial deals under Syndication.

- In the changed context topnotch priority to be accorded for bringing down the cost of deposit to a reasonable extent by exploring all the avenues specially by giving renewed focus on mobilization of low cost and no cost deposits.
- To avail refinancing facilities to the maximum possible extent both from the liquidity and profitability perspective.
- To take proactive measures for keeping the credit portfolio performing to the optimum level by reining in the growth of NPLs alignment and realignment of credit portfolio in the right perspective and in terms of sectoral and segment wise risk appetite on the basis of ground realities.
- Attachment of priority to ramify our network of services across the rural areas to derive demographic dividend in the best possible way.
- Qualitative improvement of our IT infrastructure for ensuring maximum extent of cost and operational efficiency.
- Improve Deposit mix by increasing low cost & no-cost Deposits in total Deposits.
- Increase the Non-Funded Business and Non-Funded income (Commission, Exchanges & Fee based income).
- Attachment of adequate importance on maintenance of sound liquidity base through minimization of risk out of Asset-Liability mismatch.
- Increase inward remittance through expansion of domestic networks for the beneficiaries through strategic alliances and introducing new products to attract NRB customers.
- Maintain strong capital base and strengthen Internal Capital Adequacy Assessment Process (ICAAP) by accelerating borrowers' rating and concentrating on lending portfolio having lower capital charge.
- Improve human resources management system to motivate and retain the performing workforce and transform into human assets through appropriate and extensive training and learning culture.
- Strengthen internal control & compliance and monitoring thereon.
- Introduce in-depth research for developing brand strategy to create an optimum brand value.
- Control of cost at every level of operations by attaining budgetary goals.
- Improve internal governance through strengthening good corporate cultures, motivation, training and supervision as per KPIs in all level of management.

The Bank has been working by giving emphasis on the above strategic priorities and lots of developments have also been taken place in this regard.

Branch Network:

Midland Bank Limited commenced its business on 20 June 2013. The first branch was opened at Dilkusha commercial area in the name and style "Dilkusha Corporate Branch" on the inauguration day of the Bank. At the end of 2019, the number of branches stood at 33 including 18 rural branches, 1 Sub-Branch and 44 Agent Banking Centers (ABCs) covering commercially important locations of the country. The Management foresees to open another 4 rural branches, 10 Sub-Branches, and 54 Agent Banking Centers under the Agent banking license in the forthcoming year 2020. In 2019, the Bank also got Islamic banking window license to operate Islamic banking activities across the country through it branch & sub-branch networks under a separate Islamic banking module. The Bank has set up its Shariah Supervisory Council and we are expecting to launch Islamic banking activities from April 2020 in the name & style "MDB Saalam" under the supervision of Islamic banking window at Gulshan Branch.

Off-shore banking:

The Bank has been granted license for Off-shore banking which will help expand our foreign exchange related business supporting our clients with their foreign trade and Foreign Currency needs more meaningfully and we are expecting to launch Off-shore banking activities from June 2020.

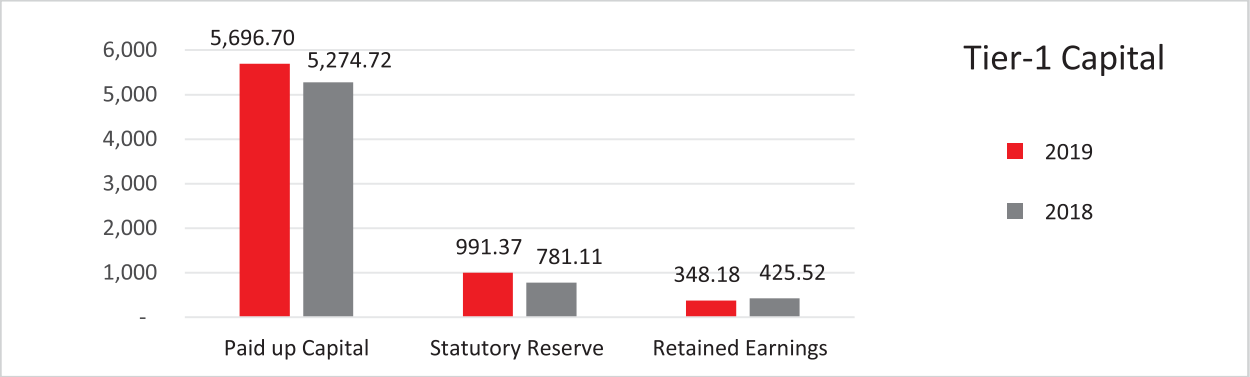
Capital Strength (Capital to Risk Weighted Assets Ratio-CRAR):

We firmly believe that capital base of the Bank is our utmost strength. This is the first time ever in Bangladesh all the 4th Generation Banks commenced its commercial operation with huge initial paid-up capital of BDT 4,000 million. Apart from the paid-up capital, we were able to enlarge the shareholders equity of the Bank to BDT 7,038.36 million at the end of 2019 from BDT 6,486.64 million in 2018. The Capital to Risk Weighted Assets Ratio (CRAR) stood at 21.13% as on 31 December 2019, against the minimum CRAR of 12.50%.

The following table represents the Tier1 capital (core capital) and Tier 2 (supplementary capital) of the Bank as per BASEL III Capital Accord.

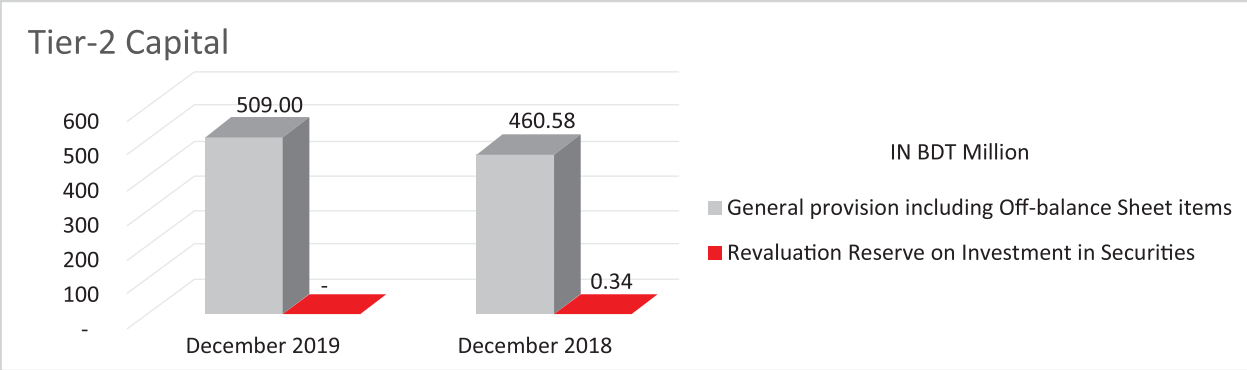
Tier- 1 Capital

Particulars	In BDT Million		% of Growth in 2019 over 2018
	December 2019	December 2018	
Paid -up Capital	5,696.70	5,274.72	8.00%
Statutory Reserve	991.37	781.11	26.92%
Retained Earnings	348.18	425.52	(-) 18.17%
Total	7,036.25	6,481.35	8.56%
Deduction from Tier-1(Core Capital) Intangible Assets	17.99	-	100.00%
Sub Total (A)	**7,018.26**	**6481.35**	**8.28%**



Tier- 2 Capital

Particulars	In BDT Million		% of Growth in 2019 over 2018
	December 2019	December 2018	
General Provision	509.00	460.58	10.51%
Securities Revaluation Reserve	-	0.34	(-) 100.00%
Sub -Total (B)	**509.00**	**460.92**	**10.43%**
Grant Total (A+B)	**7,527.26**	**6,942.27**	**8.43%**



Capital to Risk Weighted Assets Ratio (CRAR)

Particulars	In BDT Million		% of Growth in 2019 over 2018
	December 2019	December 2018	
Total risk weighted assets	35,624.18	35,908.76	(-) 0.79%
Tier - I (Core) Capital Ratio	19.70%	18.05%	1.65%
Tier-II (Supplementary) Capital Ratio	1.43%	1.28%	0.15%
Capital to Risk Weighted Asset Ratio (CRAR) (Minimum Requirement for 2019 at 12.50%)	**21.13%**	**19.33%**	**1.80%**

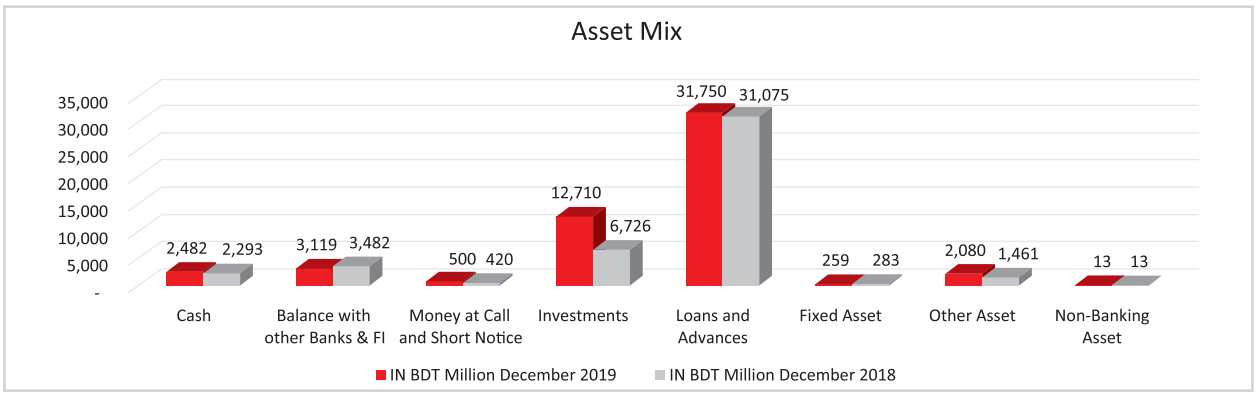
FINANCIAL PERFORMANCE OF MDB

Particulars	In BDT Million		% of Growth in 2019 over 2018
	December 2019	December 2018	
Cash	2,482	2,293	8.24%
Balance with other Banks & FIs	3,119	3,482	-10.43%
Money at call and short notice	500	419	19.33%
Investments	12,710	6,726	88.97%
Loans & Advances	31,750	31,075	2.17%
Fixed Assets	259	283	-8.48%
Other Assets	2,080	1,461	42.37%
Non-banking Assets	12	12	0.00%
Total Assets	**52,912**	**45,751**	**15.65%**
Borrowings from other Banks, Financial Institutes and Agents	3,469	1,540	125.26%
Deposits and Other Accounts	39,501	35,592	10.98%
Other Liabilities	2,903	2,132	36.16%
Capital/Shareholders' Equity	7,038	6,487	8.51%
Total Liabilities	**52,912**	**45,751**	**15.65%**

BALANCE SHEET

ASSETS:

Total Assets of the Bank stood at BDT 52,912 million in 2019, against BDT 45,751 million in 2018, registering a positive growth of 15.65 percent. During the year, Loans & Advances growth was 2.17 percent over the previous year. On the other hand, the growth of deposit was at 10.98 percent and growth of shareholders' equity was 8.51 percent against corresponding previous year of 2018. The flow in assets was evident in the increase of loans and advances, other fixed assets and liquid assets as maintained by the Bank. The growth of deposits was used for funding credit growth and holding of securities for CRR & SLR purpose with Bangladesh Bank. During the reporting year 2019, the economy observed that private sector credit growth was recorded at 9.83 percent in December 2019 which was lower than 13.33 percent of the same month of the previous year.



Growth of Balance Sheet items:

Particulars	In BDT Million		% of Growth in 2019 over 2018
	2019	2018	
Total Assets	52,912	45,751	15.65%
Advances	31,750	31,075	2.17%
Deposits and Other Accounts	39,501	35,592	10.98%
Shareholders' Equity	**7,038**	**6,487**	**8.51%**

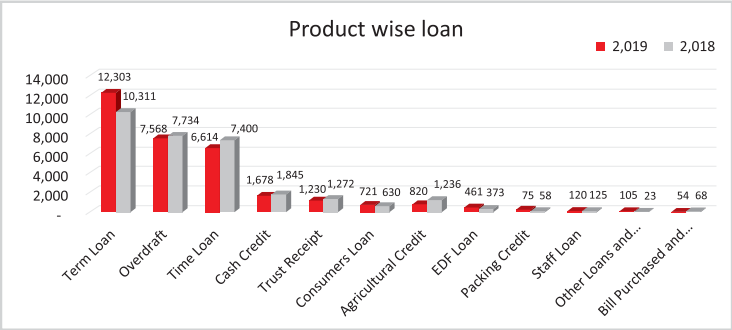
Cash and Balance with Bangladesh Bank, Financial Institutions and Its Agents:

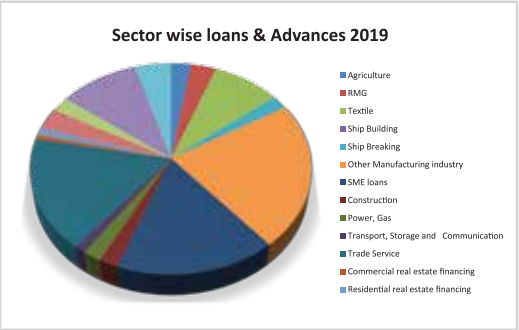
- **Cash in hand**
  The balance stood at BDT 2,482 million in 2019 compared to BDT 2,293 million in 2018.
- **Balance with other Banks, Financial Institutions and Its Agents**
  The aggregate position of the Bank was BDT 3,119 million in 2019, compared to BDT 3,482 million in 2018. The balance decreased by BDT 363 million in 2019, due to encashment of matured placement fund with NBFIs for keeping ADR and wholesale borrowing limit in line with regulatory requirement.
- **Investments**
  During the year, the investment was at BDT 12,710 million in 2019, compared to BDT 6,726 million in 2018. Bank's investment comprises of government securities of BDT 11,413 million and others (investment in debenture, corporate bond, etc.) of BDT 1,297 million. The balance increased by BDT 5,984 million in 2019, due to investment in Treasury Bills/Bonds during the year.
- **Loans and Advances**
  Loans and Advances outstanding of the Bank amounted at BDT 31,750 million in 2019 compared to BDT

31,075 million in 2018, i.e. representing a growth of 2.17 percent over previous corresponding year. Yield on loans and advances increased to 12.45 percent from 11.77 percent in 2018, due to increase the lending rate during 2019. Approval and disbursement of loans and advances were well managed. As a result, Bank's Non-performing Loans (NPLs) stood at BDT 83.83 million from BDT 374.30 million, i.e., NPLs increased to 2.64 percent in 2019 from 1.20 percent in 2018.

In the financial year 2019, the overall liquidity crunch that the money market had suffered increased in the cost hike of interest rate against mobilization of fresh deposit at that time and there had been insignificant increase of interest rate on deposit. As such, Banks had to increase the lending rate to cover the over burden of interest hike on deposits. Against the backdrop, MDB came out successful in enhancing its credit portfolio. The growth in the loan book was an outcome of Bank's concentrated efforts and enhanced participation in local Corporate and SME credit-lines, syndicated and structured finance along with broadening of business relationship in the country, the attractiveness of our retail and consumer credit products, careful selection of borrower, strong credit risk assessment and protection under good security coverage.

Concentration of loans and advances was well diversified details of which are explained in note # 07 of the financial statements. Strategic focus on no-compromise with asset quality from the onset of our journey has been pursued in every standard of credit management. As a result, the year-end achievement in maintaining better asset quality was remarkable as the NPL fraction of loans slightly increased to 2.64 percent in 2019 from 1.20 percent in 2018. Based on contractual maturity terms 73 percent of the current loan portfolio will be matured less than one year and 27 percent will be matured more than one year, but less than 5 years (note # 7.04). Bank's Advance to Deposit Ratio (ADR) at the end of 2019 decreased to 81.64 percent from 87.31 percent in 2018, marking an efficient mobilization of fund and equity in the most liquid banking industry in Bangladesh during the reporting period 2019.





- **Fixed Assets and Other Assets**
  The aggregate amount of written down value of fixed assets of the Bank was BDT 258.79 million in 2019, compared to BDT 282.77 million in 2018, demonstrating a negative growth of 8.48 percent, due to amortization of fixed assets during the year, while other assets comprises of advance income tax, advance office rent, accrued interest on investment, etc. (note # 9A & 9B) amounted to BDT 2,079.71 million in 2019, compared to BDT 1,1460.66 million in 2018, showing a growth of 42.37 percent.

- **Non-Banking Assets**
  The Bank filed an Artha Rin Suit bearing # 539/2017, dated 02.03.2017 against a default customer, A/C: Al-Fahad Air Ticketing & Medical Tourism Limited. The Honorable Court order in favour of Midland Bank on 14 November 2018 for holding title of the collateral land at market Value of BDT 14.54 million against the claim amount of BDT 0.96 million as on 31 December 2016. The honorable court also order to charge unapplied interest until fully recovery of the loan by selling the mentioned collateral land. Subsequent approval taken from the Board of Directors of MDB in its 80th meeting held on 20 December 2018, management transferred the full loan amount of BDT 12.59 million (market value of the property at BDT 14.54 million) including applied and unapplied interest and suit charges of BDT 0.51 million to Non-Banking Assets of the Bank, which will continue to sustain in Bank's Balance Sheet until sale/disposal of the property acquired by the Bank u/s 33(5) of the Arta Rin Adalat Ain 2003 as mortgagee Bank.

- **Liabilities**
  Total liabilities excluding shareholders' equity of the Bank registered growth of 16.83 percent with a total volume of BDT 45,873 million in 2019 against BDT 39,264 million in 2018. Core Deposits of the Bank increased by 10.98 percent to BDT 39,501 million in 2019 from BDT 35,592 million in 2018.

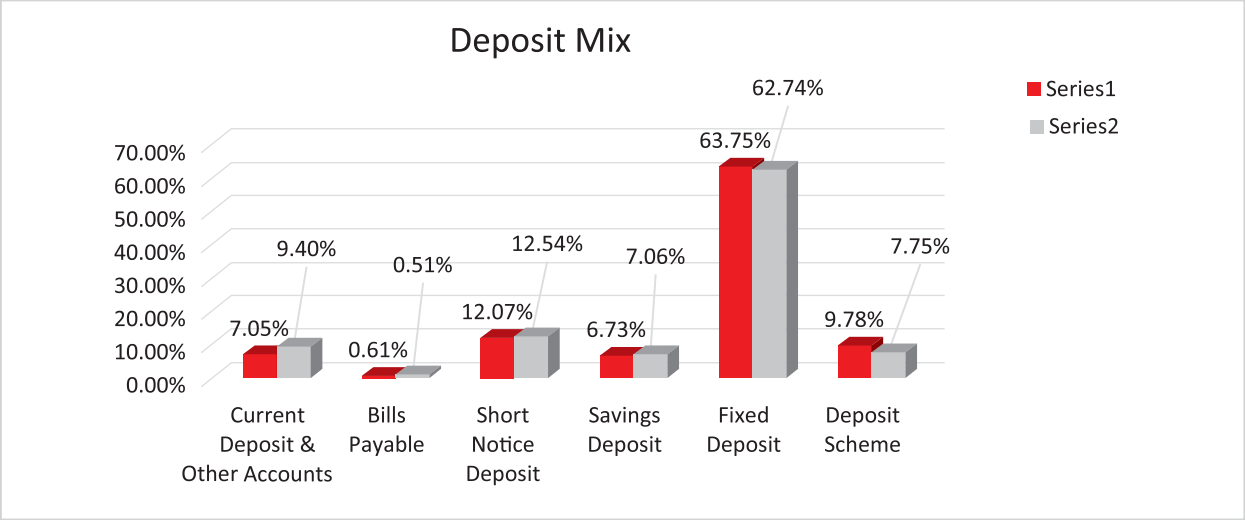
- **Borrowings from other Banks, Financial Institutions and Its Agents**
  The borrowing represented call borrowing, REPO of Treasury Bills and refinances against SME loans from Bangladesh Bank (Central Bank), etc. The borrowings were mainly used for Bank's liquidity, purchasing Treasury Bills / Bonds as a Primary Dealer (PD) Bank, which were devolved on the Bank in excess of CRR & SLR requirements. During the year 2019, Borrowing of the Bank increased by 125.26 percent to BDT 3,469 million in 2019 from BDT 1,540 million in 2018.

- **Deposits**
  Customer deposits are the prime source of funding for Commercial Banks. To scout the new customers, it was really challenging, being a new entrant as a fourth generation Bank in the industry. However, we were able to manage efficient mobilization of deposit mix. The success was well supported by expansion of branch network, ATM Booths, Agent Banking Centers (ABCs) and introduction of various rewarding deposit products, competitive interest rates and excellent customer services. Business promotion continued through liability campaign carried out by retail liability team for no-cost and low-cost deposits. The Bank also offered a number of attractive deposit schemes to cater to the needs of small and medium savers for improving not only the quantum of deposits, but also focusing on qualitative changes in future to the deposits structure.

  The Bank successfully enhanced the deposit portfolio to BDT 39,501 million in 2019 with a growth of 10.98 percent compared to BDT 35,592 million in 2018. The cost of deposit and cost of fund stood at 7.71 percent and 9.03 percent, respectively in 2019 as against 7.38 percent and 8.75 percent, respectively in 2018. The strong customer-based deposits comprises of individual, corporation, small & medium size enterprises, NBFIs, government entities, NGOs, autonomous bodies and others.

  During the financial year 2019, MDB's deposit blend was stable with cost free and low cost deposits was at 26.47 percent of total deposits, Fixed Deposits to total Deposits was at 63.75 percent and Scheme Deposits to total Deposits was at 9.78 percent. A wide range of liability products are now available at MDB to meet variant needs of deposit clients.

Deposit Mix	Outstanding Amount (In BDT Million)		% of Growth in 2019 over 2018	Deposit Mix (%)	
	2019	2018		2019	2018
Current Deposits	2,785	3,345	-16.74%	7.05%	9.40%
Bills Payables	241	182	32.42%	0.61%	0.51%
Short Notice Deposits	4,769	4,463	6.86%	12.07%	12.5 4%
Saving Deposits	2,660	2,512	5.89%	6.73%	7.06%
Fixed Deposits	25,183	22,332	12.77%	63.75%	62.74%
Scheme Deposits	3,863	2,758	40.07%	9.78%	7.75%
Total Deposits	**39,501**	**35,592**	**10.98%**	**100.00%**	**100.00%**



- **Scheme Deposits**

  With a view to bringing all citizens of the country into our banking network from all of geographical segments irrespective of their classes, clans, religions, incomes and in other way to bolster the propensity to savings, Midland Bank Limited crafted some attractive Scheme Deposit Products. The Bank contemplates to devise some new beneficial schemes with more attractive features in the coming year. During the year the fascinating series of schemes, namely MDB Super Monthly Savings, MDB Double Benefit, MDB Family Support, MDB Corporate Support, MDB Millionaire Savings Scheme, MDB Kotipoti, MDB Platinum Savings Scheme and MDB Traveler's Savings Scheme mobilized are given below:

Deposit Mix	Outstanding Amount (In BDT Million)		% of Growth in 2019 over 2018
	2019	2018	
MDB Super mo nthly savings	1,446	1,074	34.64%
MDB Double Benefit	1,175	941	24.87%
MDB Family Support	1,020	636	60.38%
MDB Corporate Support	41	42	-2.38%
MDB Shikhsha Shanchay Scheme	4	2	100.00%
MDB Millionaire Savings Scheme	80	35	128.57%
MDB Kotipoti	60	17	252.9 4%
MDB Platinum Savings Scheme	22	6	266.67%
MDB Traveler's Savings Scheme	15	5	200.00%
Total	**3,863**	**2,758**	**40.07%**

- **Shareholders' Equity**

  The shareholders' equity increased by BDT 552 million to BDT 7,038 million in 2019 compared to BDT 6,487 million in 2018, i.e., 9.11 percent growth over 2018. Statutory reserve was up by BDT 210 million to BDT 991 million in 2019 against BDT 781 million in 2018, i.e., 26.92 percent growth over 2018, while retained earnings reduced by BDT 77 million to BDT 348 million in 2019, as against BDT 426 million in 2018, i.e., 18.17 percent negative growth over 2018. Retained earnings decreased during the year 2019, due to additional provision on loans & advances required by BDT 82 million and tax provision required by BDT 38 million in 2019 over 2018. This was happen for earnings from the core banking business operation increased by BDT 84 million, which is also taxable income, as such requiring to keep provision for corporate tax 37.50%, compared to 36.73% of tax in 2018. So, the financial benefit as derived out of tax exemption facility has been very insignificant this year in comparison to the last year. However, shareholders' equity growth at 9.11 percent in 2019 compared, which will help the Bank to grow on a strong foundation of capital base as well as expand its business as a whole.

- **INCOME STATEMENTS**

  - **Operating Profit and Net Profit After Tax**

    The Bank registered net operating profit before tax and provision BDT 1,269 million in 2019 as against BDT 1,242 million in 2018, representing positive growth of BDT 27 million, i.e. 2.18 percent over 2018. Net profit after tax slightly decreased by BDT 93 million to BDT 557 million in 2019 from BDT 650 million in 2018. During the year, earnings from the core banking business operation increase by BDT 84 million, i.e. 7.14 percent positive growth in comparison to the corresponding last year, which is also taxable income requiring to keep provision for corporate tax 37.50 percent, compared to 35.66 percent of tax in 2018, i.e., additional tax provision required by BDT 38 million in 2019 over 2018. So, the financial benefit as derived out of tax exemption facility has been very insignificant this year in comparison to the last year. During the year, additional provision on loans & advances required by BDT 63 million because of increasing NPLs of the Bank to 1.79 percent from 1.20 percent in 2018. As a result, it was heated the net profit after tax as well as retained earnings during the year.

  - **Interest Income**

    The Bank enumerated total interest income on loans and advances increased by BDT 499 million to BDT 4,259 million in 2019 against BDT 3,760 million in 2018, i.e., 13.27 percent positive growth over 2018. The Bank also earned an amount of BDT 1,036 million from commission, exchange & brokerage, income from investment and other operating income in 2019 as against BDT 1,003 million in 2018, i.e., 3.25 percent positive growth over 2018. The growth of income was mainly driven from the core banking business operation as well as efficient utilization of fund.

  - **Investment Income**

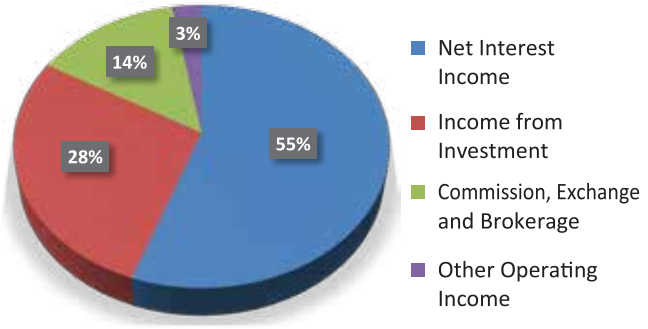
    MDB's investment income consisted of interest / discount earned on treasury bills / bonds, gain on Government security trading, interest on debentures so forth. Income from investment increased by BDT 32 million to BDT 650 million in 2019 from BDT 618 million in 2018, i.e., 5.17 percent positive growth over 2018, due to increase in rate of interest of T-bill/bonds and also sold out a substantial amount of high cost interest bearing Government Bond in 2019. Investment Income was another major contributor to total operating income which is 28.11 percent of net operating income during the year against 27.83 percent in 2018.

- **Commission, Fees and Brokerage Income**
  Income from commission, fees and FX gain stood at BDT 321 million in 2019 from BDT 321 million in 2018. Regulatory pressure continued to rationalize the rate of commission and charges in an effort to broaden wider access of mass people to modern banking.

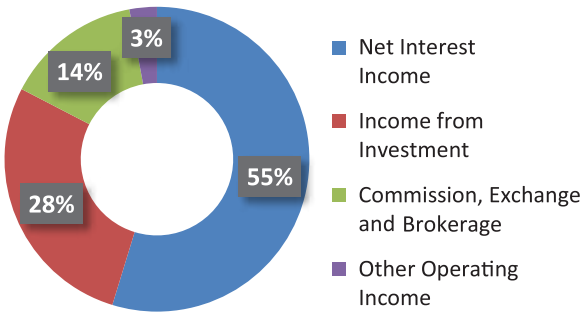
Summary of profit and loss accounts are shown in the below table:

Particulars	BDT in Million		% of Growth in 2019 over 2018
	2019	2018	
Interest income	4,259	3,760	13.27%
Interest paid	(2,984)	(2,547)	17.13%
Net interest income	**1,275**	**1,213**	**5.15%**
Investment income	650	618	5.17%
Commission, fees an d brokerage, etc.	321	321	0.00%
Other operating income	65	64	1.01%
Total operating income	**2,311**	**2,216**	**4.29%**
operating expenses	(1,042)	(974)	6.98%
Net operating profit before provision and tax	**1,269**	**1,242**	**2.18%**
Provision on loans and advances	(217)	(136)	60.65%
Net Profit before tax	**1,051**	**1,106**	**(-) 4.97%**
Provision for corporate tax	(494)	(456)	8.32%
Net Profit after tax	**557**	**650**	**(-) 14.29%**

Revenue Mix 2019



Revenue mix 2018

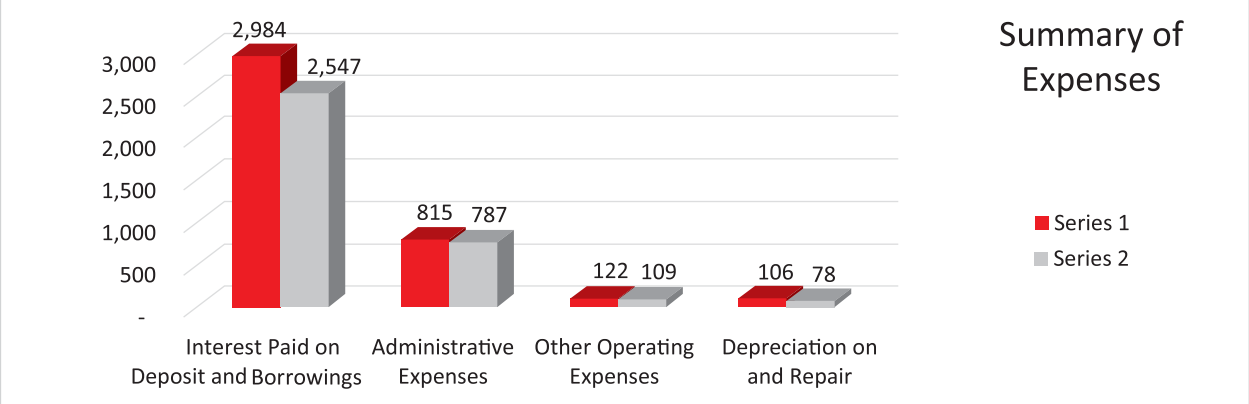


- **Expenses**

  Interest paid on deposits and borrowings was BDT 2,984 million in 2019 compared to BDT 2,547 million in 2018, i.e. increased by 17.16 percent over 2018. Administrative expenses incurred by the Bank amounted at BDT 1,042 million in 2019 as against BDT 974 million in 2018, i.e. increased by 6.98 percent. Interest paid on deposits and borrowings and administrative expenses mostly increased, due to expansion of business, increases of branch network during the year. The cost to income ratio reached to 45.11 percent from 43.97 percent in 2018. Depreciation and amortization of fixed assets totaled at BDT 87 million, increased by 27.94 percent from previous year of BDR 68 million.

- **Summary of Expenses**

Particulars	BDT in Million		% of Growth in 2019 over 2018
	2019	2018	
Interest paid on deposit and borrowing	2,984	2,547	17.1 6%
Administrative expenses	814	787	3.43 %
Other operating expenses	141	120	17.50 %
Depreciation and amortization on bankingassets	87	68	27.94 %
Total Expenditures	**4,027**	**3,52 2**	**14. 34%**



- **Summary of Administrative Expenses:**

Particulars	In BDT Million		% of Growth in 2019 over 2018
	2019	2018	
Salary and allowances	53 1	490	8.37%
Rent, tax, insurance, electricity, etc.	219	230	(-) 4.78%
Legal Expenses	1	1	0.00%
Postage, stamp, telecommunication, etc.	13	12	8.33 %
Stationery, printing. Advertisement, etc.	32	36	(-) 11.11%
Managing Director's salary & allowances	17	16	6.25%
Director's fees	1	2	(-) 50.00%
Total Administrative Expenses	**81 4**	**787**	**3.4 3%**

By and large, Bank's salary & allowances, printing and stationeries, repair, maintenance, office security, advertisement & business promotion costs remain steady during 2019, because of expansion of service delivery channels (Branches, ATM and Agent Banking Centers) were launched end of December 2019 and other operational cost kept in control during the year. During the reporting year, rent and tax, utility bills, insurance premium cost reduced by BDT 11 million, due to relocation of Dhanmondi branch and IT Division from Dilkusha branch to Mirpur branch comparatively in lower rental space. As a new growing Bank persuaded to expand business base and inclusive relationship as well as for smooth running of business under compliant environment. Bank's operating expenses are usually high at the beginning stage. However, a prudent management of expenses and cost-control are our relentless concern and we put in practice of our commitment to fair expenses in all banking operations under a strong accounts and auditing system.

- **HR Productivity**

The proficiency of the employees contributed to grow which is evident from the following table:

Particulars	2019	2018	% of Growth in 2019 over 2018
Number of regular employee (excluding contractual employees in 2018 and 2019 were 142 and 196, respectively)	436	429	1.63%
	In BDT Million		
Net operating income per employee	5.30	5.17	2.61%
Operating expenses per employee	2.39	2.27	5.29%
Net operating profit before tax per employee	2. 41	2.89	(-) 6.49%
Net profit after tax per employee	1.28	1.52	(-) 15.66%

- **General provision against Unclassified Loans (UCL)**

General provision against UCLs (Standard & SMA) was BDT 36 million in 2019, as against BDT 163 million in 2018. General provision decreased by 127 million over last year, due to increase of Non-Performing Loans (NPLs). The Bank also maintained general provision against off-balance sheet exposures of BDT 12 million in 2019, compared to BDT 8 million negative balance in 2018 in compliance with regulatory guidelines. General provision is considered as Tier- ii capital of the Bank and acts as safeguard against future default and for supporting business growth by strengthening the capital base of the Bank.

- **Specific provision against Classified Loans (CL)**

Specific provision is required to keep against classified loans and advances (Sub-standard-SS, Doubtful Debts-DF & Bad Loss-BL) as per Bangladesh Bank guidelines. During the year 2019, Bank's specific provision was BDT 138 million compared to negative balance of BDT 36 million in

2018, due to classification of new loans, as a result Bank's NPLs increased to 2.64 percent from 1.20 percent in 2018.

- **Other Provision**

An amount of BDT 28 million was made against diminution in value of investment in shares and protested bills against BDT 16 million in 2018 in compliance with regulations and provision of BDT 2 million has been kept in 2019 compared to BDT 0.78 million in 2018 against other assets as a matter of regulatory compliance.

- **Net Profit before Tax**

After making appropriate provision against loans and advances as stated above, net profit before provision of tax stood at BDT 1,051 million in 2019 compared to BDT 1,106 million in 2018, representing a negative growth of 4.97 percent over 2018.

- **Net Profit After Tax**

As per Income Tax Ordinance 1984 and Finance Act 2019, the Bank has to made adequate provision of current tax and deferred tax of BDT 494 million in 2019 as against BDT 456 million in 2018. After making appropriate provision of tax, net profit after tax stood at BDT 557 million in 2019, compared to BDT 650 million in 2018, representing a negative growth of 14.29 per cent over 2018. Net profit after tax decreased by 14.29 percent, due to additional tax provision required to keep BDT 38 million in 2019 over 2018. This was happen for increased of earnings from the core banking business operation in comparison to the last year, which was also taxable income requiring to keep provision for corporate tax 37.50 percent, compared to 35.66 percent of tax in 2018. So, the financial benefit as derived out of tax exemption facility has been very insignificant this year in comparison to the previous year. Net profit during the year also affected for additional requirement of provision on loans & advances by BDT 82 million over previous year, because of increasing NPLs of the Bank to 2.64 percent from 1.20 percent in 2018.

- **Statutory Reserve**

As per section 24 of the Bank Company Act 1991 (Amendment up to 2018), every Bank has to transfer to the statutory reserve a sum equivalent to not less than 20 percent of its net profit (net profit as disclosed in the Profit and Loss Account prepared under section 38 and before any money is transferred to the Government or any dividend is declared). The Bank kept adequate statutory reserve as guided by Bank Company Act and the accumulated amount of statutory reserve at the end of 2019 stood at BDT 991 million, compared to BDT 781 million in 2018, i.e. 26.92 percent growth over 2018.

- **Key Financial Ratios of the Bank**

Particulars	The Bank	
	2019	2018
ROE -Return on average equity	8.24 %	10.54 %
ROA -Return on average assets	1.05 %	1.23 %
Cost to income ratio	45. 11 %	43.97 %
Capital to Risk Weighted Assets Ratio (CRAR)	21.13 %	19. 33 %
Advance Deposit Ratio (AD Ratio)	81.64%	87.31%
Non -Performing Loans (NPLs) Ratio	2.64%	1.20 %
Adjusted Earnings per share (EPS) in BDT*	0.98	1.14
Adjusted Net Asset Value per Share (NAV) in BDT*	12. 36	11. 39

*NAV and EPS of 2018 has been adjusted by number of outstanding shares held on 31 December 2019, due to increases the number of shares in 2019 to 569.67 million shares from 527.47 million shares in 2018 by issuing 8% stock dividend for the financial year 2018.

- **Appropriation of Profit**
  Profit after Tax (PAT) stood at BDT 557 million at the end of the FY 2019, compared to BDT 650 million in FY2018. Profit available for distribution among the shareholders is BDT 348 million after a mandatory transfer to statutory reserve of BDT 210 million, i.e., 20% on profit before tax and BDT 2.50 million for Corporate Social Responsibility (CSR). The Board of Directors recommended cash dividend @ 6% for the financial year 2019.

- **Summary of appropriation of profit**

Particulars	In BDT Million	
	2019	2018
Profit after tax (PAT)	**557.41**	**650.3 1**
Retained earnings brought forward from previous year	3.54	1.47
To be appropriated	**560.95**	**651.78**
Transfer to statutory reserve	(21 0.27)	(221.26)
Transfer to CSR	(2.50)	(5.00)
Distributable profit for the financial year	**348.18**	**425.52**
Dividend recommended by the Board of Directors		
Paid up capital	**5,696.70**	**5,274.72**
Stock dividend paid @ 8% in 2018	-	421.98
Cash dividend @ 6% in 2019 (Proposed)	341.80	-
Retained earnings to be carried forward	**6.38**	**3.54**

- **Human Resources**

  Human Resources Management Division has an aim to contribute for building strong, dedicated, skilled and professional Human Resources base for the Bank in peoples' development who are involved in the profitability curve and sustainable growth of the Bank. We believe that everyone has a latent talent, and for that we thrive to find out the underlying talent of the employees and help them to utilize their talent properly towards achieving individual development and organizational goals. This Bank established performance driven culture to expedite the utmost effort of its employees.

  Our HR mission is to be the employer of choice in the financial sector where the employee will work with pride and pleasure. MDB believes that Human Resource Development is a continuing process and the output of the development helps the organization to meet the objective and vision of the organization. The Bank highly emphasizes on attitude driven talent acquisition process as we do not offer merely a job for the employees but we are highly conscious to offer their career and make them confident for the best fit of the next role. The main motto of Human Resources Management Division is to upward the service excellency curve for the internal and external customers of the Bank. The Management team of the Bank with their talent & skill has now been working for business excellence with new pledge based on professionalism, team work and strong bondage of interpersonal relationship with good governance. The financial sector with increased global, regional and local competition coupled with socio-economic sensitivity has created enormous challenges in organization like private commercial Banks. To cope with new challenges, our strategic approach is to make our people techy to cope with technology based environment. Thus, we thrive for caring our people so that they can grow as future leaders of the Bank. Also we created enabling working environment to attract, develop and retain quality manpower to ensure all the development of the Bank. We appreciate the employees' creativity and innovation for improving the work process of the Bank. Employees will be provided the work life balance, respect and caring attitude within the organization that they are expected to share externally with every customer as a Brand Ambassador of the Bank.

- **Correspondent Relationship**

  MDB has established correspondent relationship all over the world with a number of foreign Banks. The Bank continues to follow the needs and business opportunities of its clients. The Bank maintains 15 (Fifteen) Nostro Accounts in four major international currencies and ACU currency and 122 RMA relationships with reputed international Banks in the major financial centers around the globe, for settlement of trade finance and all other customer driven transactions denominated in foreign currency. We are constantly emphasizing the need for increasing correspondent partners and trying to develop business relationship with our correspondent Banks worldwide.

- **Risk Management**

  Management of risk is a dynamic process interrelated with the philosophy, culture and functionalities of the Bank. Risk is evidently defined, mitigated or minimized to shield capital and to maximize value for shareholders. Midland Bank affixed utmost priority to establish, maintain and upgrade risk management infrastructure, systems and procedures. Adequate resources are allocated in this regard to improve skills and expertise of relevant banking professionals to enhance their risk management capacity. The policies and procedures are approved by the Board of Directors and regularly assessed to bring these up to optimum satisfaction level. Recognizing the impacts of internal and potential risk domains, the Bank has laid down different risk management processes consisting of definition, identification, analysis, measurement, acceptance and timely management of risk profile.

It is always better to build a robust risk management culture in the Banks and Financial Institutions as these primarily deal with depositors' money and work as a financial value chain. We, therefore, need highest attention and commitment for the highest authority in this regard. By all means, we should try to avoid surprises in banking transaction through building a strong operational procedure in Banks and Financial Institutions (details are discussed in Risk Management report in this annual report).

- **Maturity Analysis**

Assets	Below 1 Year	1-5 Year	Above 5 Year	Total
Interest earning assets	32,805	11,003	4,270	48,078
Non-interest earning assets	2,457	157	2,219	4,833
Total assets	**35,263**	**11,159**	**6,489**	**52,911**
Interest bearing liabilities	24,005	15,114	1,011	40,129
Non-Interest bearing liabilities	2,883	145	2,676	5,704
Total liabilities	**26,888**	**15,259**	**3,687**	**45,834**
Maturity Gap	**8,375**	**(4,099)**	**2,802**	**7,078**

The liquidity policy of the Bank has always been to carry a positive mismatch in the interest earning assets and interest bearing liabilities in 1 to 30 days category.

- **Green Banking**

  Green Banking refers to the efforts of the banking sector to keep the environment green and to minimize greenhouse effects through reducing the use of non-renewable energy & materials (electricity, gas, fuel, paper, stationery etc.), increasing the use of renewable or recyclable energy & materials (solar power, bio-gas, electronic media of communication etc.), reducing the emission of industrial carbon, scrutiny of negative impacts of the corporations on environment and taking necessary mitigating measures there against during financing and also to finance green projects (i.e. ETP, Bio-Gas Plant, Green Factory & Office Building, Solar Power, Hybrid Hoffman Kiln, energy & water efficient projects, water conservation, rain water harvesting etc.). Products included in green banking are Online Banking, Internet Banking, Mobile Banking, ATM, ADC, Green Credit, Green Marketing, E-Signatures, Solar Use, Bio-Gas, Afforestation etc.

  MDB prepares Green banking & sustainability reports to disclose updates on its quarterly activities and engagements to Sustainable Finance Department of Bangladesh Bank as well as to the Board of Directors. Also, Green Report Card on yearly activities is published in the annual report and posted on the website.

- **Money laundering and Terrorist Financing**

  Money Laundering (ML) and Terrorist Financing (TF) are global phenomena, apparent in almost every part of the world. ML and TF are components of terrorist activity which threatens a country's financial sector reputation as well as its national security. Emerging sophisticated techniques of moving illicit money have compelled financial intermediaries including MDB to make compliance programs more rigorous. To stave off the risk of financial crime, MDB focused on training of employees, strengthening its screening system and ensuring that policies and procedures were effective and always up-to- date. MDB is firmly determined not to let money launderers and terrorist or perpetrators use it as their tool to launder money or finance terrorist activity in any possible way.

- **Corporate Social Responsibility**

  The Bank is very much active to the cause of society in meeting its obligations to the less privileged peoples. MDB was involved in a broad range of direct and indirect Corporate Social Responsibility (CSR) engagements which included humanitarian relief and disaster response, widening opportunities for disadvantaged population segments, supporting of healthcare and education. During the year, the Bank donated to Prime Minister's Relief Fund for the fire affected people of Curihatta, Chawkbazar of Old Dhaka for health care purpose, distribution of bicycle among the female school going students in North Bangle Part of the country, distribution of Blankets along with educational Materials among the students of Primary School in the rural area of the country and donation to "LAW & ORDER COORDINATION COMMITTEE" of Bangladesh Police for its CCTV Camera Surveillance Project in Gulshan.

  The Bank conducted various CSR activities during the year 2019 (details are discussed in CSR report in this annual report).

- **Corporate Governance**

  Corporate governance involves a set of identifiable relationships among the stakeholders of the Bank. MDB strives to practice and follow standard principles in accordance with the rules, regulations and guidelines from regulatory authorities. It is incumbent upon every leader of our Bank to model the right values and to lead by example to ensure the right behavior continues year after year. The Board of Directors remained committed to ensure the highest standards of corporate governance throughout the organization with the objectives of safeguarding the interests of all stakeholders and financial performance of the Bank. They guided the Bank towards the goal set by the stakeholders, ensuring highest standards of integrity, accountability, transparency, ethics and professionalism. With the ultimate objective of taking this financial institution to the next trajectory of inclusive sustainable growth, two supporting committees, i.e. Executive Committee and Audit Committee provided guidance and direction to the Board and Management. Another committee- Risk Management Committee analyzed Bank's core risks. For an effective control system, Internal Control & Compliance Division (ICCD) and Board Audit Committee functioned in sync within the Bank. External Auditors appointed by the shareholders for auditing the financial statements of the Bank and providing their independent opinion whether the financial statements were prepared in accordance with applicable rules and regulations and international accounting standards that reflecting the truth and fairness of the financials of the Bank.

- **Corporate Sustainability**

  In order to uphold corporate sustainability, MDB has concentrated in the key areas i.e. nation building, creation of healthy and congenial works place, enhancing the market place, support to the community and fortification of the environment. As a socially conscious and responsible corporate body, MDB is committed to the improvement of the society as a whole. MDB is continuously trying to put its efforts to help the disadvantaged population of the country in the sector of education, health, disaster management, sports, arts and culture, etc. The Bank is contributing a portion of its net profit every year to the CSR Fund. The Bank conducted various CSR activities during the year 2019 (details are discussed in CSR report in this annual report).

- **Remuneration of Directors and Managing Director**

  The Bank did not pay any remuneration to its Directors. As per BRPD circular # 9, dated September 19, 1996, the Chairman may be provided car, telephone, office chamber and private secretary. In addition to the above, Directors are entitled to get fees and other benefits for attending in the meeting of the Board, Executive Committee, Risk Management Committee and Audit Committee

as per regulatory guidelines (Note # 31). The Managing Director & CEO was paid salaries and allowances as per approval of the Board as well as Bangladesh Bank (Note # 26.01).

- **Accounting Records**
  The Directors of the Bank are accountable for maintaining adequate accounting records and effective system of risk management as well as preparation of financial statements including relevant schedules. The Directors have made an assessment of the Bank's aptitude to continue as a going concern and also have no reason to believe that the business will not be a going concern in the coming year.

- **Accounting Policy and Implementation of BFRS/BAS**
  The Board of Directors are responsible for the preparation and fair presentation of Bank's annual financial statements comprising Balance Sheet, Profit & Loss Accounts, Cash Flow Statement, Statement of Change in Equity and a summary of significant accounting policies and other explanatory notes, and the Director's report, in accordance with Bangladesh Bank guidelines, Bangladesh Financial Reporting Standards (BFRS) / Bangladesh Accounting Standards (BAS) and in the manner as required by the Company Act, 1994. The Directors are also responsible for designing, implementing and maintaining internal control relevant to preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud and error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in this context.

- **Internal Control**
  The Board of Directors is responsible for approving the overall business strategies and significant policies of the Bank, setting acceptable level for these risks and ensuring that senior management takes necessary steps to identify, measure, monitor and control of these risks. The Board of Directors also approve an effective internal control system that also requires to setting an appropriate control structure, with control activities defined at every business level. These include review by top level management, appropriate activity controls for different departments / divisions, physical control, checking for compliance with exposure limits and follow-up on non-compliance, a system of approvals and authorization, and a system of verification and reconciliation, thereon.

- **Standard Reporting**
  The financial statements have been prepared in accordance with Bangladesh Bank guidelines, Bangladesh Financial Reporting Standards (BFRS) / Bangladesh Accounting Standards (BAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable provisions of Bank Companies Act 1991 (Amendment up to 2018) and Company Act, 1994. Midland Bank Limited endeavors relentlessly to stay compliant in every aspect including corporate and financial reporting as per regulators' requirements. In this respect, the Management accepts the responsibilities for the integrity and objectivity of these financial statements, as well as various estimates and judgments used therein. The estimates and judgments have been made on a prudent and reasonable basis, in order to ensure that the financial statements reflect the financial operations of the Bank in a true and fair manner.

- **Going Concern**
  The conceptual framework of Bangladesh Accounting Standards-BAS 1 is that financial statements are generally prepared assuming that the entity is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations. Therefore, it is

also assumed that the entity will realize its assets and settle its obligations in the normal course of business. BAS-1 requires Management to make an assessment of an entity's ability to continue as a going concern. If Management has significant concerns about the entity's ability to continue as a going concern, the uncertainties must be disclosed. If Management concludes that the entity is not a going concern, it means that assets will be recognized at amount which is expected to be realized from its sale rather than from its continuing use in the ordinary course of business. Assets are valued for their individual worth rather than their value as a combined unit. Liabilities shall be recognized at amounts that are likely to be settles.

- **Internal Control Environment**

  The Board of Directors set the tone for an effective internal control background from end to end regular review of the process identifying, evaluating, and managing the significant operational risks of the Bank. Management is responsible to formulate Standard Operation Procedures (SOP) duly approved by the Board of Directors, are signed off by each Head of Division / Branch to provide assurance that this SOP is communicated, understood and complied with accordingly. Every year top management team conducts a self-assessment of key control that affect the business and develop action plans to make the internal control environment stronger.

- **Supplier Payment Policy**

  The Bank has developed and implemented a set of vendor's payment policy in its procurement policy and procedures dully approved by the Board of Directors. Before processing any payment, General Service Division (GSD) and Financial Administration Division (FAD) dedicated team review the bills in compliance with the terms of reference (TOR) of Work Order and necessary VAT, Withholding Tax and other applicable security charges are being deducted from bills and issue Pay Order/Account Transfer in favor of the eligible vendors/beneficiaries. MDB is keen to build strong business relationship with its vendors and service providers. Hence, the Bank does not face any litigation from its any customer or stakeholder since of its inception.

- **Shareholders' Value**

  The Board of Directors is fully committed to accretion the high value of its shareholders' investment by earning solid profitability through delivering excellence in services to its valued clients and stakeholders. The Board was able to keep its commitment by settling excellence profitability trends in the year 2019. During the year, earning per share (EPS) stood at BDT 0.98 against BDT 1.14 in 2018, Return on Equity (ROE) at 8.24% against 10.54% in 2018, Return on Average Assets (ROA) stood at 1.05%, against 1.23% in 2018 and Net Assets Value Per Share (NAV) stood at BDT 12.36 compared to BDT 11.39 in 2018, i.e., growth of 8.51 percent over 2018.

- **Meeting of the Board of Directors**

  The Board of Directors hold meeting on a regular basis, usually once in a month but emergency meetings are being called when deemed necessary. Management provides information, references and detailed working papers for each of the agenda to all Directors well ahead of the scheduled date for meeting. Each Meeting, the Chairman of the Board of Directors allows sufficient time for the Directors to consider respective agenda item in a prudent way and permits them to freely discuss, inquire, and express independent opinions on the issues of interest so that they can fulfill their duties to the best of their abilities. During the year 2019, a total 13 meetings of the Board of Directors were held.

- **Appointment of Auditors**

  A. Qasem & Co., Chartered Accountants, a member firm of Earnest & Young Global Limited had conducted the audit of the Bank for the financial year 2019. They have completed 1st term (1 year).

As such, they are eligible for re-appointment for conducting audit for the FY2020 as per guidelines of Bangladesh Bank. The Board of Directors in its 99th Meeting held on 23 June 2020 recommended to re-appoint A. Qasem & Co, Chartered Accountants as external auditors of the Bank for conducting the audit of the Bank for the financial year 2020. Shareholders of the Bank will approve the re-appointment of A. Qasem & Co., Chartered Accountants in its 7th AGM to conduct the audit of the Bank for the FY2020.

- **Annual General Meeting**

  The schedule of 7th Annual General Meeting (AGM) of the Bank to be decided later. The Directors' Report along with the financial statements of the Bank was approved at the 99th Meeting held on 23 June 2020 to be placed before the shareholders of the Bank in the 7th AGM for review and approval.

- **Outlook of Financial Year 2020**

  The senior Management is well aware of the aftermath impact specially on interest rate capping up to 9 percent with effect from April 2020. The management has taken up action plan within the purview of the broader policy guidance of the board to weather difficult situations through effective and efficient adjustment with the changed context to promote and safeguard the institutional interest. However, MDB has gained resilience to absorb any sudden shock of deposit outflow by huge improvement in the deposit mix. At present, 43 percent of total deposit consists of retail deposits including CASA and aggregate retail, CASA and other small deposits constitute 52 percent of our total deposits base. Back in 2013, the nine fourth generation banks initially offered long term loans and advances from short term deposits that they acquired. This approach however caused stress in one new generation bank that failed to maintain liquidity when irregularities came to surface and eventually had to be reconstituted through government intervention. It is our immense pleasure that MDB has come through the phases by strengthening and diversifying its deposit mix and enhancing corporate governance and maintaining rigorous compliance for sustained growth.

- **Acknowledgements**

  I recall with gratitude the cooperation and support that have been received by me from my colleagues on the Board and all other stakeholders to address the different policy issues of the bank in the right earnest. In this scenario, effective and time worthy policy support bears immense importance to navigate the financial institutions in the right direction. I take this opportunity to express my deep sense of appreciation and gratitude to the Government of Bangladesh, Bangladesh Bank, Ministry of Finance, Bangladesh Securities & Exchange Commission (BSEC), National Board of Revenue (NBR) and other regulatory bodies for their precious guidelines, advice and relentless support. I confidently believe that Insha-Allah by the grace of the Almighty and by dint of dedicated effort of our professional management team we will surely succeed to reach our cherished destination by overcoming all the hurdles in our path of journey.

On behalf of the Board of Directors,



Nilufer Zafarullah
Chairman

Report on Economic Impact

Bank's overall mission is to deliver optimum value to its customers, employers, shareholders and the nation as a whole. The business strategy is geared towards achieving this. This section covers the value of the Bank delivers to its shareholders and nation at large.

The Bank's policy is to deliver optimum value in a manner that is consistent with the highest levels of fairness and transparency. For the Bank, it has not been a case of building financial value and enhancing the bottom line at any cost, but rather participating in a process of creating value through fair and ethical means. Building sustainable value of all stakeholders is an important corporate goal.

Maintaining Capital to Risk Weighted Assets Ratio (CRAR)

Capital to Risk Weighted Assets Ratio represents the financial strength and stability of a Bank. It limits the extent up to which Banks can expand their business in terms of risk weighted assets. Regulatory capital requirements are, therefore, necessary to prevent Banks from expanding beyond their ability to improve the quality of Bank's assets, to control the ability of the Banks to leverage their growth and to lead to higher earnings on assets, leading to peace of mind of all the stakeholders. Midland Bank keeps a careful check on its **Capital to Risk Weighted Assets Ratio (CRAR)**.

The capital adequacy computation as on 31 December 2019 is given below:

In BDT million

Particulars of Capital Fund	2019	2018
Paid up Capital	5,696.70	5,274.72
Statutory Reserve	991.37	781.11
Retained Earnings	348.18	425.52
Sub-Total	**7,036.25**	**6,481.35**
Deduction from Tier - I (Core Capital)		
Intangible Assets	17.99	-
Total Tier - I (Core) Capital	**7,018.26**	**6,481.35**
General provision including Off-balance Sheet items	509.00	460.58
Revaluation Reserve on Investment in Securities	-	0.34
Total Tier-II (Supplementary Capital)	509.00	460.92
Total Capital (Tier I +II)	7,527.26	6,942.27
Total risk weighted assets	35,624.18	35,908.76
Total Tier - I (Core) Capital Ratio	19.70%	18.05%
Total Tier-II (Supplementary) Capital Ratio	1.43%	1.28%
Capital to Risk Weighted Asset Ratio (CRAR)-Minimum Requirement is 12.50%	**21.13%**	**19.33%**

Statement of Value Added and its Distribution

In BDT million

Particulars	2019	2018
Income from banking services	5,294.78	4,767.08
Less: Cost of services & supplies	(3,390.83)	(2,951.96)
Value added by banking services	**1,903 95**	**1,815.12**
Non-banking income	-	-
Less: Provision for loans, Off-balance sheet exposure and CSR	(219.68)	(140.18)
Total	**1,684.27**	**1,674.92**

In BDT million

Distribution of Value Addition:		
Payment to Employees as Salaries & Allowances	547.92	505.65
Payment to Equity Providers of capital as Dividend & Reserve	210.23	221.26
Payment to Government as Income Tax	507.42	446.78
Sub-Total (A)	**1,265.57**	**1,173.69**
To Expansion and Growth:		
Retained profit	344.64	424.05
Depreciation	87.55	67.95
Deferred taxation	(13.49)	9.23
Sub-Total (B)	**418.70**	**501.23**
Grand Total (A+B)	**1,684.27**	**1,674.92**

Economic Value Added Statement

Economic value added is a measurement of a company's financial performance based on the residual wealth calculated by deducting cost of capital from its operating profit. Shareholders/equity providers are always conscious about their return on capital invested. As a commercial Bank, we are deeply concerned for delivery the value to all of our Shareholders/equity providers. During the reporting year 2019, the economic value added of MDB are as under:

In BDT million

Particulars	2019	2018
Shareholders' Equity	7,038.36	6,486.60
Add: Accumulated provision for Loans & Advances and Off Balance sheet exposure	795.50	608.81
Total Shareholders' Equity	7,833.86	7,095.41
Average Shareholders' Equity	**7,464.64**	**6,719.02**
Earnings		
Profit after tax	557.41	650.32
Add: provision for Loans & Advances and Off Balance sheet exposure	217.18	135.18
Less: written off during the year	-	-
A. Earning for the year	**774.59**	**785.50**
Average cost of equity (based on weighted average rate of Shanchay Patra issued by the Government of Bangladesh) plus 1% risk premium.	9.35%	9.35%
B. Cost of average equity (7,464.64*9.35% including 1% risk premium**)**	**697.94**	**628.23**
Economic Value Added (A-B)	**76.65**	**157.27**

Performance by Banking Segments

CORPORATE BANKING

Global economy in 2019 remained stable despite the US - China trade tension and final decision of BREXIT. However, banking industry of Bangladesh in 2019 continued the sloth pace in first 3 quarter of the year due to continued liquidity crisis of 2018. It experienced a credit growth during last (or fourth) quarter of the year, but it was not sufficient to pull-off the average growth to a significant level. Government's decision on restriction on purchase of Shanchaypatra helped increase the liquidity in the market in second half of the year (after July), which supported the credit growth in last quarter. Government borrowing from commercial banks was also higher in last quarter due to government failing on achieving targeted revenue collection by NBR. However, if we look at the composition of private sector credit of banks, we would see that pie of only private sector credit as opposed to private sector credit tagged with government licensed/approved projects is on the rise, which is due to government's initiative on infrastructure development of the country.

Almost all the private scheduled banks are in constant pressure for maintaining adequate margin in between cost of fund and price of loans. Following some regulatory interferences, banks are yet to recover from this acute condition and majority of the players have been striving for operational efficacy by adopting different measures to lower the operating expenses.

Amid of vulnerable market condition, Corporate Banking Division (CBD) demonstrated a stable performance in 2019 clearly evident in its modest contribution to both asset and liability growth and thus, bringing in positive impact on Bank's revenue. Corporate loans and advances grew by 1.77% to BDT 2608.26 crore and holds 82.15% of total loan portfolio this year. Like-wise, the corporate liability reached BDT 659.50 with 12.51% increment compared to last year. Accordingly, corporate team itself has contributed to 16.7% of the total liability of the Bank with blend of user friendly deposit products. All these achievements of team CBD is accompanied by strict compliance to regulatory directives and maintaining low NPL of 2.18%. This reiterates our determination of on-boarding good customers and adherence to strong compliance and governance practices. The division continues to contribute towards the development of country's business in sectors including agriculture, brick, cement, steel, commodities, infrastructure, ready-made garments & textile, energy & power and telecom. With a strong service orientation, CDB has been leveraging strong relationship with big corporates and serving their financial needs with speed, accuracy and assurance.

CBD core performances:

Loan contribution '19	Deposit contribution '19	NPL'19
82.15%	**16.70%**	**2.18%**

Portfolio growth'19:

Deposits	
2019	BDT 659 crore
+ 12.51%	
2018	BDT 577 crore

Loan & Advances	
2019	BDT 2608 crore
+ 1.77%	
2018	BDT 2562 crore

CBD operational strategy in 2019 had been aligned to that of the Bank and was resilient to cope up with ongoing market situation. To address liquidity crisis in the first place, lucrative special rates had been offered to corporate clients and entertained with ancillary benefits to attract and retain foreign remittances. CBD adopted aggressive strategy in 2019 for deposit/liability collection as well as incentive based deposit campaign. Moreover, it constantly had been serving client's need through customized/tailored deposit products. Team CBD also maintained excellent collaboration with Treasury Division as well as customers to avoid any unexpected fund crisis at the time of disbursements. Like the previous year, CBD continued to explore avenues for innovative services to help increase fee income alongside traditional services like LC, LCAF, guarantee etc. The Bank also looked for alternative funding sources over the year- various refinancing schemes of Bangladesh Bank namely FBKEIP, LTFF, IPFF II and other green financing products.

Structured Finance Unit

From its inception, structured finance unit has been delivering value added services through innovative financial products and services, mitigating risk through syndication and serving as liaison point for other Banks and FIs. Remarkable works of the unit include syndicated deal of Kushiyara Auto Bricks Ltd., various IPA and agency roles, issue manager for CP of ACI Limited, project finance, arrangement of alternative/foreign fund sources and many more. In 2019, SFU could successfully make MDB enlisted as PFI under IPFF II, an infrastructure funding project launched by BB from IDA (World Bank) credit line and made its footprint in the first ever approved sub-project under the scheme.

Achievements:

- Contributed to bank's growth by mobilizing USD 18 million Foreign Direct Investment and structuring unique currency swap product in the market.
- Enlisted MDB as Participating Financing Institution (PFI) of Investment Promotion and Financing Facility II (IPFFII) facility of Bangladesh Bank funded by World Bank to be the only 4th generation bank to sign the Master Facility Agreement.
- Diligently worked and received refinancing amounting USD 5.00 million under Financing Brick Kiln Efficiency Improvement Project (FBKEIP) under sub-project - Kushiyara Auto Bricks Limited, which is the maximum amount of funding given by Bangladesh Bank to any sub-project so far.
- Performed IPA role for Commercial Paper amounting BDT 2250 million
- Mandated for the Agency role of syndicated term loan of Meghna Industrial Economic Zone Limited (MIEZ) under IPFF II, which is a milestone for SFU in terms of managing a World Bank financed project.
- Mandated lead arranger for Commercial Paper of ACI Limited amounting BDT 1500 million.

CBD, through integrity, dedication, hard work and outstanding business acumen have been successful to overcome all the challenges it had come across in 2019 and rendered a stable performance compared to previous year, demonstrating best-suited adaption to adverse situation and stringent market competition. CBD value customer relationship above everything and therefore, always remain proactive and vigilant to serve them in best possible ways. With the advancement of the Bank, Corporate Banking Division will strategically align its portfolio and look forward to explore diversified business opportunities toward sustainable growth.

RETAIL DISTRIBUTION

RETAIL DISTRIBUTION DIVISION (RDD) has achieved a steady growth throughout the year 2019. A total of 33 Branches, 46 Agent Banking Centres and 1 Banking Booth is upholding the MDB brand and retail banking presence across the country. In 2019, MDB opened 4 more branches (Cumilla, Dinajpur,

Fatullah, Kushtia) with attached ATM Booths, 1 Banking Booth (Madhabdi) with attached ATM Booth and 13 more Agent Banking Centres to reach out to the new geographical locations across the country and added value to its local people.

The banking sector have seen a liquidity crisis situation in the year 2019. Despite the vigorous challenges, the bank has been able to uphold its commitment to increase the deposit and customer base of the bank through achieving customer trust, flawless service and commitment. The number of customers have grown by 47.28%

Product Developments

The Banking sector is becoming more strategically focused and technologically advanced to respond to consumer expectations while trying to defend market share against an increasing array of competitors. The retail banking market is growing very rapidly where the opportunities are ever-increasing. The most critical component for retail banking is to increase the deposit base keeping the cost at minimum level. As the pressure to grow deposits in a difficult banking environment increases, Banks are focusing on innovative product launch. The best approach for Banks in this technology driven market to flourish the deposit base as well as customer base is to launch new and innovative low cost savings deposit product. In 2019, MDB has launched a new product titled MDB DIGITAL SAVINGS ACCOUNT which is an online based savings account that is made to facilitate the customers to open a savings account from anywhere in Bangladesh and anytime without visiting any Bank's branch. The account can be opened through the Bank's website (www.midlandbankbd.net). MDB also launched another similar product titled MDB DIGITAL PROBASHI SAVINGS ACCOUNT for the Non Resident Bangladeshi (NRB) customers who can open this account from any part of the world and anytime through internet. Both the products are daily interest bearing and monthly interest paying savings account with attractive features.

Value Added Services

Value-Added Services (VAS) are created to meet customer demands. Customers have started evaluating the banks based on the convenience and comforts it provides them. Considering the steeper competition in the market, MDB have always shown keenness to meet customer expectation in terms of creating new value added services for its clients. The bank has introduced insurance coverage (optional) as a bundle offer on few deposit and loan products to make it more attractive and convenient for the customers. In case of loans (Home Loan, MDB Amar Bari Loan, Car Loan, Personal Loan & Unsecured SME Term Loan Holder etc.), the borrower will be insured up to the outstanding amount of the loan which shall be settled by the insurance company at once in case of the borrower's uncertain death or Permanent Total Disability (PTD). Thus the customers' family will also remain protected with this insurance coverage as they do not have to take the burden of repaying the loan in case of death of their closed ones. In case of deposits, there are various scheme deposit products (MDB Super Monthly Savings, MDB Sikhsha Sanchay Scheme, MDB Millionaire Savings Scheme, MDB Kotipoti) where the customer may include insurance coverage for their scheme deposit accounts. If the customers avail insurance coverage, their families will be entitled to get the full maturity value of the scheme deposit account in case of the customer's uncertain death or Permanent Total Disability (PTD). We have also tied up with bKash whereby the customers will be able to transfer funds from their MDB account to bKash wallet instantly to meet their emergency needs.

The Future of Retail Distribution Division

Retail Distribution Division (RDD) will always prioritize to improve customer's experience with the impression of helping them to solve a problem or achieve a goal and not of selling a product or service. The latest technological developments in the banking industry is changing the way customers interact with banks, forcing them to evolve from traditional bank counter operations to online services. MDB will

always step ahead to meet the customer demands under the latest technological advancements to serve its customers with more satisfaction.

MSME FINANCING

Micro, small and medium sized enterprise, apart from agriculture sector is the biggest employer of Bangladesh economy and its combined contribution to GDP is higher than large enterprise. As such this segment is considered as the growth engine of the country's economy.

In view of the immense importance and business potentially of this sector , MDB attaches top priority to develop SME sector through extending short term financing to wide range of manufacturing and service based enterprise. To support and harness potentiality of this sector, MDB launched ECSP & SME Division on September 2013 to deal with business of this segment. The Division developed/ structured a range of loan products to cater requirement of different business sub segments. This facilitated MDB to enhance its portfolio in this sector from Tk.15.13 Crore (in 2013) to Tk.551.76 crore (in 2019), a phenomenal growth of 37 times in a period of seven years.

Bangladesh Bank envisaged priority in segment i.e. women entrepreneurs, micro enterprise, cottage industries, under privileged group, 3rd gender, ethnic groups etc. with re-financing opportunity at lower rate of interest . MDB disbursed loan of Tk.92.68 crore to the women entrepreneur during the year 2019 which is an outstanding achievement considering age of MDB and total portfolio.

To facilitate remote level micro/ Small entrepreneurs, MDB has signed an agreement with Bangladesh Bank for refinancing under "Second Small & Medium Sized Enterprise Development Project (SMESPD-2)" scheme. Under this refinancing project we will be able to finance the Micro/ Small scale enterprises outside Dhaka & Chittagong City Corporation area with comparative lower rate, in regard MDB is opening most of the branches in rural area and also introduced Agent Banking in different remote area, hitherto not covered by banking facilities to facilitate and identification of potential client, delivery of loan, supervise proper end use, engage intense monitoring and ensure recovery.

SME Division envisage to enhance its portfolio mainly to the Bangladesh Bank designated priority sector keeping in mind geographical diversification and also business segment diversification.

AGRICULTURE CREDIT

Agriculture is the mainstay of Bangladesh economy contributes 14.10% of GDP and importance of this sector cannot be over emphasized. Now there has emerged agri businesses under different sub sectors of the agriculture and making its contributions even in the sphere of export earnings. Generically agriculture sector comprises of crops, horticulture, pisciculture, livestock and forestry, sub-sectors with crop sub-sector being the predominant. So this sector creates value additions from the multidimensional perspective. Agriculture sector is well rooted and sustainable one and its contributions is very much visible and measurable in generating vibrant trade and also promote the mobility of goods across the country by utilizing the different modes of transport and so transport sector is also immensely benefited from the vibrant activities in the agriculture sector.

In view of the imminence importance of agriculture sector Midland Bank allowed more than 2.5% of its portfolio to Agri crop sector at convenient rate through Non-government organization as per BB set target. Besides substantial credit facilities were also allowed to Non crop sector e.g. pisciculture, livestock. MDB also envisage to deliver Agri credit facility through their own distribution channel.

So, its role is important in improving the wellbeing of the vast population through enhancing

productivity, profitability and employment generation, poverty alleviation in the rural areas. As such role of Agriculture sector cannot be over emphasized.

It is noteworthy that MDB got appreciation letter from Bangladesh Bank for achieving the Agriculture financing target of FY 2014-2015 which is indeed inspirational for us. For the fiscal Year 2018-2019 (based on July to June), MDB's disbursement target in agri lending was Tk. 52.00 crore. MDB achieve its target for the financial year 2018-2019 by 115.52% & Special Agriculture Credit at 4% concessional Interest Rate by 59.61%. To achieve the target for the FY 2019-2020 MDB is working very hard & already achieved almost 55.92% against yearly sale at the end of December 2019.

International Trade

International Division:

Midland Bank's International Division is enabling and facilitating bank's overall FX Transactions, Foreign Trade (Import and Export), Foreign Currency business, Corporate and individual Remittance services. For these, International Division maintains a very wide-ranging and robust local and overseas correspondent banking relationships. The bank has 15 NOSTRO accounts in the major international currencies and maintaining 122 RMA. International Division strives towards establishing new business streams constantly to facilitate the bank's growing FX and trade businesses.

Foreign Trade Services

MDB is committed to being the partner of choice of international and external customers by providing proactive trade solutions. Varity of services are currently offered to the customers from the division to cater to trade solutions.

MDB's import volume was USD158.97 million in the year 2019, an increase of 76% from the year 2018. The banks import business facilitation consists of items like capital machinery, industrial raw materials, consumer goods, etc.

MDB's export volume was USD87.51 million in the year 2019, an increase of 29% from the year 2018. The banks export business facilitation consists of ready-made garments, frozen foods, jute products, etc.

NRB & Remittance Service

Over the years wage earner's remittances has been emerged as the key towards economic growth and poverty reduction in Bangladesh. Midland Bank's NRB Wage Earners and Other Remittance Service has been focused to cater a comprehensive banking solutions to NRB diaspora all over the world and to make the remittance service more accessible to the doorsteps of the beneficiaries living in the remotest parts of the country.

Total amount of wage and other remittance receipt through the channels during 2019 stood at USD38.25 million which marked a growth of 51% against the year 2018. MDB is deliberately working to reach the remittance concentrated areas of Bangladesh as well as persistently widening its footprints to the global remittance market through relationship-building with different overseas exchange houses/banks.

TREASURY

Year 2019 was a year of volatility and challenges for Treasury wholesale market. Money market liquidity experienced severe compression and instability all through the year. Commercial Banks had to take support from Bangladesh Bank in the form of repo and Assured Liquidity Support all through the year.

Yield of government bill-bond rate experienced upward movement due to tight liquidity and higher rate expectation. USDBDT market also experienced large volatility like the year 2017 and 2018, though volatility was suppressed as Bangladesh Bank sold large volume of dollar into the market to keep the exchange rate stable. Wage earners remittance receipt experienced handsome growth, export growth was below expectation, however higher import growth and slowdown in financial account exceeded the supply, which ultimately resulted in aprx. 1.0% depreciation of official exchange rate of USDBDT.

Midland Bank Treasury:

Midland Bank has a committed and well trained treasury team capable of providing all kind of treasury solutions within its capacity. Currently, Midland Bank Treasury have four separate desk:



Money Market Desk: Midland Bank money market desk is one of the most active and efficient desk in the inter-bank market. Dealers exercise all kinds of money market product available in market including call money, term money, Swap, Repo and Reverse Repo etc.

Fixed Income & Investment Desk: Midland Bank Fixed Income & Investment Desk is responsible for bank's investment in various Government securities like Treasury Bills and Bonds and other financial product available in market like Commercial paper, Subordinated debt, Preference Share etc. This desk is an active participant in secondary market trading of government securities. Being a Primary Dealer (PD), this desk also performs all the responsibilities of primary dealer.

Foreign Exchange Desk: Midland Bank Treasury is capable of vanilla and derivatives products in FX market. Midland bank was very active in foreign exchange market, both in inter-bank and with corporate customers.

Asset Liability Management Desk: Midland Bank has a highly efficient ALM desk capable of providing robust and on-time report as well as market intelligence. This desk provides analysis, instruction and guidance in the area of asset liability management to promote proper balance sheet management as well as financial strength and wellbeing of the bank.

Equity Investment Desk: Midland Bank started taking exposure in Secondary equity market from 2017. The desk, with in-depth market knowledge and long-term investment orientation, was able to generate handsome return from secondary equity market.

Treasury transaction volume:

Midland Bank treasury deliberately runs trading book with a view to earn profit by investing different asset classes of longer term and funding this trading book by borrowing on shorter term. In 2019, total foreign exchange transaction volume was USD 7,932.78 million compared to USD 10,527.38 million in 2018, a transaction growth of -24.64% in 2019. Also, Midland Bank treasury was very active in secondary bond trading. Total secondary bond market transaction turnover by Midland Bank Ltd. in 2019 was Tk. 23,056.90 million which was 9.89% of entire market.

Treasury Priorities in 2020:

- Enhancing the capabilities of corporate sales desk to tap foreign exchange business and enhance cross selling capabilities.
- Exploring new opportunities and provide tailored solution to customer by offering new derivative products.
- Manage balance sheet with specific focus on interest rate movement and business need.
- Automation of Treasury activities by introducing Treasury Module in the bank.
- More focus in secondary equity market.

Treasury Market Outlook for 2020:

Market outlook always correlates with money growth, expected inflation, private sector credit growth, benchmark rate and level of government borrowing. Inflation on November was above expected level of inflation by Central Bank, with global political instability and slower export earnings resulting in BDT depreciation is posing threat on inflation outlook. Current account deficit improved compared to same period of previous year mainly due to higher remittance earning. Slowdown of export, higher import and payment for some mega projects will put pressure on exchange rate. Taka may further depreciate by another 1.50-2.00% in 2020. Price control on interest rate may result in slower private sector credit growth in the short run. In our projection money market rate will be stable, but a lot depends on policy decision and monetary policy operation by Central Bank. With government revamping the savings certificate sale procedure, government borrowing from banking system increases and projected to continue in the present year, which will result in higher Treasury bond rate in the short run. However, such action will result in higher deposit growth in banking system, which will increase market liquidity condition, taking impact of money multiplier, will ease deposit rate and Treasury bond rate in longer term.

AGENT BANKING

Midland Bank Limited started its Agent Banking Operation on 23 January 2017 by establishing its first Agent Banking Centre (ABC) at Dighi Borabo, Tarabo, Rupganj, Narayanganj. The centre is owned by United Social Human Advancement (USHA) Foundation. By November 2019, it established 42 Agent Banking Centres at different parts of the country with different partners. Midland Bank Limited established Agent Banking Centres in such places where the country did not have any footprints of banks earlier. Besides, Midland Bank Limited started disbursing Social Safety Net payments through those centres as well as started opening accounts of Vulnerable Group Defense (VGD), Vulnerable Group Feeding (VGF) etc. These represent the true picture of financial inclusion that the Bank aimed at its formation with the slogan "bank for inclusive growth". MDB also signed MOU with Access to Information (a2i) to integrate with ekPay, ekSheba etc. digital payment and service platforms of Government of Bangladesh. The bank is working with a2i also for providing Agent Banking Services through Union Digital Centres (UDC)s in different parts of the country. Moreover, MDB Agent Banking is the highest remittance disbursing channel among all distribution channels of MDB.

Sincerity in service delivery and latest banking products & services have played a vital role in advancing MDB Agent Banking Services. Since its inception, the year to date information of MDB Agent Banking is given below:

TREND OF MIDLAND BANK AGENT BANKING

Period	No. of Agent Centres	No. of Accounts	Deposits (in Crore)	Demography of Accounts		Foreign Remittance Payment (in Crore)	REB Bill Collection (in Crore)
				Personal Account	Business Account		
Jan-Dec, 17	8	912	1.93	836	76	0.12	N/A
Jan-Dec, 18	30	5,790	9.26	5,556	234	0.15	0.23
Jan-Nov, 19	42	13,083	22.81	12,528	555	1.47	0.23

MDB Card division has passed couple of successful years and in a short period by successfully creating its own brand image to penetrate into this highly competitive though lucrative market. In recent times, card became an essential service for the customers, offered by a bank. It does not only lessen the risk of carrying cash in the wallet, rather it adds value to the customer's daily life, given more convenience to fulfill their demand. MDB Cards offers various attractive value added services and diversified products for all range of customers.

Despite stiff competition in the market, MDB Cards achieved remarkable success in 2019 with positive growth compared to 2018. Card Division at MDB, strives to achieve sustainable growth with a vision to become market leader in the near future. Highlights of 2019 were:

- Operating profit grew significantly from the last year and classification rate of credit card was stable and under control throughout the year
- Prepaid card business upturned by double from last year
- New 5 ATMs installed to accelerate CASA and debit card growth
- Cash back campaign on the foreign currency transaction, Insta-Loan (Loan against credit card) and Retail2EMI (Converting retail purchases into EMI), Credit Shield Insurance Program and Reward Programs for MDB credit cardholders were also introduced
- Continuously increased the number of business partners and signed agreements with large merchant establishments including Fashion & Lifestyle, Restaurants, Hotel & Resorts and Health & Beauty Care etc.

Priorities for the year-2020

Card Business already set its ambitious strategies for making consistent business growth in 2020 and the priorities are as follows:

- Improve customer experience with every interaction and use it to build customer loyalty, increased revenue and enhanced profitability
- Implement Fraud Guard Module to reduce the risk of fraudulent transactions to protect customer interest
- Implement Biometric Smart Card Reader at ATM for fingerprint recognition.
- Introduce Visa payWave (Dual Interface i.e. contact and contactless) cards for the Bank.
- Introduce value added services i.e. branch POS and conversion of card outstanding into EMI credit facility.
- Introduce inward foreign remittance to MDB prepaid card

Implementation of these initiatives will enhance capacity of MDB, secure cards/ transactions more effectively, offer the client more convenience, safely and secrecy; thus improving our competitive edge significantly. As such our card issuing, transaction, card billing volume and subsequently our lending with card will enhance significantly.

Information Technology Division

Information Technology (IT) is the heart of the banking system in today's world and is now play as the key business enabler and the back-bone of banking industry in Bangladesh. Adopting technological innovations in banking not only made banking transaction more efficient and faster but also enabled banking industry to open up various channels to provide banking service to customers and taking bank to the doorstep of unbanked customers as well.

Information Technology (IT) is also changing the supervisory and regulatory landscape of the banking industry. Regulators are introducing IT driven tools for more effective supervision while new supervisory challenges are arising each day with the advent of new technology and new innovation in banking. So the use of information technology in banking is increasing rapidly.

The banking industry is evolving very quickly from the traditional brick and mortar banks to digital banks. As the internet era expanded, the banking channels and models have gone a long way far beyond the human imagination. The Internet has opened the gates towards digital transformation and innovation and completely revolutionized the banking industry by empowering banks to serve their customers in a better way thereby reducing costs and improving banking experience. Understanding the changing scenario, MDB has already stared initiatives for digitalization of its services on a focus to offer simple but secured banking to its customers.

Core Banking System (CBS), is the backbone of today's banking activities which MDB upgraded in the year 2019 to fulfill our customer needs in more efficient manner. This allows the Bank to launch diversified deposit and lending products and other banking services to meet wide ranging requirement of all segments of customer. Also through automation and robustness of the processes, MDB ensures transparency, accuracy and security of the services of the Bank.

MDB has adopting a 'Digital First' mindset - putting digital at the heart of the business - an effective way for us to redefine our relationship with our customers. We believe, by having a truly digital business, we can move away from reactive, transaction-based customer relationships, towards a more intimate, proactive and personalized experience, across multiple channels, products and services. Consequently, the bank connected with modern payment systems of country and introduced technology enabled systems, expediting digital experience of our clients, keeping them abreast of changing scenarios. To connect our customers more with digital currency, we have updated our secure and robust internet banking platform by enhancing features. We have made an arrangement with bKash, the largest mobile wallet service in the country, to transfer money from customer's bank account. The new feature added value with our current features getting account statement, maintain inter & intra bank fund transfer, pay utility and credit card bills.

Last year, MDB has introduced its operations from new DR site located at Mirpur, which was equipped with world renowned, latest and sophisticated devices and technology to run our banking services. MDB implemented secure and reliable communication channel with scalable, redundant and load balanced architecture to ensure highest level of availability. Secure communication channel is maintained to ensure security of the bank. Network zones were efficiently managed, the access in the networks were monitored and maintained strictly.

MDB'S SERVICE EXCELLENCE

MDB is always dedicated to maintain the best service standard in the banking industry. We believe that customer service needs to encompass every interaction that a customer has with a brand. Our vision is to become the most appreciated brand in the banking sector in Bangladesh by creating long lasting value for its stakeholders and by providing sustainable growth. In pushing for sustainable growth, Midland Bank Limited, since its inception, architects its products and service channels in such a way that it delivers not only quality customer services but also responsive attitude to the needs of our customers. We believe in rendering service with a smile and we want to be referred by our customers for our standard and quality customer service. We have developed a Central Customer Service and Complaints Management Division at head office to redress customer, because MDB management has zero tolerance approach towards customer services. The names and emails of this cell's members are published in MDB website. It also includes phone, email, chat, web forms, and social communications, as well as self-service support sites, contact centre etc.

Making way for Customer Feedback

We love to be appraised by our customer so that we can improve and excel. At MDB, we always believe in valuing our customers' opinions and make our customers' believe that their opinions are truly important to us. With that conviction, we have introduced a feedback form at all our Branch counters,

where our customers are able to share their feedbacks through this form. The feedback form is also posted in our Bank website, so that Customers can submit their feedbacks from anywhere. There is also email address like info.mdb@midlandbankbd.net through which customers can send their comments on our services instantly. All these customer feedbacks enable us to monitor the branch service level centrally and also help us to know the reason of customers' dissatisfaction instantly, if any, upon which we can take necessary initiatives to improve our service further. To assess the prevailing service level with the standard and also to identify the improvement areas, every year the Bank conducts Surprise Visit, Annual Audit and Inspection at Branches.

MDB never sleeps

We have established a 24/7 Contact Centre to provide the best customer service and track any complaint or opinion of the customers. We are one call away to solve any queries any time on 16596.

Key Priority in 2019

While ensuring customer service at MDB, we believe, customer delight depends on the efficient delivery of products and services within expected timelines. Organizations effectiveness, efficiency and productivity depend on how & when we are delivering to our valued customers. With a vision of becoming the fastest bank in terms of delivering service in the financial industry of Bangladesh, MDB will implement its robust customer service standard and customer awareness strategy effectively.

CUSTOMER SERVICES AND COMPLAINT MANAGEMENT

To achieve sustainable growth, satisfied customer is prerequisite for which quality and timely services are to be rendered with diversified service, products to meet client's specific requirement. In this intensely competitive market environment, keeping and improving quality services is imperative for enhancing the customer and penetrating into new market. In view of this environment, MDB attaches top priority for developing and continuously monitoring customer services rendered by the Bank in its day to day operation.

To exclusively and professionally look after the matter MDB developed Customer Services & Complaint Management (CS&CM) Division which takes a relentless effort in establishing a customer-friendly environment by resolving any complain from the customer through prompt analysis, investigation and initiating remedial measures. Besides various preemptive measures have been initiated e.g. training sessions for the officials of the Bank, Information Technology enabled services facilities, customer awareness program for continuously improving our services and also our customers are gaining more confidence on us, which positioned MDB as a Bank of their first choice.

We received only handful number of complaints on different category /segments, all of these addressed properly which depicts our satisfactory service quality and level of customer satisfaction.

HUMAN RESOURCES

Human Resources Management Division has an aim to contribute for building strong, dedicated, skilled and professional Human Resources base for the Bank in peoples' development who are involved in the profitability curve and sustainable growth of the Bank. We believe that everyone has a latent talent, and for that we thrive to find out the underlying talent of the employees and help them to utilize their talent properly towards achieving individual development and organizational goals. This Bank established performance driven culture to expedite the utmost effort of its employees.

Our HR mission is to be the employer of choice in the financial sector where the employee will work with pride and pleasure. MDB believes that Human Resource Development is a continuing process and the

output of the development helps the organization to meet the objective and vision of the organization. The Bank highly emphasizes on attitude driven talent acquisition process as we do not offer merely a job for the employees but we are highly conscious to offer their career and make them confident for the best fit of the next role. The main motto of Human Resources Management Division is to hike the service excellency curve for the internal and external customers of the Bank. The Management team of the Bank with their talent & skill has now been working for business excellence with new pledge based on professionalism, team work, strong bondage of interpersonal relationship with good governance. The financial sector with increased global, regional and local competition coupled with socio-economic sensitivity has created enormous challenges in organization like private commercial Banks. To cope with new challenges, our strategic approach is to make our people techy to cope with technology based environment. Thus we thrive for caring our people so that they can grow as future leaders of the Bank. Also we created enabling working environment to attract, develop and retain quality manpower to ensure all the development of the Bank. We appreciate the employees' creativity and innovation for improving the work process of the Bank. Employees will be provided the work life balance, respect and caring attitude within the organization that they are expected to share externally with every customer as a Brand Ambassador of the Bank.

RESEARCH AND PLANNING DIVISION

At MBD, the purpose of Research and Planning division is to identify and drive policy and process improvements to create a sound framework for rational business planning and to provide management with expert technical advice for the growth of the Banks' financial performance through the conduct of market and social research, statistical data mining and analysis, and gathering of business intelligence using technical cooperation-coordination.

To stay relevant in today's financial market, a bank's policies and frame work must keep pace with future developments with the assistance and guidance of its Research and Planning (R&P) division. MDBs' R&P wing, as such, added stimulant to the Bank and infused dynamism to its operation by providing insight into how to achieve the Bank's quest to be the best performing bank in the industry. During the course of the year 2019, R&P division focused on carrying out systematic search for information and market opportunities in the banking industry to help guide management with their proactive decisions. The major responsibilities of R&P were to collect qualitative and research quantitative data on consumers, competitors and market place, consolidate information into actionable items, analyze and report daily on interest rate sensitivity of loans and deposits, prepare comparative reports on deposit mix, performance ratios, profit positions including trend analysis of all PCBs of the country, compare business strategies of other banks with that of MDBs', and advise on key strategies for enhancement of financial performance of the Bank.

In the near future, R&P will conduct feasibility studies for expansion, identify and resolve data gaps by evaluating past performances, provide deeper insight into prospective customers while generating specific action plans, develop comprehensive reports on deposit mix as well as other performance indicators, assess vulnerabilities, research on the implications of trends and develop methods to better identify and analyze risk variances ensuring competitiveness, quality of products and services as well as well-timed exploration of new market opportunities. R&P at MDB will assist in opening up of new avenues of business by assisting and guiding management to make productive decisions. At the end of 2019, looking back into our journey across the just concluded year, there remain certain goals yet to be achieved. Consistent with the Bank's strategic plan, and reflecting on the Bank's commitment to maximize its impact, a number of proactive measures are essential in 2020 to align MDB better to its mission. R&P will aid in doing so and plans to assist MDB in reaching a newer height. R&P division drew inspiration from its activities of 2019 and looks forward to a prosperous 2020.

CREDIT ADMINISTRATION

Credit Administration Division started it's journey in decentralization mode in 2014 and implemented centralization in the year 2015 to conduct its operation. At present total limit loading, disbursement and credit operation is fully centralized. The Division completes security documentation in accordance with the approval from competent authority of MDB. Besides various MIS reports as well as Bangladesh Bank returns are prepared by the Credit Administration Division.

As centralized mode of Banking, Credit Administration Division ensures proper preservation of original documents to its Central Vaults located at Dhaka and Chattrogram. In order to minimize operational and residual risks, Credit Administration Division is playing an important role in MDB for all the stakeholders.

LEGAL

Business and Law is very much interconnected to each other. A financial Institution is recognized as compliant one when it runs business and others activities abiding all rules and regulations of the country. Legal Division of a Bank ensures the legal compliance of the bank through legal support to all departments and branches of that Bank and maintaining liaison with our Lawyers and different regulatory and other related authorities such as Bangladesh Bank, Land records, Tax authority, Ministry of Finance, Judiciary, Anti-Corruption Commission, CID, Police, Central Intelligence Cell etc. by mitigating their queries regarding illegal and irregular transactions/ activities and complained matter.

The major responsibilities of this unit are as follows

- Obtain Legal Opinion through Credit Administration Division from the Retainer /Legal Advisors / Expert Lawyers on various issues, and sending and reply of Legal Notice through our panel lawyers on behalf of bank to the stakeholders as per the requirements of management.
- Take initiative and performing all procedures regarding enlistment (i.e. preparing memo, submitting the memo before the Board, preparing offer letter after final approval of the Board in favor of enlisted lawyers) of Panel lawyers and renewal of Retainer for the Bank.
- Vetting of property documents as well as Lease Agreements in connection with the floor spaces purchased /acquired for the Branch Premises.
- Vetting of outsourcing Agreement in line with BRPD circular No.02 dated 19/01/2015. Drafting of Lease Agreement and vetting of property documents purchased for the ATM Booth.
- Maintain Liaison with Retainer / Panel lawyer for smooth conducting of the suits / cases / writs / Appeals / Revisions and providing them all kinds of logistic and documentary support for proper execution of the respective cases.
- Provide up to date report regarding conducting cases as per requirements of internal and external authorities.
- Mitigate the queries of different authorities such as Bangladesh Bank, Tax Authority, Ministry of Finance, Anti-Corruption Commission, Courts, CID, Police, Central Intelligence Cell etc. regarding various illegal and irregular transactions and activities and investigation of different cases.
- Providing legal supports of different branches and departments of the bank as per requirement and Preservation of case / suit related documents.

ANTI-MONEY LAUNDERING

Anti-Money Laundering & Combating Financing of Terrorism

Money laundering (ML) and terrorist financing (TF) & Proliferation of Financing (PF) weapons of mass destruction are global phenomena, apparent in almost every part of the world. Emerging sophisticated techniques of moving illicit money are compelling the financial intermediaries to make their compliance program more rigorous. MDB, as a compliant Bank, is determined not to let money

launderers and terrorists or perpetrators to use the Bank as a channel to launder Money or Finance Terrorism in any possible way. The MDB Board of Directors and senior management prioritize compliance over business and treat non-compliance of AML & CFT measures with "Zero Tolerance". The management emphasizes that no bank-customer or bank-employee relationship is worth compromising our commitment to combat money laundering and the financing of terrorism activities. Hence, MDB has its own Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT) Compliance Program. It has been designed considering the range of activities, complexity of operations and the nature & degree of Money Laundering & Terrorist Financing risks faced by the Bank. Certainly, it is designed as per the prevailing laws, Bangladesh Financial Intelligence Unit (BFIU) Guidelines, Circulars & Circular Letters and Instructions. MDB applies risk sensitive Customer Due Diligence (CDD) measures, Monitors Business Relationships and Suspicious Transactions pursuant to the national regulations and international standards.

MDB, during the year 2019 has performed following activities for strict adherence of Ant Money Laundering & Combating Financing Terrorism Program:

- The Bank has got the Membership of Association of Anti Money Laundering Compliance Officers of Banks in Bangladesh (AACOBB) which comprising of all the commercial Banks both in the public and private sector.
- To establish better oversight on Anti Money Laundering & Combating Financing of Terrorism Compliance Culture in MDB, the Bank revised its ML & TF Risk Management Policy Guidelines in line with BFIU Circular-19 along with afresh review Draft Guidelines for Prevention of Trade Based Money Laundering.
- AML Division of MDB conducted 04 (Four) day long Training Programme to create awareness on AML & CFT among the officials of Branch in region wise where the total participants were 69 (Sixty Nine) and also conducted 02 (Two) Training session for the users of Bank Agent Centers as well as the officers of Agent Banking Division to build up awareness on AML & CFT issues ;
- Yearly Messages were sent to all employees of the Bank from the desk of Managing Director & CEO on January 06, 2019 for ensuring compliance in AML & CFT issues.
- The members of the Central Compliance Committee (CCC) met 4 times during the year and the 07 (Seven) member strong committee discussed issues related to AML & CFT and Provided Guidance to relevant Divisions/Departments.
- Under the direct supervision of the CAMLCO and as instructed by the CCC, AML Division of the Bank discharged their responsibilities throughout the year.
- AMLD conducted inspection on AML & CFT compliance status of Branches and conducted one hour awareness session at Branch premises to build up awareness on AML & CFT issues among the employees of Branches.
- MDB further accelerated its monitoring endeavors both Automated & manual monitoring tools, available at all the branches and the head office.
- AMLD submitted numbers of Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR) to BFIU ;
- AMLD communicated with Branches including all business units to improve their AML & CFT compliance culture, identifying needs and directing Branches as needed and responding to queries of branches;
- AMLD performed well in respect of BFIU system check Inspection on AML & CFT issues;

Main goals of AMLD for the year 2020 are to strengthen our compliance culture in all units of MDB. Specific goals are as follows:

- Continuing communication with Branches to improve their AML & CFT compliance culture, identifying needs and directing Branches as and when needed and responding to queries of Branches;

- Conducting workshop/training on ML & TF risk management, trade based money laundering (TBML), account opening & operating procedure for relevant employees including new joiners, existing employees, agent and agent employees and contractual employees
- AML Division has a plan to arrange a BAMLCO conference for all BAMLCO's of the Bank to keep them updated in relating to AML & CFT issues.
- AMLD will launch an Automated Sanction Screening tool with the help of IT to perform screening against UNSCR, OFAC and domestic sanction list;
- Monitoring AML & CFT compliance activities of branches and relevant divisions/departments/ units, both on-site and off-site, under the guidance and supervision of the Central Compliance Committee.
- AMLD will take proper measures to upgrade the status of Branches to Satisfactory which were already rated as Fair;
- AML Division will take proper measure among the officials of the Bank to conduct Customer Due Diligence (CDD), Enhanced Due Diligence (EDD) and identify Beneficial Ownership of account;
- Conducting inspection on AML & CFT compliance activities of randomly selected branches and checking overall effectiveness of AML & CFT Program.

INTERNAL CONTROL & COMPLIANCE

An effective internal control and compliance system has become essential in order to underpin effective risk management practices and to ensure smooth performance of the Bank. Internal Control and Compliance Division of any Bank acts as the watchdog of Bank's established internal controls and compliances. ICCD of MDB is continuously working independently towards providing reasonable assurance regarding achievement of objectives of various internal controls. The core focus of MDB other than financial goal is to establish a vibrant compliance culture in the Bank ensuring engagement of all officials of corporate hierarchy and ICCD has been entrusted with utmost independence by both Board of Directors and Management to recognize and assess all of the material risks that could adversely affect the achievement of the Bank's goals. ICCD also ensures compliance with laws and regulations, policies and procedures issued by both the bank Board/Management and the regulators.

In 2019, ICCD in MDB had three fold of functions consisting of two separate departments viz. a. Audit and Inspection Department, b. Monitoring and Compliance Department. As per Bangladesh Bank's revised guideline on Internal Control & Compliance (BRPD Circular No. 03 dated 08.03.2016 and amendment through BRPD Circular No. 06 dated 04.09.2016), the Head of ICCD of MDB reports his activities and findings to the senior management and Head of Audit and Inspection although being part of ICCD administratively reports directly to the Board Audit Committee and is responsible to the Board Audit Committee. Internal Control & Compliance Functions of above two departments in 2019 are enumerated below:

a. Audit and Inspection Department: To reduce the operational risk of the bank, Midland Bank Limited conducts regular Audits/Inspections on the basis of affairs of the bank based on different manuals, instructions, rules and regulations and procedures laid down by the Bank and Bangladesh Bank and other regulatory authorities from time to time. Special Audit is also undertaken whenever special instructions are given by the Board of Directors, Executive Committee, Audit Committee, Risk Management Committee, Managing Director and Additional Managing Director (if any) of the Bank.

b. Monitoring and Compliance Department:

b.1 Monitoring Department is responsible to monitor the operational performance of various Branches/Divisions/Departments. The Department collects relevant data and analyzes those to

assess the risk of individual units. In case, any major deviation is found they recommend to the Head of Internal Control and Compliance/Head of Audit and Inspection for sending audit & inspection team for thorough review.

b.2 The Compliance Department is responsible to ensure that Bank complies with all regulatory requirements while conducting its business. The Department maintains liaison with the regulators at all level and notifies the other Departments regarding regulatory changes. The Department followed up the Branches/Divisions/Departments for implementation / rectification of the findings / irregularities brought out in the Internal Audit Report/s. This Department is also responsible to arrange timely submission of compliance report of Bangladesh Bank Inspection Report.

Activity status of ICCD of MDB in 2019:

Risk Based Audit checklist for both Branches and Head Office Divisions were revised by ICCD in 2019. The checklists were prepared in aligned with existing and updated manual, policies and circulars of Bank and also with related instructions of Bangladesh Bank and other regulatory bodies. Based on these checklists, risk based audit was performed on Branches and Divisions/Departments throughout the year. As per decision of senior management, ICCD also conducted surprise cash verification on 3 (three) Branches in 2019. Special audit at 4 (four) newly opened Branches during 2019 was conducted as directed by MD and CEO. In addition, special inspections on Anti Money Laundering activities of Branches were also conducted. In pursuant to comply with the provision of Bangladesh Bank's "Guideline on ICT Security for Banks and Non-Bank Financial Institutions, May, 2015, Version 3.0" ICCD also conducted Information System (IS) Audit on all Branches. As per instruction of Bangladesh Bank, ICCD also conducted audit on daily basis reporting of Foreign Exchange Transactions of 2019 in the Online Foreign Exchange Transaction Monitoring System of Bangladesh Bank. After commencing of Agent Banking business, the Bank has opened 30 centers so far. While auditing Agent Banking division, ICCD also visited 3 Agent Banking centers in 2019. As per instruction of Bangladesh Bank, ICCD also prepared health report of the Bank on the basis of financial position of 31.12.2018 and the report was approved by Board of Directors afterwards. Besides, ICCD coordinated Bangladesh Bank's inspection team/s whenever various units/branches were audited by the regulatory authority and also ensured timely submission of compliance report of BB Inspection in different areas e.g. comprehensive inspection at Divisions and Branches etc.

ICCD completed the following major works in 2019:

1. Annual Audit and Inspection of 30 branches (including AML system check and IS/ICT audit).
2. Annual Audit and Inspection of 22 head office divisions / departments.
3. Surprise Visit to the 03 branches.
4. Surprise Cash Verification at 03 Branches.
5. Special Inspection of 04 new branches.
6. Review of QOR, LDCL, Self-assessment report, various statements like loans and advances, Online GL transactions etc.
7. Internal Audit and Inspection report review and compliance monitoring of 130 times.
8. Bangladesh Bank and other regulator's inspection report and compliance thereof of 60 times.
9. Compliance of regulatory changes: placed summarized report for 4 quarters.

Bangladesh Bank Inspection Statistics

Bangladesh Bank inspection team conducted a total number of 15 inspections on 07 division/department/units of the head office and 8 branches during the year 2019 which includes 7 Comprehensive Inspections, 3 surprise cash verification, 5 Core Risk Inspections.

Plan for 2020:

Like every year, ICCD makes a plan to perform its yearly activity in light with Bangladesh Bank guidelines, circulars issued from time to time, industry best practices etc. Significant activities that ICCD will cover are enumerated below:

- Perform audit and inspection on 38 Branches including 5 proposed newly opened Branches.
- Perform AML, ICT/IS audit on all 33 Branches including extra 10% AML audit as per BIFU Circular – 19 dated 17.09.2017.
- Perform Audit and Inspection of all 22 head office divisions/departments.
- Perform audit on 4 ABCs as 10% of agent centers as per BIFU Circular – 19 dated 17.09.2017.
- Pay Surprise Visit to the Branches where needed when directed by the management/Internal Control Team.
- Perform special audit on 5 newly opened Branches when new Branches are opened.
- Monitor and review the QOR, LDCL, Self-Assessment Report on AML and send report there against.
- Perform monitoring activities.
- Ensure compliance of Bangladesh Bank Inspection Reports, External and Internal Audit and Inspection reports etc.
- Ensure compliance of Regulatory Changes.

Internal Control and Compliance Risk Management

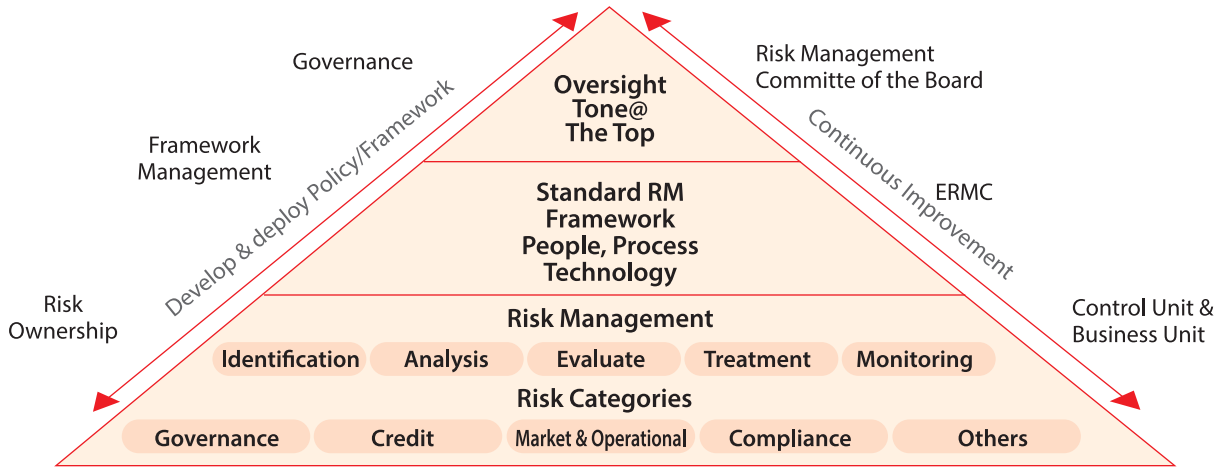
As per core risk guideline of Bangladesh Bank, ICCD is acknowledged as one of the key Risk Management organs of the Bank. To mitigate its operational risks and identifying various malpractices prevailing in operational activities, the division has formulated robust and resourceful policy guideline which ensures that Bank demonstrates compliance and conformity with relevant regulations of the Central Bank and other regulatory bodies. In addition, they ensure that corrective action plans are implemented within the set deadlines and they also ensure proper corporate discipline and awareness. During the year 2019, ICCD successfully conducted comprehensive inspection on all divisions and Branches according to its approved activity plan and submitted findings thereon to the competent authority for discussion, review, suggestion and proper evaluation. Apart from the continuous auditing, ICCD is also conducting off-site supervision through monitoring day-to-day transactions and reporting any exceptions thereon. Thus the ICCD virtually acts as a whistle blower and play active role in taking precautionary measures for risk mitigation as well as to make the institution even more compliant on prudential and regulatory issues.

Risk Management Report

Risk is the probability that an investment's actual return will be different than expected which includes the possibility of losing partial or full of the original investment. As such Midland Bank Limited (MDB) manages the risk through coordinated steps to keep the loss at a tolerable limit which includes but not limited to control and monitoring only.

The objective of risk management is to identify and analyze risks and manage their consequences. Basel II/III Accord, the standards of Risk Management as guided by the Bank for International Settlements (BIS) and particularly Basel Committee on Banking Supervision (BCBS), has been applied by bank regulators across the world.

Effective risk management is one of the most crucial success factors for sustenance of a Bank. That is why, we have established a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all the employees of the Bank.



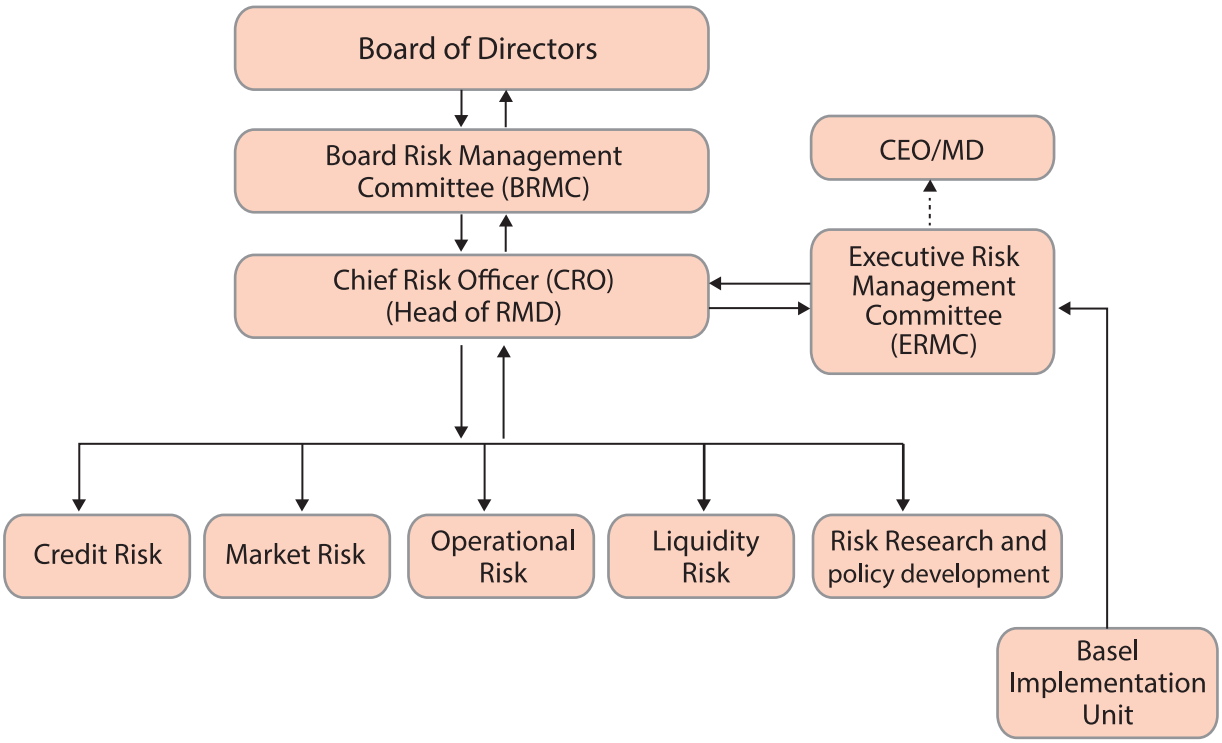
Risk Management Framework

The risk landscape in the current business environment is changing dynamically with the dimensions of Cyber security, Information Security & Business Continuity, Data Privacy and Large Deal Execution figuring prominently in the risk charts of most organizations. To effectively mitigate these risks, we have deployed a risk management framework which helps proactively identify, prioritize and mitigate risks.

Bank's risk management framework is applied on an enterprise-wide basis and consists of three key elements:

- Risk governance
- Risk appetite
- Risk management tools

Risk Governance



Risk Management activities which are being reviewed by the Board Risk Management Committee is being communicated in the form of meeting minutes (including observation, decisions and recommendations) to the board of directors. During the year BoD reviewed and approved risk management structure of the Bank which was constituted as per the guidance of Bangladesh Bank. BoD also approved Risk Management Policy guideline which was formulated in light of the guidance from Bangladesh Bank and MDB's own capacity and risk parameter also being taken into account.

Board Risk Management Committee (BRMC)

A Board Risk Management Committee has been formed in the Bank to oversee the activities of Management level Risk Management Committees of the Bank as well as to oversee the implementation status of investment (credit) Risk, Foreign Exchange Risk, Interest Rate Risk, Market Risk, Operational Risk , Liquidity Risk, Risk Based Capital Requirement, Provisioning (required and Maintained); etc.
Disclosure of activities of the Board Risk Management Committee (BRMC) is as follows:

Particulars	During the year 2019 (in Number)
Number of Members of Board RMC	5
Number of Board RMC Meetings	4

Executive Risk Management Committee (ERMC)

A strong Risk Management Committee has been formed in the Bank comprising the heads of all the risk taking organs, regular meeting in the committee is being arranged and organized by the Risk Management Division. The committee sits usually once a month or more when necessary. In the meeting of RMC, all the existing/identified and foreseeable/potential risks issues are discussed and recommendations to the concerned risk taking organs is to address, measure and take the required steps to mitigate the risk factors. Disclosure of activities of Risk management Committee (RMC) is as follows:

Particulars	During the year 2019 (in Number)
Number of Member of RMC	13
Number of RMC Meeting	11

Risk Management Division (RMD)

Risk Management Division of the bank is responsible for establishing Bank's risk management framework, and to ensure that the procedures for identification, monitoring, mitigating and managing risks are in place as per risk management guidelines, core Risk Management Guidelines of each area and Basel accord are also being complied effectively. The Bank's risk mitigating technique is not to wait for the risk but to take precautionary measures to mitigate the risk and lessen impact of the risk before incident happens. To supplement the stand of the Bank, RMD is extensively working on robust Risk Management practices and exchange of ideas about Risk Management for creating an acceptable risk management culture within the Bank.

Risk Culture

The Bank's risk governance structure, risk appetite, and risk management tools are influenced by risk culture of the Bank. The risk culture is built upon:

Tone from the top: Clear and consistent communication from leaders on risk behavior expectations and the importance of MDB's values.

Accountability: All MDB employees in every business function are held accountable for risk ownership and their actions in accordance with the Risk Management Policy.

Compensation: Programs are structured to discourage behavior not aligned with the Bank's values or

MDB's GAP Policy (Code of Conduct) and ensure that such behaviors will not be rewarded.

Reporting: Reputational & operational risk dashboards and other key metrics are monitored and reported. The Bank also seeks out employee feedback through a variety of surveys.

Training: MDB continually reinforces risk culture by providing effective and informative mandatory and non-mandatory training modules for all employees, as well as presentations and other training media on a variety of risk management topics.

Decision-making on risk issues highly centralized: The membership of senior and executive management committees responsible for the review, approval and monitoring of transactions and the related risk exposures (whether global or local) include business line heads and senior risk officers.

Risk Appetite Statement

MDB's risk appetite statement defines the amount of risk we are willing to assume in pursuit of our strategic and financial objectives. Our guiding principle is to practice sound risk management, supported by strong capital and funding positions, as we pursue our client-focused strategy. In defining our risk appetite, we take into consideration our vision, values, and strategy, along with our risk taking/absorbing capacity (defined by regulatory constraints). Application of the risk appetite statement and monitoring of the key risk appetite measures help to ensure the Bank stay within appropriate risk boundaries.

Risk Management Tools

Effective risk management includes tools that are guided by the Bank's Risk Appetite Framework and integrated with the Bank's strategies and business planning processes.

Risk Mitigation Methodologies

Risk types	Governing documentation	Application to risk appetite limits/ tolerances
Credit risk	Credit risk policy, Credit risk appetite, Collective allowance policy for performing loans	Exposure to a single customer or group of related parties. Country risk (exposure limits to control transfer/cross-border and sovereign default risks); and Industry concentrations (exposure and risk adjusted concentration limits).
Market risk	Market and structural risk management policy	Various VaR limits, stress test results, equity and debt investment exposures, and Structural interest rate and foreign exchange exposures.
Liquidity and funding risk	Liquidity risk and collateral management policy	Appropriate hold levels of unencumbered high quality liquid assets that can be readily sold or pledged; Limits to control the maximum net cash outflow over specified short-term horizon; and Diversification of funding by source, type of depositor, instrument, term and geographic market.
Operational risk	Operational risk management policy and framework, Internal control policy, Fiduciary risk management policy, New products and services risk management policy, Information technology risk management policy, Outsourcing & other arrangements risk management policy	Systematic identification, measurement, mitigation and monitoring of operational risk, Minimization of residual operational risk; and Expressed quantitatively by an aggregate loss limit.
Reputational risk	Reputational risk policy, Guidelines for business conduct compliance policy	Low tolerance for reputational, legal, or taxation risk arising from business activities, initiatives, products, services, transactions or processes, or from a lack of suitability of products for clients.
Environmental risk	Environmental policy	Ensuring that projects are developed in a socially responsible manner
Strategic risk	Annual strategy report to the Board of Directors	It links the Bank's risk appetite framework with the enterprise strategy, business line strategies and corporate function strategies;

Credit Risk

Credit risk is the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms.
Effective management of credit risk requires the establishment of an appropriate credit risk culture. The Board of Directors, either directly or through the Risk Committee (the Board), reviews and approves the Bank's credit risk appetite annually and credit policy manual triennially.

Environmental Risk Management

Environmental Risk Management Seeks to offer a structure for addressing the risk to make a certain course of action for enduring sustainable financial and economic growth. Environmentally derived risks for the Bank are inability of the clients to make payments due to unexpected environmental costs, interruption/discontinuation of client business by imposing penalties/closure notice by competent authorities, decrease in the value of security due to environmental impairment during the term of investment etc. Environment risk management procedure includes identify environmentally derived-potential liabilities for Bank in transactions, assess the awareness, commitment and resources of the client to manage the environmental risk creating those potential liabilities, manage and control the Bank's exposure to environmentally derived liabilities. As per instruction of BB, the bank has implemented Environmental Rating (ERR) and Environmental Due Diligence (EDD) of the eligible customers in the light of ERM guidelines.

Market Risk

Market rate is defined as the possibility of losses in on and off-balance sheet positions arising from movements in market prices. The exposure of the Bank to market risk arises principally from customer-driven transactions. The market risk positions subject to this requirement are:

- The risks pertaining to profit rate related instruments and equities in the trading book;
- Foreign exchange risk and commodities risk throughout the bank (both in the banking and in the trading book).

Interest Rate Risk

Interest Rate Risk is the risk, which affects the Bank's financial condition due to change in the market interest rates. The changes in interest rates may affect both the current earnings as well as the net worth of the Bank (economic value perspective). The risk from earnings perspective measured as impact on the Net Investment Income (NII). Similarly, the risk from economic value perspective can be measured as it has impact on Economic Value Equity (EVE) since the value of the Bank's assets, liabilities and off-balance sheet (OBS) instruments changes because of the changes of present value of future cash flows when interest rates changes.

Interest rate risk in the banking book is the burning issue since bank's earning is exposed to risk. To reduce the risk, the following activities are performed by the bank:

- Interest rate is determined considering the expectation of the depositors and market scenario;
- Gap analysis is considered for fixing the interest rate;

Foreign Exchange Risk Management

Foreign Exchange risk is involved in purchase and sale of any national currency against other national currency. The foreign Exchange risk arises due to unexpected movement of market price of the holding of currencies or the price of the assets denominated in foreign currencies.

Treasury Division oversees foreign exchange risk, net open position, dealing room operations and anti-money laundering aspects in foreign exchange transactions; etc.

For effective and efficient management of foreign Exchange Risk, the Bank has a well-developed and well-structured Foreign Exchange Risk Manual and an international standard dealing room manual. Further, in order to mitigate the risk, Bank follows all kinds of guidelines and directives that central Bank advises from time to time. The treasury carries out the activities of foreign exchange as per procedures of dealing room manual. The front office independently conducts the transactions and the Back office is responsible for verification of the deals as per set guidelines and passing of separate

Asset Liability Risk Management

Asset Liability Management (ALM) defined as a well-planned, well-organized and systematic process of monitoring and maintaining assets and liabilities of the Bank which focuses on maximization of profit through minimization of various risks vis-à-vis maximum of spread through mitigating liquidity risks, rate of return risk etc. and ultimately leads the Bank to a healthy and stable growth. In the above context, RMC of the Bank reviews and monitors asset-liability risk of the bank regularly and decision taken in the ALCO meeting is also reviewed and discussed. The Bank has a dedicated committee, called the ALCO comprising of the senior management of the Bank headed by the managing director & CEO to take important decisions related to the balance sheet, liquidity & profit Rate risks of the Bank. Treasury Division of the Bank looks after the asset-liability management risk.

Money Laundering Risk Management

MDB takes utmost care to recent money laundering and terror financing matter as a crucial part of its risk management activities. Bank has formulated its own guidelines for prevention of money laundering approved by the Board of Directors in line with Bangladesh Bank AML/CFT laws, rules and regulations. Risk Management Committee of the Bank reviews and monitors the AML activities i.e. Suspicious Transaction report, Cash Transaction report, Number of branch inspected, number of workshop held on AML and Number of participants etc.

Internal Control and Compliance Risk Management

As per core risk guideline of BB, ICCD is acknowledged as one of the key RM organ of the Bank. To mitigate its operational risks ICCD identify various deviant policies in operational activities. The division has formulated a robust and elaborate policy guideline to be followed which ensures that Bank demonstrates compliance and conformity with relevant regulations of the Central Bank and other regulatory bodies. In addition, they ensure that corrective action plans are implemented within the set dead line as well as ensure proper corporate discipline and awareness. During the year the ICCD successfully conducted comprehensive inspection on some the Divisions of Head office and all Branches as its scheduled and submitting findings thereon to the competent authority for discussion, review, suggestion and proper evaluation. Thus the ICC system of the Bank always plays active role in mitigating operational risk and contributes in the process of being a well compliant Bank in the industry for ensuring stable growth.

Top and Emerging Risks

We monitor and review top and emerging risks that may affect our future results, and take preemptive action to mitigate potential risks if required. We perform in-depth analyses, which include stress testing our exposures related to the risks, and provide updates and related developments to the Board on a regular basis. This section describes the top and emerging risks that we consider with potential negative implications, as well as regulatory and accounting developments that are material for MDB.

Technology, Information and Cyber Security Risk

MDB is a forward looking financial institution and as such evolving its business processes by leveraging innovative technologies e.g. internet for faster and documented communication between the divisions, departments and branches and also with the clients. This facilitates faster identification of any deviant activities risk and as well as faster delivery of our services. At the same time, this enhances cyber threats and the associated financial, reputation and business interruption risks have also increased. However to mitigate such risk, MDB has adequate professional skilled manpower and also upgrade its technology.

Operational Risk

Operational risk refers the risk of unexpected losses due to physical catastrophe, technical failure and human error in the operation of the Bank, including fraud, failure of management, internal process errors and unforeseeable external events. ICCD of the Bank compliant documented process in place to address and assess all the operational risks.

Residual Risk:

The Bank uses different techniques to reduce their credit risk. Improper application of these techniques may rise to additional risks that render the overall risk management less effective. Accordingly, these additional risks are termed as residual risk which arises mainly out of the following situations:

1. Error in documentation
2. Error in valuation of collateral

The following activities are performed by the Bank to minimize the above two issues under residual risk:

- Adequate and valid documentation are being ensured for minimizing capital charge under error in documentation
- Valuations of collaterals are being done properly.

Risk Based Capital Management

Supervisory Review Process (SRP), the second pillar of Basel accord covers a wide range of risks, including core risks as mentioned above, to ensure adequate capital against all risks. In fact minimum capital is maintained against credit risk, market risk, and operational risk under pillar-1 of Basel accord and SRP covers all other risks. In Bank's point of view, risks are endless. So Bangladesh Bank has detected some of the risky areas to measure the risks in a structured way which is known as SRP, which comes under the guideline of pillar-2 of Basel accord.

Stress Testing

Stress testing is a risk management technique used to evaluate the potential effects of an institution's financial condition at a specific event and/or movement in a set of financial variables. It is an integral part of the capital adequacy framework. The focus of stress testing relates to exceptional but plausible events. This involves several shocking events. Each shocking event contains Minor, Moderate and Major Level of shocks.

The findings of stress testing are being reviewed in the meeting of the Risk Management Committee and the same also being reported to Bangladesh Bank and Board Risk Management Committee of the Bank for their guidance against the particulars risk areas. In view to finding of stress testing, guidance from Bangladesh Bank and Board RMC also being taken into account for assessing potential risks of the bank.

Step Forward

MDB follows a holistic approach when implementing framework of risk management practices. We also use dynamic tools to address different risks and continuously focus on improvements to get the better return. Besides, the Bank's focus will be staying robust at times of challenge and keeping well-informed of fast-paced changes. In addition to that, continuous monitoring and no compromise approach would be the guiding principle for the risk management of the Bank in the upcoming year.

SPECIAL ASEESTS MANAGEMENT

Midland Bank Limited has its high on the agenda to keep risk assets portfolio of the Bank performing to the maximum extent possible by reining in the growth of non-performing loans. In this direction, the management has created a dedicated division namely special assets management division with required expertise and manpower support. Consequent upon its application depending on the merits of defaulted borrowers, percentage of non-performing loan became within acceptable range, i.e.: 2.64%. SAMD has fixed following way out measures towards restraining growth of NPLs, thereby keeping the portfolio performing for optimization of profitability.

- Formulation of realistic and effective recovery strategy and its application depending on the merits and magnitude of particular problem of the loan.
- Prioritization to adopt alternate dispute resolution measures concurrently with legal resources to make the loan recovery drive time and cost effective.
- Special Care to ensure keeping of adequate loan loss provisioning considering it as a cushion for capital.
- Extract utmost benefits from the cases/ suits through recovery of loans vis-à-vis liquidation of collateral security.
- Adhere to the guidelines of regulatory authorities.

Compliance Certificate on Corporate Governance Guidelines of Midland Bank Limited

Annexure-B

[Certificate as per condition No. 1(5)(xxvii)]

Report to the Shareholders of Midland Bank Limited on compliance on the Corporate Governance Code.

We have examined the compliance status to the Corporate Governance Code by Midland Bank Limited for the year ended on 31 December 2018.

This Code relates to the Notification No. **BSEC/CMRRCD/2006-158/207/Admin/80** dated 03 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

(a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission or not complied (if not complied, specify non-compliances);

(b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code or not complied (if not complied, specify non-compliances);

(c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws or not complied (if not complied, specify non-compliances); and

(d) The Governance of the company is highly satisfactory or satisfactory or not satisfactory.



Place: Dhaka
Dated: 25 June 2020

For K. M. Hasan & Co.
Chartered Accountants

Partner
Md. Shahidul Islam ACA

Corporate Governance

Introduction

Corporate Governance (CG) comprises a set of systems and practices to ensure that the Bank's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholder's aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mind-set of the organization. Midland Bank is always committed to the best corporate governance practices, in the sense of responsible and transparent management and control aimed at sustainable value creation. The guiding principles of our governance practice are basically derived from various regulatory requirements of Bangladesh Bank (Central Bank of Bangladesh) and Bangladesh Securities & Exchange Commission (BSEC). MDB, since the very beginning of its operation, has manifested its commitment to adhering to the principles of sound corporate governance. The Bank is also committed to complying with the Bangladesh Bank Circulars (BRPD Circular NO. 11 dated 27 October 2013) in line with Bank Company Act, 1991 (Amended upto 2013). Besides the regulatory and legal bindings, our best CG choices and practices are inspired by various internal rules, policies, procedures, applications and experience based on preferred governance systems enacted by local and global banking institutions.

Through a good corporate governance structure, MDB seeks to balance the financial success, controls, transparency and accountability. To us, corporate governance means increasing the stakeholders' value by being efficient and professional to the organization, transparent and accountable to the shareholders and responsible to the community and environment. The Board of Directors plays a pivotal role in corporate governance. It is their responsibility to endorse the organization's strategy, devise policy, appoint and supervise senior executives and ensure organizational transparency to its owners and regulatory bodies. MDB's corporate governance structure includes the following constituents:

MDB's Governance Standard

- Compliance of corporate governance guidelines of the regulators.
- Appointment of Directors in the Board meeting and election of Directors through voting by the shareholders in the Annual General Meeting.
- Independent guidelines in respect of composition of Board Committees.
- Review of performance of all Committees by the Board.
- Independent discussion in the meetings of Board Committees.
- Systematic learning and development process for all Directors with respect to best CG practices.
- Acknowledgement of adherence to Bank's guidelines to business conduct by all Directors/Executives/Employees.
- Compliance of Central Bank directives in the process of appointing new Directors.

Gender Balance

MDB Board of Directors has an encouraging gender balance. We have as many as 04 (four) female Directors in the Board representing 23.53% of the total Directors.

Composition of Board of Directors

The Board of Directors comprises of nineteen Directors as on 31 December 2019 including the Managing Director as ex-officio member. The Chairman and eighteen other Directors are Non-Executive Directors and only the Managing Director & CEO is an Executive Director. Amongst the Non-Executive Directors there are 2 (two) are Independent Directors in the Board of Directors. As regards aptitude and

competence, the shareholder Directors are educated, experienced professionals and add utmost value to the overall management capability. Almost all of them are successful businessmen in their own right holding responsible positions in public life. The Independent Directors appointed by the Board have excellent professional track record in the highest level in their respective fields. Mr. Mahbubul Hady Fazle Rab, Independent Director of MDB was career Banker having diversified experience in Risk Management, Credit Administration, Risk Assessment and Structuring with multi-country experience. The other Independent Director of MDB, Mr. Nazimuddin Chowdhury was a veteran Civil Servant with experience in working at the highest level of the Government as the Secretary of Ministry of Energy and Mineral Resources. The Directors have declared their respective interests and directorships at the time of joining the Board and also their dealings in Bank's securities are on full disclosure and arms length basis. The Board meets at least once every Month. For smooth running of the Bank as well as for effective day-to-day management, they have delegated powers to the Managing Director as per Bank Companies Act 1991 and different circulars/Guidelines of Bangladesh Bank. All essential policy making and strategic issues are discussed in the meetings of the Board of Directors and decisions are made on the basis of management opinion and exchange of views.

Independent Directors

The Board of Directors of the Bank consists of 19 members including Managing Director and CEO. There are two Independent Directors in the Board of Directors of MDB appointed by the Board of Directors of the Bank with prior approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank.

Meeting of the Board

The Board of Directors meets on regular basis: usually once in a month but emergency meetings are called when deemed necessary. Management provides information, references and detailed working papers for each agenda to all Directors well ahead of the date scheduled for meeting. Chairman of the Board of Directors allocates sufficient time for the Directors to consider each agenda item in a prudent way and allow them to freely discuss, inquire, and express opinions on the items of interest so that they can fulfill their duties to the best of their abilities. In 2019, a total 13 Board Meetings were held.

Responsibilities of Chairman and Chief Executive Officer

Roles of the Chairman of Board of Directors and the Managing Director are clearly spelled out in writing and have been agreed by the Board. The Chairman supervises the operation and effectiveness of the Board of Directors. As the Chief of the Board, he approves the agenda for the Board meetings with the assistance of the Managing Director and the Company Secretary. He further ensures that there is effective communication with stockholders and promotes compliance with the highest standards of corporate governance. On the other hand, the Managing Director is responsible for implementation of agreed strategy and holds delegated authority from the Board for the day-to-day management of Bank business. Being the head of management team, he is accountable to the Board and its Committees to run and manage the Bank in accordance with prescribed policies, principles and strategies adopted by the Board and guidelines from the Central Bank, BSEC and other regulatory bodies. In MDB, the corresponding responsibilities of the Chairman and the Managing Director imply that the management of the Bank handles daily affairs of the Bank as a separate entity from the Board of Directors and both work in the common interests of the Bank and its stakeholders. Difference of opinion is settled in a harmonious way towards achieving more of Bank's goal together.

Benefits provided to the Directors and the Managing Director

As per Bangladesh Bank BRPD Circular No. 11 dated 27 October 2013, Banks in the country can only provide the following facilities to the Directors:

- The Chairman of the Board of Directors may be provided car, telephone, office chamber and private secretary.
- Directors are entitled to fees and other benefits for attending the Board/Executive Committee/Audit Committee/Risk Management Committee meetings (Notes to the Financial Statements, note # 31)
- Managing Director is paid salaries and allowances as per approval of the Board and Bangladesh Bank (Notes to the Financial Statements note # 26.01)

MDB is compliant with the Bangladesh Bank Circulars and Guidelines in respect of the above.

Remuneration and Compensation of the Management

In order to discuss and decide issues related to remuneration and compensation of employees, the Board meets as and when required but at least once in every two years.

Appointment of External Auditors and the purview of their activities

As per recommendation of the Board of Directors, the shareholders of the Bank in the 6th AGM held on 14 September 2019 approved the appointment of M/s. A. Qasem & Co., Chartered Accountants (affiliated with Ernst &Young Global Ltd.) as the statutory auditors of the Bank for the financial year 2019. In compliance with the provision 4 of BSEC guidelines, the External Auditor was not engaged with MDB in any of the following services during the year 2019:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Bookkeeping or other services related to accounting records or financial statements.
- Broker-Dealer services.
- Actuarial services.
- Internal audit services.
- Any other service that the Audit Committee of the Board determines.

Appointment of Compliance Auditor as per Corporate Governance Code of the BSEC

As per recommendation of the Board of Directors, the shareholders of the Bank in the 6th AGM held on 14 September 2019 approved the appointment of M/s. K. M. Hasan & Co., Chartered Accountants as Compliance Auditor of the Bank for the financial year 2019. Moreover, as per requirement of the Corporate Governance Code of BSEC, the Board of Directors in its 96th Meeting held on 20.02.2020 also recommended M/s. K. M. Hasan & Co., Chartered Accountants for appointment by the shareholders in the upcoming 7th Annual General Meeting of the Bank. As per clause xxvi of the Corporate Governance Code, the Compliance Auditor will provide a report as well as certificate regarding compliance of conditions as required under condition No. 9 and disclosed as per Annexure-B and Annexure-C of the Corporate Governance Code.

Functions of the Board

The Board of Directors has the responsibility to the shareholders for the overall guidance and control of the Bank. Among its key responsibilities, the Board approves all policies and strategies formulated by the Bank Management as well as ratify all decisions/approvals made by the Executive Committee (EC) of the Board. The Board, while discharging its responsibilities, is committed to high standards of governance designed to protect the interest of shareholders along with all other stakeholders with highest level of integrity, transparency and accountability. The Directors of the Board are confident that they did their best in protecting stakeholders from the impacts of the difficult circumstances confronted during the year, as set out in the Directors' Report. The Board has initiated a fundamental

review of risk governance with a view to being better equipped to anticipate financial market and economic discontinuities and trends in the future. This is monitored by a Committee of Directors and supported by independent Risk Management Division (RMD) of the Bank. The Board is committed to implementing the recommendations that arises from the review of the Committees concerned.

Board Committees

As per rule set by Bangladesh Bank vide BRPD Circular No.11, dated 27 October 2013, a Bank company can form as many as three committees or sub-committees of the Board. Accordingly, MDB has formed three committees of the Board, namely Executive Committee, Audit Committee and Risk Management Committee with an objective to monitor and manage Bank's operations, performance and strategy.

Executive Committee (EC)

In accordance with Bangladesh Bank instruction, the Board of Directors of Midland Bank Limited has formed Executive Committee with 7 members. The Executive Committee is responsible for the review of the policies and guidelines issued by Bangladesh Bank in terms of credit and other operations of the banking industry. The Committee supervises the degree of execution of the policies and guidelines entrusted with the management. In the normal course of business, the EC of the Board approves the credit proposals in line with approved policy of the Board. Management is advised to exercise due diligence of the credit policy and risk management at the time of assessing credit proposals. The EC in its continuous efforts guides the Management to develop uniform and minimum acceptable credit standards for the Bank.

MDB Board Executive Committee held 12 (Twelve) meetings in 2019. Highlights of the Executive Committee activity during the year 2019 are appended in the Report of Executive Committee at page # 35-36.

Board Audit Committee (BAC)

The Board Audit Committee meets the external auditor and provides them the recommendations on the overall audit plan. They also discuss the auditor's interaction with the Management and the Management's response as well as corrective actions taken. They review the quarterly financials and approve Quarterly, Half Yearly and Annual financial reports of the Bank. The Audit Committee also meets the Head of Internal Control & Compliance as well as Head of Internal Auditor of the Bank to review their charter, scopes of work and the organizational structure. The inspection reports from regulators and internal Audit are also presented to the Audit Committee for their review and action. The Board Audit Committee of MDB consists of 5 Directors and is constituted with the members not included in the Executive Committee of the Board. Company Secretary is the member secretary to the committee.

The Board Audit Committee assists the Board in carrying out its responsibilities relating to:

- integrity of the financial statements and any related formal announcements;
- overseeing the relationship between the Board and its external auditors;
- review of the Bank's internal controls, including financial controls;
- assessment of the effectiveness of the internal audit, compliance and risk management functions;
- review of the internal and external audit plans and subsequent findings;
- selection of accounting policies namely Bangladesh Accounting Standards (BAS) and

International Accounting Standards (IAS);

- review of the auditors' report;
- obligations under applicable laws and regulations including Securities and Exchange Commission Guidelines; and
- review of the effectiveness of the services provided by the external auditors and other related matters.

MDB Board Audit Committee held 04 (four) meetings in 2019 and had thorough discussions and review session with the CEO, Head of Internal Control & Compliance, External Auditors etc. Highlights of the Audit Committee activity during the year 2019 are appended in the Report of the Audit Committee at page no 35 - 38.

Risk Management Committee (RMC)

According to Bank Company (Amendment upto 2013) and BRPD Circular No. 11 dated 27 October 2013, the Bank has constituted Risk Management Committee (RMC). RMC has been formed by the Board essentially to play an effective role in reducing ensued and potential risks in the process of implementation of Bank's strategy and work plan as devised by the Board of Directors. The Committee, in addition, ensures efficient execution of related responsibilities of the Board. The RMC has the responsibility of oversight as regards, whether proper risk mitigation processes/methods are being applied and required capital and provisions are maintained by management after it has duly identified and measured credit risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk, operating risk, interest risk, liquidity risk and other risks. Risk Management Committee of Midland Bank consists of 4 (Four) members chosen from the Board. The Company Secretary of the Bank acts as the secretary to the Committee. All the committee members have honesty, integrity and ability to invest adequate time in affairs of the Committee. All of the members of RMC have adequate insight about banking business, Bank's operation, various risks along with knowledge about their own duties and responsibilities. Risk Management Committee has the following responsibilities:

- To design mechanism to determine and control risks
- To prepare organizational structure
- To review and approve risk management policy
- To implement data preservation and reporting system
- To supervise the status of implementation of all risk management principles
- To ensure compliance on directives issued from regulatory bodies from time to time.

MDB Risk Management Committee (RMC) held 04 (Four) meetings in 2019 and had thorough discussions and review session with the CEO and CRO on various risk related issues. Highlights of the Risk Management Committee activity during the year 2019 are appended in the report of the Risk Management Committee.

Internal Control & Compliance

The Directors acknowledge their responsibility for building the systems of internal control and for reviewing their effectiveness at regular interval. Such systems are designed to control, rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. The losses could stem from the nature of the Bank's business in undertaking a wide range of financial services that inherently entail varying degrees of risk. The Bank has established a comprehensive framework to document and test its internal control structures and procedures conforming to the requirements of regulatory bodies. The Bank's overall control systems include:

- A clearly defined organization structure with defined authority of limits and reporting mechanisms to senior management and to the Board of Directors;
- Establishment of Committees with duties and responsibilities in core policy areas;
- A complete set of policies and procedures related to financial controls, asset and liability management (including major risks in financial managements);
- Code of Conduct setting out the standards of behavior expected of all levels of directors, officers and employees; and

- Regular reporting by business divisions/units that helps assessing the progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

The controls as outlined above are rooted within the operations of the Board and reviewed by Bank's Internal Audit. The review focuses the areas of greater risk as identified by risk analyst. The Directors confirm that the Board, by properly engaging the Committees, has reviewed the effectiveness of internal control for the year ended 31 December 2019. This process ensured an internal control system to the tune of best financial reporting practice throughout the financial year and upto the date of the signing of these financial statements. There was an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and Bank's risk management actions and the extent to which various significant challenges are understood and addressed.

Management Committees of the Bank

MDB has various management teams which have been established by the Board and have delegated the authority to manage the Bank's day-to-day affairs of business. A model Corporate Governance structure endows the Management with a collective mandate under the leadership of Managing Director & CEO to run day-to-day operation in the best interest of the stakeholders. As required by compliance as well as in pursuance of strategic goal, the Bank has constituted designated committees with specific objectives, apart from various functional departments.

Professional Development

All Directors, after appointment, are provided with a complete set of information in order to familiarize them with the Bank's operations, management and governance structures; these include the functioning of the Board and the role of the key committees. On an ongoing basis, the Directors receive briefings appropriate to the business of the Bank. The Directors have access to the advice and services of the company Secretary, who is responsible for advising the Board on all governance issues along with relevant information to enable them to consider issues for decision. Committees of the Board have similar access and are provided with sufficient resources to carry out their duties.

Election / Re-election of Directors

As per Article-138 and 139 of the Bank, five Honourable Directors retired in the 6th Annual General Meeting (AGM) of the Bank held on 14 September 2019 and they were also reelected in the same AGM as per Articale-140 of the Bank and post-facto approval was obtained from Bangladesh Bank on reappointment of the Directors so retired. In the upcoming 7th AGM of the Bank, one third members of the Board of Directors (except Managing Director and Independent Directors) shall retire and election/re-election will take place as per the Companies Act 1994 and relevant provisions of the Articles of Association of the Bank.

Communications with the Shareholders

MDB makes sincere efforts to disseminate integrated operational and financial output and initiatives to shareholders to enable them to rightly assess future potentials of the Bank. Relations and communication with stockholders are given high priority. The Bank expresses its financial health and achievement through annual report which contains a balanced, clear assessment of its performance and prospects. It also uses its internet website www.midlandbankbd.net to provide investors with the full text of the annual report and with copies of presentation to regulatory bodies, analysts and investors as they are made so that information is available to all relevant targets. The annual report containing audited financial statements for the respective year are also dispatched to the shareholders well ahead of Annual General Meeting (AGM) and audited financial statements for any particular year are published in two leading circulated Bangla and English dailies. The Quarterly and half-yearly unaudited financial statements are also submitted to the regulatory bodies in compliance with regulations. Our policy focuses on constructive use of the AGM and all shareholders are encouraged to participate. Shareholders are open to ask questions at the AGM.

Commitment to other Stakeholders

We always honor the rights and interests of other groups of stakeholders giving a fair delicacy. In addition to our respected shareholders, we have our valued customers, the core of our banking business. There remain our internal customers, our employees, the craftsmen of our everyday success. Others include suppliers, government, regulatory bodies, society, community, media people and any other group having interest in the Bank.

The Community

In our sustainability planning, we recognize the importance of contributing to the society and the community as ardently as possible. We are conscious that Bank's financed projects pose no adverse impacts on environment. Clients are also made aware of environmental compliance along with other regulatory compliance, such as, credit rating. allocation is made for CSR initiatives every year to optimize values for the community and the habitat.

The Government

MDB is always tax compliant as a responsible corporate business community. The Bank makes payment of corporate tax on time and sometimes even before the time it takes effect. The Bank deducts excise duty, withheld tax and VAT on time from employee's salary, as well as customers and vendors, and deposits to Government Treasury on time. During 2019, MDB paid advance corporate tax of BDT 448 million while deposited withheld tax of BDT 380 million, VAT of BDT 52 million and Excise Duty of BDT 57 million.

Bank's contribution to government exchequer during the last 5 years are given below:

(BDT in Million)

	2019	2018	2017	2016	2015	2014
Advance Corporate Tax	448	289	326	201	100	50
Withheld VAT, Tax & Excise Duty	489	451	348	245	169	83
Total	**937**	**740**	**674**	**446**	**269**	**133**

Conflicts of Interest

The Board and the Management effectively refrain from pursuing other interest at the cost of the organization. Given the context, MDB remains watchful about the extent of agency cost and moral hazard both with relation to the Board and the Management along with real or potential conflicts of interest. In this process, connected transactions or related party transactions are brought to focus. Regulations require that Directors should report changes in their holdings of Bank's shares through buy or sell to the Bangladesh Securities and Exchange Commission (BSEC) before one month of such transactions. Besides, the Bank watches over insider trading. To guard against any illegal access to inside information and subsequent undue advantage from price sensitive information in advance, the Bank circulates awareness guidelines on the issue to its staff, executives and the Directors for their knowledge and observance. The BSEC guidelines prohibit the directors, employees, auditors and any people engaged in the auditing activities, beneficiary owners from buying or selling, offering to buy/sell, or motivating others to buy/sell the Bank's shares during the period of two months immediately before the closing date of income year till the date of approval of audited financial statements by the Board. Accordingly, regulatory compliance is made effective in mitigating the conflicts of interest among the shareholders and other stakeholders of the Bank.

Related Party Transactions

The Bank in its normal course of business, conducted financial transactions with some entities or persons that fall within the purview of 'Related Party' as contained in BAS 24 (Related Party Disclosures) and as defined in Bangladesh Bank BRPD circular 04, dated 23 February 2014 (Notes to the Financial Statement, note # 42).

Compliance Status on Corporate Governance Guidelines

Bangladesh Securities and Exchange Commission (BSEC) has introduced a new checklist for Compliance Status of Corporate Governance Guidelines vide Notification dated 03 June 2018 for the Companies listed with Stock Exchanges. Bank's Status of compliance is appended below:

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	**Board of Directors:**			
1 (1)	Size of the Board of Directors : The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1 (2)	**Independent Directors:**			
	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		MDB has complied relevant provision of the Bank ompanies Act 1991 relating to appointment of Independent Directors as per Section 15(9) of the Act.
1 (2) (a)	**Independent Directors means a Director:**			
1 (2) (b)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1 (2) (b) (i)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1 (2) (b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
1 (2) (b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1 (2) (b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1 (2) (b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2) (b) (vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1 (2) (b) (vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1 (2) (b) (viii)	Who is not independent director in more than 5 (five) listed companies;	✓		
1 (2) (b) (ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	✓		
1 (2) (b) (x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1 (2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and			
1 (2) (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the কোম্পানী আইন, ১৯৯৪ (১৯৯৪ সনের ১৮নং আইন) (Companies Act, 1994). Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.	✓		
1 (3)	**Qualification of Independent Director:**			
1 (3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1 (3) (b) (i)	He or she shall be a Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1 (3) (b) (ii)	He or she shall be a Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or Explanation: Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.	✓		
1 (3) (b) (iii)	He or she shall be a Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	✓		
1 (3) (b) (iv)	He or she shall be a University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1 (3) (b) (v)	He or she shall be a Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1 (3) (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1 (3) (d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1 (4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:**			
1 (4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1 (4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1 (4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1 (4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1 (4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (5)	**The Directors' Report to Shareholders shall include the following additional statements or disclosures:**			
1 (5) (i)	An industry outlook and possible future developments in the industry;	✓		
1 (5) (ii)	The segment-wise or product-wise performance;	✓		
1 (5) (iii)	Risks and concerns including internal and external risks factors, threat to sustainability and negative impact on environment, if any;	✓		
1 (5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1 (5) (v)	Discussion on continuity of any extra-ordinary activities and their implications (gain or loss);	✓		
1 (5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1 (5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any others instruments;			N/A
1 (5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			N/A
1 (5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
1 (5) (x)	A statement of remuneration paid to the Directors including Independent Directors;	✓		
1 (5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓ ✓		
1 (5) (xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1 (5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1 (5) (xiv)	A statement that International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1 (5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1 (5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1 (5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;	✓		
1 (5) (xviii)	An explanation that significant deviations from the lat year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1 (5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;			N/A
1 (5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	✓		
1 (5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1 (5) (xxii)	The total number of Board meetings held during the year and attendance by each Director;	✓		
1 (5) (xxiii)	**Pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by:-**			
1 (5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties;	✓		
1 (5) (xxiii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children;	✓		
1 (5) (xxiii) (c)	Executives (top 5 (five) salaried employees of the company, other than stated in 1 (5) (xxiii)(b); and	✓		
1 (5) (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company;	✓		
1 (5) (xxiv)	**In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:**			
1 (5) (xxiv) (a)	A brief resume of the director;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1 (5) (xxiv) (b)	Nature of his or her expertise in specific functional areas; and	✓		
1 (5) (xxiv) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1 (5) (xxv)	**A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:**			
1 (5) (xxv) (a)	Accounting policies and estimation for preparation of financial statements;	✓		
1 (5) (xxv) (b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1 (5) (xxv) (c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five year's explaining reasons thereof;	✓		
1 (5) (xxv) (d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1 (5) (xxv) (e)	Briefly explain the financial and economic scenario of the country and the globe;			
1 (5) (xxv) (f)	Risks and concerns issues related to the financial statements explaining such risks and concerns mitigation plan of the company; and	✓		
1 (5) (xxv) (g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1 (5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per **Annexure-A**; and	✓		
1 (5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per **Annexure-B and Annexure-C**.	✓		
1 (6)	**Meetings of the Board of Directors :** The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code;	✓		
1 (7)	**Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer:**			
1 (7) (a)	The Board shall lay down a Code of Conduct based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No.6, for the Chairperson of the Board, other Board members and Chief Executive Officer of the Company;	✓		
1 (7) (b)	The Code of Conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior, confidentiality, conflict of interest, compliance with laws, rules and regulations, prohibition of insider trading, relationship with environment, employees, customers and suppliers and independency.	✓		
2	**Governance of Board of Directors of Subsidiary Company:**			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):**			
3 (1)	**Appointment:**			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3 (2)	**Requirement to attend Board of Directors' Meetings:** The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3 (3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):**			
3 (3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
3 (3) (a) (i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3 (3) (a) (ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3 (3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	**Board of Directors' Committee:** For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee; and	✓		
4 (ii)	Nomination and Remuneration Committee.			N/A
5	**Audit Committee:**			
5 (1)	**Responsibility to the Board of Directors:**			
5 (1) (a)	The company shall have an Audit Committee as a subcommittee of the Board;	✓		
5 (1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5 (1) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5 (2)	**Constitution of the Audit Committee:**			
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members; The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5 (2) (b)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5 (2) (c)	**Explanation:** The term "financially literate" means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 10 (ten) years of corporate management or professional experiences.	✓		
5 (2) (d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5 (2) (e)	The company secretary shall act as the secretary of the Committee;	✓		
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (3)	**Chairperson of the Audit Committee:**			
5 (3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5 (3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5 (3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		Shall be invited to remain present
5 (4)	**Meeting of the Audit Committee:**			
5 (4) (a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5 (4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5 (5)	**Role of Audit Committee (the Audit Committee shall):**			
5 (5) (a)	Oversee the financial reporting process;	✓		
5 (5) (b)	Monitor choice of accounting policies and principles;	✓		
5 (5) (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5 (5) (d)	Oversee hiring and performance of external auditors;	✓		
5 (5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5 (5) (f)	Review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5 (5) (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5 (5) (h)	Review the adequacy of internal audit function;	✓		
5 (5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5 (5) (j)	Review statement of all related party transactions submitted by the management;			
5 (5) (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5 (5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5 (5) (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.			N/A
5 (6)	**Reporting of the Audit Committee:**			
5 (6) (a)	**Reporting to the Board of Directors-**			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	✓		
5 (6) (a) (ii)	**The Audit Committee shall immediately report to the Board on the following findings, if any:**			
5 (6) (a) (ii) (a)	Report on conflicts of interests;			N/A
5 (6) (a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			N/A
5 (6) (a) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5 (6) (a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
5 (6) (b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
5 (7)	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			N/A
6	**Nomination and Remuneration Committee (NRC).**			
6 (1)	**Responsibility to the Board of Directors:**			
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;			N/A
6 (1) (b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			N/A
6 (1) (c)	(c) The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			N/A
6 (2)	**Constitution of the NRC:**			
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;			N/A
6 (2) (b)	All members of the Committee shall be non-executive directors;			N/A
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;			N/A
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;			N/A
6 (2) (e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			N/A
6 (2) (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			N/A
6 (2) (g)	The company secretary shall act as the secretary of the Committee;			N/A
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			N/A
6 (2) (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			N/A
6 (3)	**Chairperson of the NRC:**			
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			N/A
6 (3) (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			N/A
6 (3) (c)	Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			N/A
6 (4)	**Meeting of the NRC:**			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;			N/A
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			N/A
6 (4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			N/A
6 (4) (d)	d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.			N/A

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6 (5)	**Role of the NRC:**			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			N/A
6 (5) (b)	**NRC shall oversee, among others, the following matters and make report with recommendation to the Board:**			
6 (5) (b) (i)	**Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:**			
6 (5) (b) (i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			N/A
6 (5) (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			N/A
6 (5) (b) (i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;			N/A
6 (5) (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			N/A
6 (5) (b) (iii) 6 (5) (b) (iv)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; Formulating the criteria for evaluation of performance of independent directors and the Board;			N/A
6 (5) (b) (v) 6 (5) (b) (vi)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and Developing, recommending and reviewing annually the company's human resources and training policies;			N/A
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			N/A
7	**External or Statutory Auditors:**			
7 (1)	**The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-**			
7 (1) (i)	Appraisal or valuation services or fairness opinions;	✓		
7 (1) (ii)	Financial information systems design and implementation;	✓		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7 (1) (iv)	Broker-dealer services;	✓		
7 (1) (v)	Actuarial services;	✓		
7 (1) (vi)	Internal audit services or special audit services;	✓		
7 (1) (vii)	Any service that the Audit Committee determines;	✓		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	✓		
7 (1) (ix)	Any other service that creates conflict of interest.	✓		
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	**Maintaining a website by the Company:**			
8 (1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8 (2)	The company shall keep the website functional from the date of listing.	✓		
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	**Reporting and Compliance of Corporate Governance:**			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. Explanation: "Chartered Accountant" means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President's Order No. 2 of 1973); "Cost and Management Accountant" means Cost and Management Accountant as defined in the Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); "Chartered Secretary" means Chartered Secretary as defined in the চার্টার্ড সেক্রেটারীজ আইন, ২০১০ (২০১০ সনের ২৫নং আইন) (Chartered Secretaries Act, 2010).	✓		
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	✓		
9 (3)	The directors of the company shall state, in accordance with the **Annexure-C** attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Annexure 01

Meeting of the Board of Directors of Midland Bank Limited

Sl.	Directors	Designation	No. of Meeting	No. of Attendance	% of Attendance
1.	Mrs. Nilufer Zafarullah	Chairman	13	11	85%
2.	Master Abul Kashem	Vice Chairman	13	7	54%
3.	Dr. Kazi Shahidullah	Director	13	11	85%
4.	Kazi Omar Zafar	Director	13	6	46%
5.	Mr. Mohammad Jamal Ullah	Director	13	7	54%
6.	Al-haj Mohammed Issa Badsha	Director	05	0	0%
7.	Mr. Ahsan Khan Chowdhury	Director	13	8	62%
8.	Mr. Md. Wahid Miah	Director	13	0	0%
9.	Mr. Rezaul Karim	Director	13	5	38%
10.	Mr. A.K.M. Badiul Alam	Director	13	6	46%
11.	Mr. Md. Kamal Hossain	Director	13	11	85%
12	Mrs. Shahnaj Parveen	Director	13	13	100%
13.	Mrs. Lutfa Begum	Director	13	8	62%
14.	Mr. Md. Rokonuzzaman Sarker	Director (Nominated by Beq Knit Ltd.)	11	10	83%
	Mr. Hafizur Rahman Sarker		1	0	0%
15.	Mr. Kazi Raihan Zafar	Director	11	8	73%
16.	Ms. Anushka Mehreen Zafar	Director	11	7	64%
17.	Mr. Kamal uddin Ahmed	Director (Nominated by Badsha Textiles Ltd.)	12	0	0%
	Mr. Md. Badsha Mia		1	0	0%
18.	Mr. Mahbubul Hady Fazle Rab	Independent Director	13	6	46%
19.	Mr. NazimuddinChowdhury	Independent Director	12	11	92%

Note: Nomination of Directorship changed by Beq Knit Ltd. and Badsha Textiles Ltd. on 20.10.2019 and subsequent approval from Bangladesh Bank w.e.f. 27.11.2019.

Annexure 02

Pattern of Shareholding

The pattern of shareholding of Midland Bank Limited as on 31 December 2019 as per Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 on Corporate Governance Code:

a) Shareholding by Parent/Subsidiary/Associated Companies and other related parties: Nil
b) Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their Spouses and Minor Children are as follows:

Status as of 31st December, 2019:

(i) Shares held by Directors and their Spouses

Sl.	Directors	Status	No. of Shares	Name of Spouse	No. of Shares
1	Mrs. Nilufer Zafarullah	Chairman	56,96,697	Mr. Kazi Zafarullah	1,13,93,395
2	Mr. Master Abul Kashem	Vice Chairman	2,63,73,600	Mrs. Nigar Sultana Daizy	NIL
3	Dr. Kazi Shahidullah	Director	14,24,174	Mrs. Shabnam Shahidullah	NIL
4	Mr. Kazi Omar Zafar	Director	1,13,93,395	Anastasia Gkouni Kazi Zafar	NIL
5	Mr. Mohammed Jamal Ullah	Director	2,28,99,888	Mrs. Shahnaz Jamal	17,82,000
6	Mr. Ahsan Khan Chowdhury	Director	2,84,83,488	Mrs. Seema Chowdhury	NIL
7	Mr. Md. Wahid Miah	Director	2,84,83,488	Mrs. Suborna Mostafa	NIL
8	Mr. Rezaul Karim	Nominee Director of Reedisha Knitex Ltd.	2,84,83,488	Mrs. Shirin Akhter	NIL
9	Mr. A.K.M. Badiul Alam	Nominee Director of Garment Export Village Ltd.	2,84,83,488	Mrs. Shahida Alam	NIL
10	Mr. Md. Kamal Hossain	Nominee Director of That's It Sportswear Ltd.	2,84,83,488	Mrs. Ashneel Chowdhury	NIL
11	Mrs. Shahnaj Parveen	Nominee Director of Refat Garments Ltd.	2,84,83,488	Mr. Md. Belal Hossain	NIL
12	Mrs. Lutfa Begum	Nominee Director of Hazrat Amanat Shah Spinning Mills Ltd.	2,84,83,488	Mr. Al-haj Mohammed HelalMiah	NIL
13	Mr. Hafizur Rahman Sarker	Nominee Director of Beq Knit Ltd.	27,059,313	Mrs. Luna Sarker	NIL
14	Mr. Md. Badsha Mia	Nominee Director of Badsha Textiles Ltd.	2,84,83,488	Mrs. Asma Begum	NIL
15	Mr. Kazi Raihan Zafar	Director	1,13,93,395	Mrs. Tregubenkova	NIL
16	Ms. Anushka Mehreen Zafar	Director	1,13,93,395	N/A	NIL
17	Mr. Mahbubul Hady Fazle Rab	Independent Director	NIL	Mrs. Sabiha Rab	NIL
18	Mr. Nazim Uddin Chowdhury	Independent Director	NIL	Mrs. Amina Khanam	NIL

(ii) Shares held by:

Chief Executive Officer	: Nil
Company Secretary	: Nil
Chief Financial Officer	: Nil
Head of Internal Audit	: Nil
Spouses of above Executives	: Nil

c) Shareholding by other Executives and Spouse : Nil

d) Shareholders holding ten percent (10%) or more voting interest in the company
: Ms. Scherezad Joya Monami Latif (10%)

Management Committees

MANCOM

1	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2	Mr. Mohammad Masoom Additional Managing Director	Member
3	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Member
4	Mr. Mohammad Iqbal Head of Emerging Corporate and Special Programmes	Member
5	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
6.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
7.	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
8	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member
9.	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
10	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member Secretary
11	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
12	Mr. Nazmul Ahsan Head of Treasury & Market Risk (Front)	Member
13	Mr. Khalid Mohammad Sharif Company Secretary	Member

Investment Committee (IC)

1	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2	Mr. Mohammad Masoom Additional Managing Director	Member
3	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Member
4	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
5.	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
6.	Mr. Nazmul Ahsan Head of Treasury & Market Risk (Front)	Member Secretary

Asset Liability Committee (ALCO)

1	Mr. Md. Ahsan-uz Zaman Managing Director & CEO	Chairman
2	Mr. Mohammad Masoom Additional Managing Director	Member
3	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Member
4	Mr. Mohammad Iqbal Head of Emerging Corporate and Special Programmes	Member
5	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
6	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
7	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
8	Mr. Nazmul Ahsan Head of Treasury & Market Risk Division (Front)	Member Secretary

Risk Management Committee (RMC)

1	Mr. Mohammad Masoom Additional Managing Director & CRO	Chairman
2	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Member
3	Mr. Mohammad Iqbal Head of Emerging Corporate and Special Programmes	Member
4	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
5	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
6	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
7	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member
8.	Mr. Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
9	Mr. Nazmul Ahsan Head of Treasury & Market Risk Division (Front)	Member
10.	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
11.	Mr. Fazal Abdullah Head of Anti Money Laundering Division	Member
12.	Mr. Ashraful Alam Head of Central Operations & Service Delivery	Member
13.	Mr. Md. Humayoun Kabir Risk Management Division	Member Secretary

Credit Committee

1	Mr. Md. Ahsan-uz Zaman Managing Director & CEO	Chairman
2	Mr. Mohammad Masoom Additional Managing Director& CRO	Member
3	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Member
4	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member Secretary
5	Mr. Mohammad Iqbal Head of Emerging Corporate and Special Programmes	Member
6	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
7	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
8	Mr. Nazmul Ahsan Head of Treasury & Market Risk Division (Front)	Member

Anti-Money Laundering Compliance Committee (AMLCC)

1	Mr. Mohammad Masoom Additional Managing Director & CAMLCO	Chairman
2	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
3.	Mr. Khondkar Towfique Hossain Head of International Division & DCAMLCO	Member
4	Mr. Ashraful Alam Head of Central Operations & Service Delivery	Member
5	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member
6	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member
7 .	Mr. Fazal Abdullah Head of Anti Money Laundering Division	Member secretary

Social Media and Administration Review Committee (SMAR)

1	Mr. Md. Ahsan-uz Zaman Managing Director & CEO	Chairman
2	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
3	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member
4	Mr. Mohammed Rashadul Anwar Head of Public Relations Division	Member Secretary

Sustainable Finance Committee

1	Mr. Mohammad Masoom Additional Managing Director & CRO	Chairman
2	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Member
3	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
4	Mr. Mohammad Iqbal Head of Emerging Corporate and Special Programmes	Member
5	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
6	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
7	Mr. A.K.M. Ashiqur Rahman Head of Credit Administration Division	Member
8	Mr. Md. Humayoun Kabir Risk Management Division	Member
9	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member
10	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
11	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
12	Mr. Md. Abed-Ur-Rahman Head of Card Division	Member
13	Mr. Nakul Chandra Debnath Head of General Service Division	Member
14	Mr. Mohammed Rashadul Anwar Head of Public Relations Division	Member
15	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member
16	Mr. Sayed Abul Imran Member of Sustainable Finance Unit	Member Secretary

Branch Expansion Committee

1	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2	Mr. Mohammad Iqbal Head of Emerging Corporate and Special Programmes	Member
3	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
4	Mr. Nakul Chandra Debnath Head of General Services Division	Member Secretary
5	Mr. Mohammed Rashadul Anwar Head of Public Relation Division	Member

ICT Steering Committee

1	Mr. Mohammad Masoom Chief Risk Officer	Chairman
2	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member Secretary
3	Mr. Ashraful Alam Head of Central Operations & Service Delivery	Member
4	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member
5	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
6	Md. Masuduzzaman Head of Legal Division	Member

ICT Security Committee

1	Mr. Mohammad Masoom Chief Risk Officer	Chairman
2	Mr. Ashraful Alam Head of Central Operations & Service Delivery	Member
3	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member Secretary
4	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member

ICT Risk Management Committee

1	Mr. Mohammad Masoom Chief Risk Officer (CRO)	Chairman
2	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Member
3	Mr. Mohammad Iqbal Head of Emerging Corporate and Special Programmes	Member
4	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
5	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
6	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member secretary
7	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
8	Mr. Md. Humayoun Kabir Risk Management Division	Member

Integrity Building Committee (IBC)

1	Mr. Md. Zahid Hossain Head of Corporate Banking Division	Chairman
2	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
3	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member
4	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
5	Mr. Fazal Abdullah Head of Anti Money Laundering Division	Member
6	Mr. Ashraful Alam Head of Operations & Service Delivery	Member Secretary

Purchase Committee (PC)

1	Mr. Mohammad Masoom Additional Managing Director	Chairman
2	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
3	Mr. Md. Nazmul Huda Sarkar Head of Information & Technology Division	Member
4.	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
5	Mr. Nakul Chandra Debnath Head of General Services Division	Member Secretary

Report on Risk Management

From the Desk of the CRO

Banks in it's substantive role as financial intermediary take multipronged risks but at the same time risk should be identifiable, measurable, towards taking proactive measures for mitigation.

It is well perceived that any setbacks in the country's business and industrial circle has the direct or indirect bearing on the financial health of the bank. In other words, whatever positive or negative changes occur in the main street have the corresponding impact on the health of the financial eco system. We at Midland Bank as a matter of policy prioritize to ensure maximum extent of compliance with the prudential and regulatory guidelines as prescribed for six identified core risk areas. We firmly believe that the issue of compliance is a critically important factor as compliance itself creates enabling environment for the banks to oversee the operational areas of the bank in the right perspective which eventually prove to be instrumental in addressing the risk issues with professional zeal.

We in our bank follow well-articulated process flow chart /Standardized Operational Procedure (SOP) to ensure proper identification and taking of befitting measures for risk mitigation on different frontiers of our operation. We have endeavored here under to stipulate some conceptual outlines for having better perception as deemed necessary to establish good risk management practices within the institution.

Risk Governance

It denotes the structure, rules, processes, and mechanisms by which decisions about risks are taken and implemented.

Risk governance covers the questions about:

- What risk management responsibilities lie at what levels and the ways the board influences risk-related decisions; and,
- The role, structure, and staffing of risk management division.

Board and Senior Management Oversight:

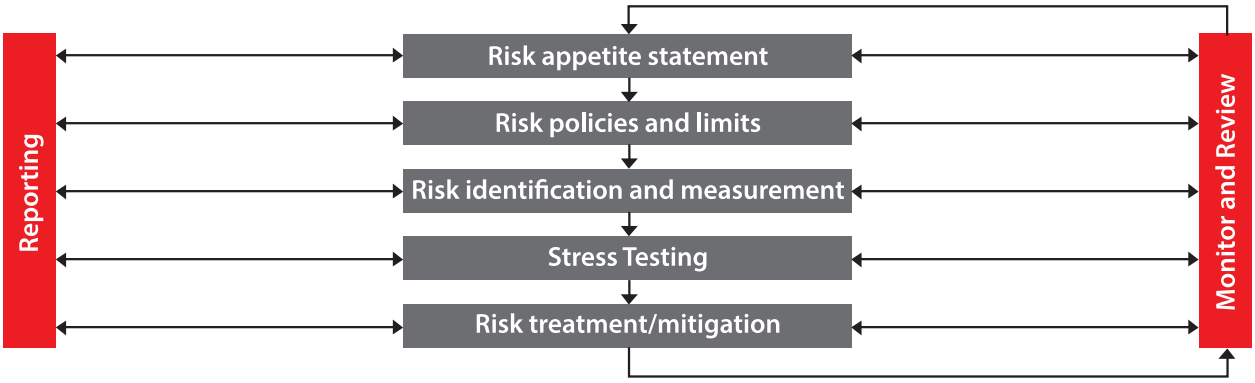
- Board of directors has the ultimate responsibility to give to the guidance management for taking measurable risk within the defined risk appetite.
- Defining of the risk appetite, risk tolerance, and mapping of the risk strategies.
- Duty of senior management to transform the strategies into operational policies, procedures, and processes for ensuring efficacy in risk management practices.

Independent Risk management Function:

- The main functions of the risk management inter-alia cover following aspects:
  - Formulation of risk policies and process as well as adaptation with the emerging requirements.
  - Smooth coordination in/between and among the functional areas.
  - Preparing risk reports based on empirical study on different fronts of operations.
  - Playing instrumental role for implementation of different policy guidelines to churn out better result in risk management process.
- Functionally and hierarchically independent from business and other operation functions.

The Risk Management Division (RMD) closely monitor the existing and emerging risk factors for on time identification, assessment as well as mitigation of the risk on six core risk areas.

Risk Management Process



Risk appetite statement

MDB's risk appetite statement defines the amount of risk we intend to assume in pursuit of our strategic and financial objectives. Our guiding principle is to ensure sound risk management practices, supported by strong capital and funding position, as we pursue our client-focused strategy. In defining our risk appetite, we take into consideration our vision, values, and strategy, along with our risk capacity. Our cardinal objectives to follow good risk management principles are as under:

- Safeguarding our reputation and brand;
- Engaging in client-oriented businesses that we understand;
- Maintaining a balance good between risk and returns;
- Meeting regulatory expectations and/or identifying and having plans in place to address any issues in a timely manner;

Our MDB risk appetite statement is reviewed annually in alignment with our strategic, financial and capital planning cycle to ensure risk and return trade-off the right perspective. To help ensure MDB stays within its risk appetite, the Board, RMC, and senior management regularly receive and review reporting on our risk profile against the risk appetite limits.

All strategic business decisions, as well as day-to-day business decisions, are governed by our risk appetite framework. Strategic decisions are evaluated through a due diligence process to ensure that the risk exposure is within our risk appetite; these decisions require approval from the Board before implementation. Day-to-day activities and decisions are governed by our framework of risk tolerance limits, policies, standards and procedures that support our risk appetite statement.

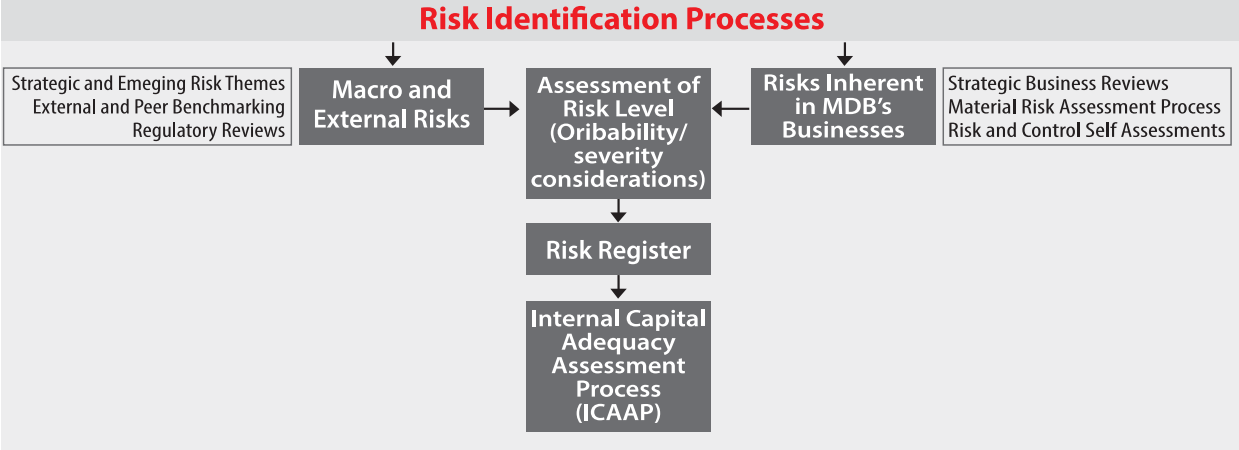
Risk policies and limits

Our risk policies and limits framework is intended to ensure that risks are appropriately identified, measured, monitored and controlled in accordance with our risk appetite. For most risks, we have developed an overarching framework document that sets out the key principles for managing the associated risks and our key risk policies and limits. This framework is supported by standards, guidelines, processes, procedures and controls that govern day-to-day activities in our businesses. Oversight is provided by management committees, as well as the Board/Board Committees.

Risk identification and measurement

Risk identification and measurement are important elements of our risk management framework. Risk identification is a continuous process, generally achieved through:

- Regular assessment of risks associated with lending and trading credit exposures;
- Ongoing monitoring of trading and non-trading portfolios;
- Assessment of risks in new business activities and processes;
- Assessment of risks in complex and unusual business transactions; and
- Regular monitoring of the overall risk profile considering market developments and trends, and external and internal events.



The decision to track a new risk is based on a risk assessment through our risk identification processes and includes criteria such as materiality, measurability and probability. Furthermore, the decision to hold capital for a new risk is also based on whether the risk is being mitigated, and whether capital is deemed to be a suitable mitigate.
Risk is usually measured in terms of expected loss, unexpected loss, and economic capital.

Expected loss

Expected loss represents the loss that is statistically expected to occur in the normal course of business in a given period of time.

Unexpected loss and economic capital

Unexpected loss is the statistical estimate of the amount by which actual losses might exceed expected losses over a specified time horizon, computed at a given confidence level. We use economic capital to estimate the level of capital needed to protect us against unexpected losses. Economic capital allows us to assess performance on a risk-adjusted basis.

We also use techniques such as sensitivity analysis and stress testing to help ensure that the risks remain within our risk appetite and that our capital is adequate to cover those risks. Our stress testing program includes evaluation of the potential effects of various economic and market scenarios on our risk profile, earnings and capital. Refer to the "Capital resources" section for additional details.

Stress testing

Stress testing supplements our other risk management tools by providing an estimate of tail risk (i.e., low probability, high severity events). Results of stress testing are interpreted in the context of our risk appetite, including metrics for capital adequacy. Enterprise-wide stress testing, capital planning and Financial planning processes are integrated for a comprehensive information system. As a matter of policy perception, we conduct stress testing on our balance sheet and the results generated in the process are brought to the attention of the senior management for having necessary guidance and initiation of measures for mitigations/remediation.

Risk treatment/mitigation

- Balancing the costs and efforts of implementation against the benefits derived, regarding legal, regulatory, and other requirements.
- Put in place adequate risk control mechanisms (limits, policies, and procedures that define responsibilities and authority)
- Monitoring and review are integral parts of risk treatment:
  - Detection of changing risk sources and factors,
  - Obtaining further information to improve risk assessment,
  - Ensuring that controls are effective and efficient,
  - Analyzing and learning lessons from events, trends etc., and
  - Identifying emerging risks.

MDB pursues risk mitigation options in order to control its risk profile in the context of risk appetite. MDB's objective is to proactively consider risk mitigation options in order to optimize results.

Credit risk

Credit risk is the risk of financial loss due to a borrower or counterparty failing to meet its obligations in accordance with contractual terms.

Credit risk arises mainly from our Retail and Business Banking and our Capital Markets lending businesses. Other sources of credit risk include our trading activities, including our OTC derivatives, debt securities, and our repo-style transaction activity. In addition to losses on the default of a borrower or counterparty, unrealized gains or losses may occur due to changes in the credit spread of the counterparty, which could impact the carrying or fair value of our assets.

Increased focus has been given in managing Credit Risk Management. Total Credit Administration Process has been centralized which have mitigated various risks arising from human error in branch banking. Similarly, 100% of Branches came under the umbrella of centralized Trade Service process during the year 2015. To reduce the residual risks the security related documents were revalidated by legal firms and also cross examined by the ICCD of MDB in random basis. Corrective measures have been taken as per the audit report issued. Periodical Stock verification and insurance coverage has been made mandatory before renewing any credit proposals. MDB has been encouraging the borrowers to get their company rated by ECAI to come under rating procedure.

Market risk

Market risk is the risk of economic financial loss in our trading and non-trading portfolios from adverse changes in underlying market factors, including interest rates, foreign exchange rates, equity market prices, commodity prices, credit spreads, and customer behavior for retail products. Market risk arises in MDB's trading and treasury activities, and encompasses all market related positioning and market making activity.

The trading book consists of positions in financial instruments and commodities held to meet the near-term needs of our clients.

The non-trading book consists of positions in various currencies that are related to asset/liability management (ALM) and investment activities.

Risk measurement

We use the following measures for market risk:

- VaR enables the meaningful comparison of the risks in different businesses and asset classes.
- Stress testing and scenario analyses provide insight into portfolio behavior under extreme circumstances.
- Liquidity coverage ratio (LCR), net stable funding ratio (NSFR) for liquidity risk.
- Stress testing on regular basis to assess the sensitivity with regard to interest rate risk, FX risk, equity risk and liquidity risk.
- Assessment of additional capital requirement (Pillar II, Basel III) against market risk is also conducted on yearly basis.

Liquidity risk

Liquidity risk stems from non-availability cash or its equivalent to meet the varied financial obligations as they become due. Common sources of liquidity risk inherent in banking services include unanticipated withdrawals of deposits, the inability to replace maturing debt, credit and liquidity commitments, and additional pledging or other collateral requirements.

MDB possesses a comprehensive liquidity management framework that supports our business strategy, aligns with our risk appetite and limits Established within the liquidity risk management policy, and adheres to regulatory expectations. The liquidity risk management policy requires we maintain sufficient liquid assets and diversified funding sources to consistently fund our balance sheet, commitments and contingent obligations, in order to maintain the strength of our enterprise under both normal and stressed conditions.

Our management strategies, objectives and practices are regularly reviewed to align with changes of liquidity environment, including regulatory, business and/or market developments. Besides, we constantly endeavor to keep the liquidity risk within our institutional appetite/risk perception in a measured way.

Operational risk

Operational risk is the risk of loss resulting from people, inadequate or failed internal processes and systems, or from external events.

As part of the normal course of business, MDB is exposed to operational risks in its business activities and external environment. Our comprehensive Operational Risk Management Framework, supported by policies, tools, systems and governance structure, is used to mitigate operational risks. We continuously monitor our operational risk profile to ensure we are operating within MDB's approved risk appetite.

1. Operational risk is managed through the three lines of defense model. **Front line businesses form our first line of defense**. Their primary responsibility is the day-to-day management of operational risk inherent in their products and activities.
2. **The second line of defense** includes Risk Management and other oversight functions, which are responsible for monitoring and providing independent oversight of operational risk matters in their respective risk types and for providing effective challenges to business lines' operational risk assessments and mitigation activities.
3. Internal Audit, **our third line of defense**, assesses and provides an independent opinion on the design and operating effectiveness of MDB's management of operational risk and the strength of the internal control environment.

Reputation and legal risk

Our reputation and financial soundness are of fundamental importance to us and to our clients,

shareholders and employees.
Reputation risk is the risk of negative publicity regarding our business conduct or practices which, whether true or not, could significantly harm our reputation as a leading financial institution, or could materially and adversely affect our business, operations or financial condition.

Regulatory compliance risk

Regulatory compliance risk refers to the risk of regulatory sanctions arising from MDB's failure to comply with regulatory requirements that govern its activities.

Our Compliance department is responsible for the development and maintenance of a comprehensive regulatory compliance program, including oversight of the RCM framework. This department is independent of business management and reports regularly to the RMC of the Board.

Primary responsibility for compliance with all applicable regulatory requirements rests with senior management of the business and infrastructure groups, and extends to all employees. The Compliance department's activities support those groups, with particular emphasis on regulatory requirements that govern the relationship between MDB and its clients, that help protect the integrity of the capital markets, or that relate to money laundering and terrorist financing.

Environmental risk

Environmental risk is the risk of financial loss or damage to reputation associated with environmental issues, whether arising from our credit and investment activities or related to our own operations. Our green banking and environmental policy, commits MDB to responsible conduct in all activities to protect and conserve the environment; safeguard the interests of all stakeholders from unacceptable levels of environmental risk; and support the principles of sustainable development.

Top and emerging risks

We monitor and review top and emerging risks that may affect our future results, and take action to mitigate potential risks if required. We perform in-depth analyses, which can include stress testing our exposures relative to the risks, and provide updates and related developments to the Board on a regular basis. This section describes the top and emerging risks that we consider with potential negative implications, as well as regulatory and accounting developments that are material for MDB.

Technology, information and cyber security risk

Financial institutions like MDB are evolving their business processes to leverage innovative technologies and the internet to improve client experience and streamline operations. At the same time, cyber threats and the associated financial, reputation and business interruption risks have also increased.

These risks continue to be actively managed by us through strategic risk reviews, enterprise-wide technology and information security programs, with the goal of maintaining overall cyber resilience that prevents, detects and responds to threats such as data breaches, malware, unauthorized access and denial-of-service attacks.

Given the importance of electronic financial systems, including secure online and mobile banking provided by MDB to its clients, MDB continues to develop controls and processes to protect our systems and client information from damage and unauthorized disclosure. MDB monitors the changing environment globally, including cyber threats, evolving regulatory requirements, and mitigation strategies. In addition, we benchmark against best practices and provide regular updates to the Board.

Despite our commitment to information and cyber security, MDB and its related third parties may not be able to fully mitigate all risks associated with the increased complexity and high rate of change in the threat landscape. However, MDB continuously monitors its risk posture for changes and continues to refine security protection approaches to minimize the impact of any incidents that may occur.

Geo-political risk

The level of geo-political risk escalates at certain points in time. While the specific impact on the global economy and on global credit and capital markets would depend on the nature of the event, in general, any major event could result in instability and volatility, leading to widening spreads, declining equity valuations, flight to safe-haven currencies and increased purchases of gold. In the short run, market shocks could hurt the net income of our trading and non-trading market risk positions. Although Bangladesh is unlikely to be directly subject to geo-political risk, the indirect impact of reduced economic growth, as well as potential impacts on commodity prices, could have serious negative implications for general economic and banking activities.

Midland Bank from its very inception emphasizes on building of good risk management culture along with the effort to up gradation of its standard in phases within the organization in conformity with broader policy guidelines prescribed by Bangladesh Bank in a congruence with institutional policy prescriptions/strategies approved by the Board. We firmly believe that compliance factors bear immense importance towards the safeguarding the interest of the institution as a financial intermediary. We don't want to be risk averse but at the same time our risk taking approach should be based on sound footing where exercising of due diligence with objectivity will get pre-emption over any other subjective considerations. We are relentless in our effort to ensure sustainable growth of our Bank thereby making it one of the most preferred and resilient financial institutions with firm commitment to contribute to the cause of amelioration socio-economic condition of the country distinctively.



Mohammad Masoom
Additional Managing Director & CRO

Market Discipline
Disclosures on Risk Based Capital (Basel-III)

1. Introduction:

Use of excessive leverage, gradual erosion of level and quality of capital base, insufficient liquidity buffer, pro-cyclicality and excessive interconnectedness among systematically important institutions are identified as reasons of recent bank failures. Bank for International Settlements (BIS) came up, in response, with new set of capital and liquidity standards in the name of Basel III. Incompliance with the 'Revised Guidelines on Risk Based Capital Adequacy (RBCA)' issued by Bangladesh Bank in December 2014, Banks in Bangladesh have formally entered into Basel III regime from 1 January 2015. The new capital and liquidity standards have greater business implications for banks.

Midland Bank Limited (MDB) has also adopted Basel III framework as part of its capital management strategy in line with the revised guideline. These Market discipline disclosures under Basel III are made following 'Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)' for banks issued by Bangladesh Bank in December 2014.The purpose of Market discipline is to complement the minimum capital requirements and the supervisory review process. Establishing a transparent and disciplined financial market through providing accurate and timely information related to liquidity, solvency, performance and risk profile of a bank is another important objective of this disclosure

2. Disclosure Policy

Bank calculates Risk Weighted Assets (RWA) under the following approaches as per Basel III guidelines (BRPD circular no. 18, dated December 21, 2014):

a) Standardized approach for credit risk,
b) Standardized approach for market risk and,
c) Basic Indicator approach for operational risk.

3. Board overview

As strategic advisors to management, Board of Directors continued to prudently balance growth opportunities–with risk discipline and shareholder value creation. Board along with the senior management team work together to build momentum for our Bank's transformation by focusing on three integrated bank-wide priorities: client focus, innovation and simplify action.

Board of Directors recognizes the progress made over the past year across these priorities, including building stronger and deeper relationships with clients, as the team strives toward our goal of being #1 in client experience. Progress has also been made on the innovation and simplification front, as we delivered new technologies that improved the banking experience for clients and simplified processes making it easier to do business with us.

At MDB, BoD is committed to delivering sustainable earnings growth to shareholders. They have embarked on initiatives to free up resources that will allow the Bank to reinvest in business to accelerate revenue growth and reduce structural cost base. They will do so with a keen focus on industry-leading fundamentals in capital, expenses and risk management.

4. Scope of Application

Qualitative disclosure	**a)**	The name of the top corporate entity in the group to which this guidelines applies.	**Midland Bank Limited**
	b)	An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	Midland Bank Limited has no subsidiary as of December 31, 2019. **A brief description of the Bank and its subsidiaries are given below:** **<u>Midland Bank Limited (MDB):</u>** Midland Bank Limited ("the Bank") was incorporated on March 20, 2013 as a Public Limited Company in Bangladesh under Companies Act, 1994 with the registered office at N.B. Tower (Level 6 to 9), 40/7 North Avenue, Gulshan 2, and Dhaka-1212. The Company was also issued Certificate of Commencement of Business on the same day. It started commercial banking operation on June 20, 2013 through opening first branch at Dilkusha Commercial Area in the name 'Dilkusha Corporate Branch.' Presently, the number of branches stood at 33 (thirty three) including 18 rural branches along with 43 agent banking booth covering commercially important locations of the country. The principal activities of the Midland Bank Limited (MDB) are to provide all types of commercial banking services to customers through its branches, Corporate units and SME Center in Bangladesh. The Bank also entitled to provides money market operations, investment in merchant banking activities, financial intermediary services and any related financial services
	c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable
Quantitative disclosure	**d)**	The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Not Applicable

5. Capital Structure

Qualitative disclosure	**a)**	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in **Tier 1** or in **Tier 2**.	As per the guidelines of Bangladesh Bank, **Tier-1 Capital of MDB** consists of (i) Fully Paid-up Capital, (ii) Statutory Reserve and (iii) Retained Earnings. **Tier-2 Capital** of MDB consists of (i) General Provision against unclassified Loans and Off-balance sheet exposures

Quantitative disclosure	**b)**	**The amount of Tier-1 capital with separate disclosure of:**	**Solo**
		I. Fully Paid up capital	5696.70
		II. Non repayable share premium account	-
		III. Statutory reserve	991.37
		IV. General reserve	-
		V. Retained earnings	348.18
		VI. Minority interest in subsidiaries	-
		VII. Non-cumulative irredeemable preference shares	-
		VIII. Dividend equalization account	-
		Sub-Total (A)	**7036.25**
	c)	**The total amount of Tier 2 capital (B)**	**509.00**
	d)	Other deductions from capital (b and C)	17.99
	e)	**Total eligible capital (A+B-C)**	**7527.26**

6. Capital Adequacy:

Qualitative disclosure	**a)**	A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.	The Bank has adopted Standardized Approach (SA) for computation of capital charge for credit risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank. The Bank has maintained capital adequacy ratio on the basis of "Solo" is **21.13%** against the minimum regulatory requirement of **12.50% including conservation buffer 2.50%.** Tier-I capital adequacy ratio for "Solo" is **19.70%** as against the minimum regulatory requirement of **8.50% including conservation buffer 2.50%.** The Bank's policy is to manage and maintain its capital with the objective of maintaining strong capital ratio and high rating. The Bank maintains capital levels that are sufficient to absorb all material risks. The Bank also ensures that the capital levels comply with regulatory requirements and satisfy the external rating agencies and other stakeholders including depositors. The whole objectives of the capital management process in the Bank are to ensure that the Bank remains adequately capitalized at all times.

Quantitative disclosure			**Particulars**	**Solo**
		b)	Capital requirement for credit risk	3021.04
		c)	Capital requirement for market risk	204.19
		d)	Capital requirement for operational risk	337.19
		e)	Total and Tier-1 capital ratio: • For the consolidated group; and • For stand alone	- 93.24%
			Minimum capital requirement (10% of RWA or BDT 400 crore, whichever is higher)	4,000.00
			Total Risk Weighted Assets (RWA)	35624.18
			Total and Tier-1 Capital Ratio:	
			Total CRAR	**21.13%**
			Tier-1 CRAR	19.70%
			Tier-2 CRAR	1.43%

7. Credit Risk:

Qualitative disclosure	a)	The general qualitative disclosure requirement with respect to credit risk, including:	
		i) Definitions of past due and impaired (for accounting purposes);	With a view to strengthening credit discipline and bring classification and provisioning regulation in line with international standard, a phase wise program for classification and provisioning was undertaken by the Bank as per Bangladesh Bank circulars issued from time to time. In this regard, all the loans and advances are grouped into four categories for the purpose of classification, namely (i) Continuous Loan, (ii) Demand Loan, (iii) Fixed Term Loan and (iv) Short-term Agricultural and Micro Credit. They are classified as follow: A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 03 (three) months or beyond but less than 09 (nine) months, the entire loan will be put into the "Sub-standard (SS)". A Continuous Loan, Demand Loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 09 (nine) months or beyond but less than 12 (twelve) months, the entire loan will be put into the "Doubtful (DF)". A Continuous loan, Demand loan, Fixed Term Loan or any installment(s)/part of installment(s) of a Fixed Term Loan which will remain past due/overdue for a period of 12 (twelve) months or beyond, the entire loan will be put into the "Bad/Loss (B/L)" Loans have to be treated as defaulted loan as per section 5(GaGa) of the Banking Companies Act, 1991 and to be reported accordingly as per formats given in BRPD Circular No.08 dated August 02, 2015. In this regard, a portion of the "Sub-standard (SS)" loans will be reported as defaulted loan. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue after six months of the expiry date.

<table>
<tr><td></td><td></td><td></td><td>Short-term Agricultural and Micro Credit will be considered irregular if it is not repaid within the due date as stipulated in the loans agreement are classified as under:

➢ Sub-standard- if the irregular status continues after a period of 12 (twelve) months, the credits are classified as “Sub-standard”.
➢ Doubtful- if the irregular status continue after a period of 36 (thirty six) months, the credits are classified as “Doubtful”.
➢ Bad/Loss- if the irregular status continue after a period of 60 (sixty) months, the credits are classified as “Bad/Loss”.

A Continuous loan, Demand loan or a Term Loan which remained overdue for a period of 02 (two) months or more, are treated as “Special Mention Account (SMA)”.</td></tr>
<tr><td>Qualitative disclosure</td><td></td><td>ii) Description of approaches followed for specific and general allowances and statistical methods.</td><td>The Bank is required to maintain the following general and specific provision in respect of classified and unclassified loans and advances on the basis of Bangladesh Bank guidelines issued from time to time:

<table>
<tr><th>Particulars</th><th>Rate</th></tr>
<tr><td>On unclassified small enterprise financing (SME)</td><td>0.25%</td></tr>
<tr><td>On unclassified general loans and advances including housing finance</td><td>1%</td></tr>
<tr><td>On interest receivable on loans</td><td>1%</td></tr>
<tr><td>On off-balance sheet exposures</td><td>1%</td></tr>
<tr><td>On unclassified loans for professionals to set-up business and loans to share business</td><td>2%</td></tr>
<tr><td>On unclassified consumer financing other than housing finance, loan for professionals and loans for BGs/MBs/SDs</td><td>5%</td></tr>
<tr><td>On unclassified Short Term Agricultural and Micro Credits</td><td>2.50%</td></tr>
<tr><td>On Special Mention Account (SMA) except Short Term Agricultural and Micro Credits</td><td>0.25% to 5%</td></tr>
<tr><td>Specific provision:</td><td></td></tr>
<tr><td>On substandard loans and advances (SS) other than Short Term Agricultural and Micro Credits</td><td>20%</td></tr>
<tr><td>On doubtful loans and advances (DF) other than Short Term Agricultural and Micro Credits</td><td>50%</td></tr>
<tr><td>On bad / loss loans and advances (BL)</td><td>100%</td></tr>
<tr><td>On substandard loans and advances (SS) other than Short Term Agricultural and Micro Credits</td><td>20%</td></tr>
<tr><td>On doubtful loans and advances (DF) other than Short Term Agricultural and Micro Credits</td><td>50%</td></tr>
<tr><td>On doubtful short term Agricultural and Micro Credits</td><td>5%</td></tr>
</table></td></tr>
</table>

<table>
<tr><td rowspan="3">Qualitative disclosure</td><td>b)</td><td>Total gross credit risk exposures broken down by major types of credit exposure.</td><td>Total gross credit risk exposures broken down by major types of credit exposure of the Bank:
<table>
<tr><th>Particulars</th><th>In BDT Million</th></tr>
<tr><td>Term Loan</td><td>12,303.00</td></tr>
<tr><td>Overdraft</td><td>7,568.12</td></tr>
<tr><td>Time Loan</td><td>6,614.46</td></tr>
<tr><td>Cash Credit</td><td>1,678.16</td></tr>
<tr><td>Loan Against Trust Receipts (LTR)</td><td>1,229.54</td></tr>
<tr><td>Consumer Loan</td><td>721.09</td></tr>
<tr><td>Payment Against Documents (PAD)</td><td>0.03</td></tr>
<tr><td>Agricultural Credit</td><td>820.22</td></tr>
<tr><td>EDF Loan</td><td>460.59</td></tr>
<tr><td>Packing Credit</td><td>75.33</td></tr>
<tr><td>Staff Loan</td><td>120.00</td></tr>
<tr><td>Other Loans & Advances</td><td>105.48</td></tr>
<tr><td>Bill purchased/discounted-Inland</td><td>53.62</td></tr>
<tr><td>Bill purchased/discounted-Foreign</td><td>0</td></tr>
<tr><td>Total</td><td>31,749.64</td></tr>
</table></td></tr>
<tr><td>c)</td><td>Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.</td><td>Geographical distribution of exposures, broken down in significant areas by major types of credit exposure of the Bank:
<table>
<tr><th>Particulars</th><th>In BDT Million</th></tr>
<tr><td>Urban:</td><td></td></tr>
<tr><td>Dhaka Zone</td><td>25,663.56</td></tr>
<tr><td>Chittagong Zone</td><td>4,984.74</td></tr>
<tr><td>Rajshahi Zone</td><td>31.25</td></tr>
<tr><td>Khulna Zone</td><td>122.81</td></tr>
<tr><td>Sylhet Zone</td><td>12.76</td></tr>
<tr><td>Sub-Total</td><td>30,815.11</td></tr>
<tr><td>Rural:</td><td></td></tr>
<tr><td>Dhaka Zone</td><td>749.88</td></tr>
<tr><td>Chittagong Zone</td><td>93.53</td></tr>
<tr><td>Rajshahi Zone</td><td>86.49</td></tr>
<tr><td>Khulna</td><td>4.63</td></tr>
<tr><td>Sylhet</td><td>-</td></tr>
<tr><td>Mymensingh</td><td>-</td></tr>
<tr><td>Sub-Total</td><td>934.53</td></tr>
<tr><td>Grand Total (Urban + Rural)</td><td>31,749.64</td></tr>
</table></td></tr>
<tr><td>d)</td><td>Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.</td><td>Industry or counterparty type distribution of exposures, broken down by major types of credit exposure of the Bank:
<table>
<tr><th colspan="2">Particulars</th><th>In BDT Million</th></tr>
<tr><td colspan="2">A. AGRICULTURE, FISHING, AND FORESTRY</td><td>797.40</td></tr>
<tr><td colspan="2">B. TRADE & COMMERCE</td><td>4,914.60</td></tr>
<tr><td>RETAIL TRADING</td><td>523.00</td><td rowspan="6"></td></tr>
<tr><td>WHOLESALE TRADING</td><td>2,417.60</td></tr>
<tr><td>EXPORT FINANCING</td><td>0</td></tr>
<tr><td>IMPORT FINANCING</td><td>327.40</td></tr>
<tr><td>LEASE FINANCE</td><td>0</td></tr>
<tr><td>OTHERS</td><td>1,646.60</td></tr>
</table></td></tr>
</table>

			C. CONSTRUCTION (COMMERCIAL REAL ESTATE, CONSTRUCTION AND LAND DEVELOPMENT LOANS):		**1,450.20**
			RESIDENTIAL REAL ESTATE	220.80	
			COMMERCIAL REAL ESTATE	224.30	
			INFRASTRUCTURE DEVELOPMENT	981.20	
			OTHERS	23.90	
			D. TRANSPORT		**49.00**
			E. CONSUMER FINANCING		**1,213.30**
			LOANS FOR THE PURCHASE OF FLATS OR OTHER SINGLE-FAMILY DWELLINGS	116.80	
			LOANS FOR THE PURCHASE OF MOTORIZED PERSONAL TRANSPORT	106.50	
			LOANS FOR THE PURCHASE OF DURABLE CONSUMPTION GOODS	159.60	
			CREDIT CARD LOANS	170.20	
			OTHER PERSONAL LOANS	660.20	
			F. LOANS TO FINANCIAL INSTITUTIONS		**6,388.50**
			LOANS TO NBFIS	3,191.20	
			LOANS TO MERCHANT BANKS AND BROKERAGE HOUSES	705.20	
			OTHER, INCLUDING LOANS TO MICROFINANCE INSTITUTIONS AND NGOS	2,446.20	
			MISCELLANEOUS	45.90	
			G. INDUSTRY		**16,933.30**
			RMG	1,203.70	
			TEXTILE	2,430.60	
			FOOD AND ALLIED INDUSTRIES	635.70	
			CHEMICAL, FERTILIZER, ETC.	0	
			CEMENT AND CERAMIC INDUSTRIES	1,054.60	
			SHIP BREAKING INDUSTRIES	633.30	
			POWER AND GAS	866.10	
			OTHER MANUFACTURING OR EXTRACTIVE INDUSTRIES	7,499.20	
			SERVICE INDUSTRIES (THE TOTAL HERE WOULD BE IDENTICAL TO THE TOTAL FROM LINE B3)	2,271.40	
			OTHERS	338.70	
			Miscellaneous		**3.34**
			Grand total		**31,749.64**
	e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Residual contractual maturity break down of the whole portfolios, broken down by major types of credit exposure of the Bank:		
			Particulars		**In BDT Million**
			Repayable on Demand		1,239.90
			Up to 1 month		2,888.50
			Not more than 3 months		5,139.60
			More than 3 months but less than 1 year		13,110.60
			More than 1 year but less than 5 years		9,362.84
			More than 5 years		8.20
			Total		**31,749.64**
	f)	**By major industry or counterparty type:**			
		i) Amount of impaired loans and if available, past due loans, provided separately;	The amount of classified loans and advances of the Bank are given below as per Bangladesh Bank guidelines.		

			Particulars	**In BDT Million**
			Continuous Loans & Advances	443.62
			Demand Loans & Advances	136.27
			Term Loans & Advances	258.46
			Short Term Agro Credit and Micro Credit	00
			Total	**838.35**
		ii) Specific and general provisions; and	Specific and general provisions were made on the amount of classified and unclassified loans and advances, off-balance sheet exposures, interest on receivable, diminution in value of investment and other assets-suspense of the Bank according to the Bangladesh Bank guidelines.	
			Particulars	**In BDT Million**
			Provision on classified loans and advances	286.50
			Provision on unclassified loans and advances	454.51
			Provision on Off-balance sheet exposures	54.48
			Provision for diminution in Investments	44.73
			Provision against Other Asset	2.90
			Total	**843.12**
		iii) Charges for specific allowances and charge-offs during the period.	During the year the specific and general provisions were made on the amount of classified and unclassified loans and advances, off-balance sheet exposure, interest on receivable, diminution in value of investment and other assets (suspense) of the Bank as per Bangladesh Bank guidelines.	
			Particulars	**In BDT Million**
			Provision on classified loans and advances	138.31
			Provision on unclassified loans and advances	36.13
			Provision on Off-balance sheet exposures	12.28
			Provision for diminution in Investments	28.46
			Provision against Other Asset	1.99
			Total	**217.18**
	g)	**Gross Non Performing Assets (NPAs).**		
		Non Performing Assets (NPAs) to Outstanding loans and advances.		
		Movement of Non Performing Assets (NPAs).	**Particulars**	**In BDT Million**
			Opening balance	374.26
			Addition/adjustment during the year	464.09
			Closing balance	**838.35**
		Movement of specific provisions for NPAs.	**Particulars**	**In BDT Million**
			Opening balance	148.19
			Provisions made/ during the period	138.31
			Transferred from unclassified loan & advances	-
			Write-off	-
			Write-back of excess provisions	-
			Closing Balance	**286.50**

8. Equities: Disclosures for Banking Book Positions

a)	**The general qualitative disclosure requirement with respect to equity risk, including:**	
	• Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment in equity securities are broadly categorized into two parts: i) Quoted Securities (Common or Preference Shares & Mutual Fund) that are traded in the secondary market (Trading Book Assets). ii) Unquoted securities are categorized as banking book equity exposures which are further sub-divided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. held for maturity (HFM), and securities those are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Unquoted securities are valued at cost.
	• Discussion of important policies covering the valuation and accounting of equity holdings in the Banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.	The primary aim is to investment in these equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained, if the prices fall below the cost price. As per Bangladesh Bank guidelines, the HFT equity securities are revalued once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh Bank Guideline. The HTM equity securities are also revalued if any, are reclassified to HFT category with the approval of Board of Directors.

In BD Million

		At cost	At market value
b)	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	218.38	173.64
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	19.42	
d)	• Total unrealized gains (losses)	(44.73)	
	• Total latent revaluation gains (losses) of T-bills/bonds	2.11	
	• Any amounts of the above included in Tier-2 capital.	0	
e)	Capital requirements broken down by appropriate equity groupings, consistent with the Bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements (10% on market value).		
	• Specific Market Risk	17.36	
	• General Market Risk	17.36	

9. Interest Rate Risk in the Banking Book (IRRBB)

Qualitative disclosure	**a)**	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	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). To evaluate the impact of interest rate risk on the net interest margin, Prime Bank monitors the size of the gap between rate sensitive assets and rate sensitive liabilities in terms of the remaining period to re pricing. Re pricing refers to the point in time when adjustments of interest rates on assets and liabilities occur owing to new contracts, renewal of expiring contracts or that a contract specifies a floating rate that adjusts at fixed time intervals. A maturity mismatch approach is used to measure Midland Bank's exposure to interest rate risk. A positive mismatch means that more assets than liabilities are re priced in a given period. With a positive mismatch, a rise in market interest rates will have a positive effect on the bank's earnings. On the other hand, a negative mismatch, where more liabilities are re-priced than assets in a given period, means a drop in earnings if interest rates had increased. The table presented below showing the Interest Rate Risk Analysis of Midland Bank Limited. The analysis shows that Bank may have a negative earnings impact of Taka 3.36 million in the first quarter which has also negative amounting Tk. 14.97 million in the second quarter. In the third and fourth quarter, the total year-to-date accumulated earnings impact has also been negative Tk. 37.44 and 74.64 million respectively. The rule of thumb suggests that quarterly gaps, causing an earnings impact of 10% of the Bank's average quarterly operating profit for each 1% change in interest rates, should be carefully handled by the Bank's Management. The last row of the following table reveals that earnings impact on Midland Bank's average quarterly operating profit is not significant and remains within the acceptable limit as prescribed by Bangladesh Bank.

Interest Rate Risk Analysis (for 1% change in the market rate of interest)

Quantitative disclosure	**b)**	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).	**Particulars**	**1-90 days**	**Over 3 months to upto 6 months**	**Over 6 months to upto 9 months**	**Over 9 months to upto 1 year**
							In BDT Million
			A. Rate Sensitive Assets	**15,713.90**	**5742.30**	**3704.40**	**3704.30**
			B. Rate Sensitive Liabilities	**17,075.10**	**6736.00**	**4387.00**	**4387.00**
			GAP (A-B)	**(1361.20)**	**(993.70)**	**(682.60)**	**(682.70)**
			Cumulative GAP	(1361.20)	(2354.90)	(3037.50)	(3720.20)
			Adjusted Interest Rate Changes (IRC)	1%	1%	1%	1%
			Quarterly earnings impact (Cum. GAP*IRC)	(3.36)	(11.61)	(22.47)	(37.20)
			Cumulative earnings impact to date	(3.36)	(14.97)	(37.44)	(74.64)
			Earning impact / Average quarterly Operating profit	-1.04%	-4.64%	-11.61%	-23.15%

10. Market Risk:

Qualitative disclosure	**a)**	i) Views of Board of Directors (BOD) on trading or investment activities.	Market risk is the possibility of losses of assets in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., interest rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in interest rates and equity prices in the Bank's trading book, in respect of exposure to risks deriving from changes in foreign exchange rates and commodity price in the overall Banking activities. The total capital requirement for Bank against its market risk shall be the sum of capital charges against: i. Interest rate risk ii. Equity position risk iii. Foreign exchange (including gold) position risk throughout the Bank's balance sheet and iv. Commodity risk.
		ii) Methods used to measure Market risk.	**Measurement Methodology:** As Banks in Bangladesh are now in a stage of developing risk management models, Bangladesh Bank suggested the Banks for using Standardized Approach for credit risk capital requirement for Banking book and Standardized (rule based) Approach for market risk capital charge in their trading book. Maturity Method has been prescribed by Bangladesh Bank in determining capital against market risk. In the maturity method, long or short positions in debt securities and other sources of interest rate exposures, including derivative instruments, are slotted into a maturity ladder comprising 13 time-bands (or 15 time-bands in case of low coupon instruments). Fixed-rate instruments are allocated according to the residual term to maturity and floating-rate instruments according to the residual term to the next repricing date. In Standardized (rule based) Approach the capital requirement for various market risks (interest rate risk, price, and foreign exchange risk) are determined separately. The total capital requirement in respect of market risk is the sum of capital requirement calculated for each of these market risk sub-categories. e.g.: a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk. b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk. c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk. d) Capital Charge for Commodity Position Risk = Capital charge for general market risk.
		iii) Market Risk Management system.	Treasury Division manages the market risk and ALCO monitors the activities of Treasury Division in managing such risk.
		iv) Policies and processes for mitigating market risk.	To mitigate the several market risks, the Bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Bank, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices / polices and risk management prudential limits are adhere to.

			The Treasury Division are taking following measures to minimize the several market risks: i) Foreign exchange risk management: it is the risk that the Bank may suffer losses as a result of adverse exchange rate movement during a period in which it has an open position in an individual foreign currency. This risk measured and monitored by the Treasury Division. To evaluate the extent of foreign exchange risk, a liquidity Gap report prepare for each currency. ii) Equity Position Risk: Equity risk is defined as losses due to changes in market price of the equity held. To measure and identify the risk, mark to market valuation to the share investment portfolios are done. Mark to market valuation is done against a predetermined limit. At the time of investment, following factors are taken into consideration: a) Security of Investment b) Fundamentals of securities c) Liquidity of securities d) Reliability of securities e) Capital appreciation f) Risk factors and g) Implication of taxes etc.

Quantitative disclosure	**b)**	**The capital requirements for:**	**Solo**
		• Interest rate risk	79.40
		• Equity position risk	34.73
		• Foreign exchange risk and	90.06
		• Commodity risk	-
		Total Capital Requirement	**204.19**

11. Operational Risk:

Qualitative disclosure	**a)**	i) Views of BOD on system to reduce Operational Risk	Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputation risk. It is inherent in every business organization and covers a wide spectrum of issues. The Board of Director (BOD) of the Bank and its Management firmly believe that this risk through a control based environment in which processes see documented, authorization as independent and transactions are reconciled and monitored. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risk events, which ensure that the group stays in line which industry best practice and takes account or lessons learned from publicized operational failures within the financial services industry. The BOD has also modified its operational risk management process by issuing a high level standard like SOP, supplemented by more detailed formal guidance. This explains how the Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risk, rectifying operational risk events, and implementing any additional procedures required for compliance with local regulatory requirements. The Bank maintains and tests contingency facilities to support operations in the event of disasters. Additional reviews and tests are conducted in the

			event that any branch of the Bank is affected by a business disruption event, to incorporate lessons learned in the operational recovery from those circumstances. Plans have been prepared for the continued operation of the Bank's business, with reduced staffing levels.
		ii) Performance gap of executives and staffs.	**Human Resources** Human Resources Management is one of the key factors of enhancing the Bank's overall performance. The main functions of HR are to find out the latent talent of the employees and utilize them properly towards achieving organizational goal. The Bank has already established a performance driven working culture to expedite the utmost effort of its employees. Our HR mission is to be the employer of choice in the financial sector where the employee will work with pride and pleasure. MDB believes that Human Resource Development is a continual process and the output of the development helps the organization to meet the objective and long term vision of the organization. The Bank recruits people from all sections of the society based on their competencies. We highly emphasize on attitude driven talent acquisition process because we don't offer merely a job for the employees but we are highly conscious to shape their career and make them confident for the best fit of the next role. The main motto of Human Resources Management Division is to hike the service excellency curve for the internal and external customers of the Bank. The Management team of the Bank with their talent & skill has now been working for business excellence of the Bank with new pledge based on professionalism, team work, and strong bondage of interpersonal relationship with good governance. The new economies with increased global, regional and local competition coupled with socio-economic sensitivity have created enormous challenges in organization like private commercial Banks. To cope with new challenges, our strategic approach is to make the techy so that they can cope technology based environment. Thus we thrive for caring our people so that they can positively contribute in the profitability curve of the organization. **Workforce Diversity:** MDB believes that organization's success and competitiveness depends upon its ability to embrace workforce diversity and realize the benefits. With that believe, MDB tries to handle workforce diversity in an efficient way so that MDB can increase adaptability, broader service range, recognize variety of viewpoints, manage more effective execution. As on 31 December 2019, workforce diversity is furnished below:
		iii) Potential external events	**Risk factors/Potential external events:** It is needless to say that there are certain risk factors which are external in nature and can affect the business of the Bank. The factors discussed below can significantly affect the business:

Age Group	Male	Female	Total
Above 50 years	6	1	7
30-50 years	402	47	449
Below 30 years	144	31	175
Total	552	79	631

			• **General business and political condition** MDB's performance greatly depends on the general economic conditions of the country. The effect of recession is still unfolding which may result to slow down in business environment. Political stability is must for growth in business activities. • **Changes in credit quality of borrowers** Risk of deterioration of credit quality of borrowers is inherent in Banking business. This could result due to global economic crisis and supply side distortion. The changes in the import prices affected the commodity sectors and ship breaking industry. Deterioration in credit quality requires provisioning. • **Changes in policies and practices of regulatory bodies to revise practices, pricing and responsibilities of the financial institutions** MDB is subject to regulations and compliance of regulation is must. Changes in policies with regard to interest rates, pricing have significant effect on the performance of the Bank. Bangladesh Bank is expected to continue its persuasion to reduce the spread and charges further which is likely to affect the performance. Changes in provisioning requirement will also affect the performance of the Bank. • **Implementation of Basel-III** Basel-III is fully effective from 2015 and MDB needs to be complied with respect to credit risk management, its supervision and establishment of effective internal control. The grading of the borrowers and its link with capital requirement may slow down the credit expansion. The establishment of effective control requires more investment in technology and operating expenses are likely to increase. • **Changes in market conditions** Changes in market conditions particularly interest rates on deposits and volatility in Foreign Exchange market is likely to affect the performance of the Bank. Depositors are becoming increasingly price sensitive and any unilateral upward change by a Bank will exert pressure on interest rate structure of the Banking sector. It is feared that wage earners remittances may decline due to fall in job opportunity in international market. Unless offset by export performances, there may be pressure in the Foreign Exchange market. • **The risk of litigation** In the ordinary course of business, legal actions, claims by and against the Bank may arise. The outcome of such litigation may affect the financial performance of the Bank. • **Success of strategies** MDB is proceeding with its strategic plan and its successful implementation is very important for its financial performance. Major deviation due to external and internal factors will affect the performance of the Bank.
		iv) Policies and processes for mitigating operational risk.	Midland Bank limited (MDB) has formed a separate 'Risk Management Division' under Chief Risk Officer to ensure following things: • Designing of organizational structure by clearly defining roles and responsibilities of individuals involved in risk taking as well as managing it; • Formulation of overall risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, defining an acceptable level of risk,

		v) Approach for calculating capital charge for operational risk.	mitigation of all the core risks in line with their respective guidelines provided by Bangladesh Bank; • Reviewing and updating all risks on systematic basis as necessary at least annually, preferably twice a year, ensuring that adequate controls exist and that the related returns reflect these risks and the capital allocated to support them. The main risk areas will be (i) Balance sheet Risk Management, (ii) Credit Risk, (iii) Foreign Exchange Risk, (iv)Internal Control and Compliance Risk, (v) Money Laundering Risk and (vi) IT Risk. • The following risks are also to be reviewed: • Operational Risk • Market Risk • Liquidity Risk • Reputation risk • Insurance Risk • Sustainability Risk • Setting the portfolio objectives and tolerance limits/parameters for each of the risks; • Formulation of strategies and different models in consistency with risk management policy based on IT Policy and in house IT support which can measure, monitor and maintain acceptable risk levels of the Bank; • Development of information systems/MIS inflow and data management capabilities to support the risk management functions of the Bank. • Ensure compliance with the core risks management guidelines at the department level, and at the desk level; • The unit will work under Bank's organizational structure and suggest to the CEO to take appropriate measures to overcome any existing and potential financial crisis; • Analysis of self resilience capability of the Bank; • Initiation to measure different market conditions, vulnerability in investing in different sectors; • The unit will also work for substantiality of capital to absorb the associated risk in banking operation. **Activities undertaken by "Risk Management Division" since inception and recent approaches** • Risk Management Division of MDB is currently arranging monthly/ as or when required meeting on various issues to determine strategies in consistency with risk management policy, which can measure, monitor, and maintain acceptable risk level of the Bank. Minutes of each meeting is submitted to Bangladesh Bank on monthly basis; • Besides, Risk Management Report and Comprehensive Risk Management Report (CRMR) have also been prepared on the basis of monthly and semi-annually respectively which addressing different areas of risk and their mitigating tools & techniques guided by the members of Risk Management Division; • In order to perform the risk management function smoothly, RMD had invited all the Operational Divisions vide letter to the Head of

			respective Divisions to form an internal committee along with defined duties of concerned officials. It is to be noted here that due to continuous and successful persuasion, all the Operational Divisions have formulated and established internal risk management committees. **Stress Testing in MDB:** Risk Management Division (RMD) of MDB has prepared a stress testing model in line with the Bangladesh Bank's guideline which initially focused on "Simple Sensitivity and Scenario Analysis" on the following five risk factors: • Interest rate; • Forced sale value of collateral; • Non-performing loans (NPLs); • Share prices; and • Foreign exchange rate. The stress testing based on the financial performance of the Bank as on December 31, 2019 has also been completed which shows that the Bank has adequate capital to absorb minor, moderate and major level of shocks. However, in case of combined major shocks, some additional capital shall be required.
		v) Approach for calculating capital charge for operational risk.	The Banks operating in Bangladesh shall compute the capital requirements for operational risk under the Basic Indicator Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by · (alpha) of average positive annual gross income of the Bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average. The capital charge may be expressed as follows: K = [(GI 1 + GI2 + GI3) α]/n Where- K = the capital charge under the Basic Indicator Approach GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded) α = 15 percent n = number of the previous three years for which gross income is positive. Gross income: Gross Income (GI) is defined as "Net Interest Income" plus "Net non-Interest Income". It is intended that this measure should: i). be gross of any provisions; ii). be gross of operating expenses, including fees paid to outsourcing service providers; iii). exclude realized profits/losses from the sale of securities held to maturity in the Banking book; iv). exclude extraordinary or irregular items; v). exclude income derived from insurance.

Quantitative disclosure		**Particulars**	**Solo Basis**
	b)	The capital requirement for operational risk	**337.19**

12. Liquidity Risk

In line with the provisions of liquidity risk management under Basel III, Bangladesh Bank on the basis of the relevant guideline of Bank for International Settlements (BIS) has identified the (i) Liquidity Coverage Ratio (LCR); (ii) Net Stable Funding Ratio (NSFR); and (iii) Leverage under the purview of 'Liquidity' ratio vide BRPD Circular No. 18 dated 21 December 2014 and DOS Circular No. 1 dated 1 January 2015.

Qualitative disclosure	**a)**	i) Views of BOD on system to reduce Liquidity Risk	Liquidity risk arises when the Bank cannot maintain or generate sufficient funds to meet its payment obligations as they fall due or can only do so at a material loss. This can arise when counterparties who provide funding to the Bank withdraw or do not roll over a line of funding or as a result of a general disruption in financial markets which lead to normal liquid assets becoming illiquid. The Board of Directors reviews the liquidity risk of the Bank on quarterly rest while reviewing the Quarterly Financial Statements, Stress Testing Report etc. Besides, the RMC of the Board also reviews the liquidity position while reviewing the risk status report on quarterly basis. Upon reviewing the overall liquidity position along with the outlook of MDB funding need, investment opportunity, market/industry trend, the Board takes its strategic decision regarding deposits, funding, investments, loans as well as interest rates polices etc. The Board of MDB always strives to maintain adequate liquidity to meet up Bank's overall funding need for the huge retail depositors, borrowers' requirements as well as maintain regulatory requirements comfortably.
		ii) Methods used to measure Liquidity risk.	**Measurement Methodology:** The maintenance of Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) are considered as the fundamental methods/tools to measure the liquidity position/risk of MDB LCR or Liquidity Coverage Ratio is a new liquidity standard introduced by the Basel Committee. This standard is built on the methodologies of traditional liquidity coverage ratio used by banks to assess exposure to contingent liquidity events. LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. LCR goes beyond measuring the need for liquid assets over the next 30 days in a normal environment. 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. These runoffs are in addition to contractual outflows. The equation: $$LCR = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$ Definitions for the LCR: The calculation of the LCR requires three important quantities to be defined: A. Total value of stock of high quality liquid assets B. Total cash outflows, next 30 days (stressed scenario) C. Total cash inflows, next 30 days (stressed scenario) **Net Stable Funding Ratio:** NSFR or Net Stable Funding Ratio is another new standard introduced by the Basel Committee. 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-balance 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). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or "long-term" and therefore requires stable funding. The time horizon of the NSFR is one year. Like the LCR, the NSFR calculations assume a stressed environment. The equation: Available amount of stable funding NSFR = ----------≥ 100% Required amount of stable funding The calculation of the NSFR requires two quantities to be defined: A. available stable funding (ASF) and B. required stable funding (RSF). **NSFR is met if ASF exceeds RSF, that is if ASF/RSF ≥ 1 or 100%.** In addition to the above, the following measures have been put in place to monitor the liquidity risk management position of the Bank on a continued manner: a) Asset-Liability Maturity Analysis (Liquidity profile); b) Whole sale borrowing capacity; c) Maximum Cumulative Outflow (MCO); Besides the above, the following tools are also used for measuring liquidity risk: a) Stress Testing (Liquidity Stress); b) Net open position limit - to monitor the FX funding liquidity risk;
		iii) Liquidity Risk Management system.	In MDB, at the management level, the liquidity risk is primarily managed by the Treasury Division (Front Office) under oversight of ALCO which is headed by the Managing Director along with other senior management. Treasury Division (Front Office) upon reviewing the overall funding requirements on daily basis sets their strategy to maintain a comfortable/adequate liquidity position taking into consideration of Bank's approved credit deposit ratio, liquid assets to total assets ratio, asset-liability maturity profile, Bank's earning/profitability as well as overall market behavior and sentiment etc. Apart from the above, Financial Administration Division also monitors & measures the liquidity risk in line with the Basel III liquidity measurement tools, namely, LCR, NSFR, Leverage Ratio. RMD addresses the key issues and strategies to maintain the Basel III liquidity ratios to the respective division (s) on regular interval.
		iv) Policies and processes for mitigating liquidity risk.	To mitigate the several liquidity risks, the Bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the liquidity risk. ALCO is primarily responsible for establishing the liquidity risk management and asset liability management of the Bank, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices / polices and risk management prudential limits are adhere to. The Treasury Division are taking following measures to minimize the several market risks: A Board approved Liquidity Policy to manage liquidity on a day-to-day basis and a Contingency Funding Plan to deal with crisis situations are in place. Contractual maturity of assets and liabilities, liquidity ratios to include adherence to regulatory requirements and monthly liquidity forecasts are reviewed at ALCO meetings. Furthermore, liquidity stress tests are carried out quarterly to assess the impact of extreme events.

BDT in Million

<table>
<tr><td rowspan="6">Quantitative disclosure</td><td rowspan="6">b)</td><td></td><td>Solo</td></tr>
<tr><td>• Liquidity Coverage Ratio</td><td>The Liquidity Coverage Ratio (LCR) under Liquidity Ratios of Basel III of Midland Bank Limited as of 31 December 2019 was as under:
<table>
<tr><td rowspan="2">Particulars</td><td colspan="2">Ratio</td></tr>
<tr><td>BB requirement</td><td>MDB's position</td></tr>
<tr><td>Liquidity Coverage Ratio (LCR)</td><td>100%</td><td>163.59%</td></tr>
</table></td></tr>
<tr><td>• Net Stable Funding Ratio (NSFR)</td><td>The Net Stable Funding Ratio (NSFR) under Liquidity Ratios of Basel III of Midland Bank Limited as of 31 December 2019 was as under:
<table>
<tr><td rowspan="2">Particulars</td><td colspan="2">Ratio</td></tr>
<tr><td>BB requirement</td><td>MDB's position</td></tr>
<tr><td>Net Stable Funding Ratio (NSFR)</td><td>100%</td><td>109.86%</td></tr>
</table></td></tr>
<tr><td>• Stock of High quality liquid assets</td><td>As stipulated by BB vide DOS Circular Letter No. 1 dated 1st January 2015, the Stock of High Quality Liquid Assets (SHQLA) of Midland Bank Limited as of 31 December 2019 was as under:
13892.74</td></tr>
<tr><td>• Total net cash outflows over the next 30 calendar days</td><td>8,492.41</td></tr>
<tr><td>• Available amount of stable funding (ASF)</td><td>42,618.25</td></tr>
<tr><td>• Required amount of stable funding (RSF)</td><td>38,792.79</td></tr>
</table>

13. Leverage Ratio

Qualitative disclosure	**a)**	i) Views of BOD on system to reduce excessive leverage	In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: a) constrain build-up of leverage in the banking sector which can damage the broader financial system and the economy; and b) Reinforce the risk based requirements with an easy to understand and a non-risk based measure. The Board of Directors of MDB primarily views on the growth of On-balance and Off-balance sheet exposures commensurate with its expected growth so that the excessive leverage is reduced. Within the On-balance components, again, the Board emphasizes on the growth of the prime component i.e. the loans and advances and maintaining good asset quality so as to maximize the revenue as well as the capacity to generate capital internally (in the form of retained earnings) to trade-off the excessive leverage supposed to be caused by asset growth. At the outset of asset growth, the Board also views the growth of its sources

			of fund i.e. deposit growth taking into consideration of projected business growth so that the credit-deposit ratio is maintained at a sustainable basis as well as to reduce the mismatches of asset-liability gap within the tolerable limit to manage the liquidity risk.
		ii) Policies and processes for mitigating market risk.	To mitigate excessive on and off-balance sheet leverage, the Bank formed Basel Unit who monitors the implementing status of Basel –III within the Bank as per the guidelines on risk based capital adequacy issued by Bangladesh Bank.
		iii) Approach for calculating leverage ratio	A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level. The banks will maintain leverage ratio on quarterly basis. The calculation at the end of each calendar quarter will be submitted to BB showing the average of the month end leverage ratios based on the following definition of capital and total exposure. Tier 1 Capital (after related deductions) Leverage Ratio = ---------- Total Exposure (after related deductions)

Qualitative disclosure	**b)**		**Solo**
		• Leverage Ratio	Leverage Ratio (LR) under Basel III of Midland Bank Limited as of 31 December 2019 was as under:

Particulars	Ratio	
	BB requirement	MDB's position
Leverage Ratio	3%	12.62%

• On balance sheet exposure	Total On-balance Sheet exposure for calculating Leverage Ratio under Basel III of Midland Bank Limited as of 31 December 2019 was as under:

Particulars	Amount
Total On Balance Sheet Assets [A]	52,911.16
less: Total Specific Provision [B]	286.50
Total Adjusted On Balance Sheet exposure [A-B]	52,624.66

• Off balance sheet exposure	3000.91
• Total exposure	Total Exposures for calculating Leverage Ratio under Basel III of Midland Bank Limited as of 31 December 2019 was as under:

Particulars	Amount
Total On Balance Sheet Exposures [A]	52,624.66
Total Off-Balance Sheet Exposures [B]	3,000.91
less: Total Deduction/ Regulatory adjustments [C]	17.99
Total Adjusted exposure [A+B-C]	55,607.58

14. Remuneration

Qualitative disclosure	**a)**	a) Information relating to the bodies that oversee remuneration.	i) Name of the bodies that oversee remuneration	At the management level, primarily the Human Resources Division oversees the 'remuneration' in line with its HR management strategy/policy under direct supervision and guidance of Management Committee (MANCOM) of the Bank The Bank has approved pay scale approved by the Board of Directors. Employee type in MDB is Regular & Contractual.
			ii) Composition of the main body overseeing remuneration	The MANCOM is headed and chaired by the Managing Director & CEO of the Bank along with other members of top executive management (Additional Managing Directors) and the Heads of different functional divisions of Head Office. Head of Human Resources Division acts as the Member Secretary of the MANCOM of MDB. There is a pay scale approved by the competent authority where the salaries and increments are fixed designation wise and the same is followed accordingly.
			iii) Mandate of the main body overseeing remuneration	The mandate of the Management Committee (MANCOM) as the main body for overseeing the Bank's remuneration is to review the position of remuneration and associated matters and recommend to the Board of Directors for approval of its restructuring, rearrangement and modification commensurate with the industry best practices as per requirement.
			iv) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	The Bank has no External Consultant permanently regarding 'remuneration' and its process. However, experts' opinion may have been sought in case to case basis regarding income tax matter, lawyers' opinion for settlement of employees' dues in case of death, penalty etc. if required, by the management.
			v) A description of the scope of the bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	The Bank does not differentiate the 'Pay Structure' and 'Employee benefits' by regions. However, variation in remuneration is in practice based on nature of Job/business line/activity primarily bifurcated for the employees who are directly recruited by the Bank and the headcounts/employees explored through outsourcing service providers as per rule.
			vi) A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	We consider the members of the senior management, branch managers and the employees engaged in different functional divisions at Head Office (except the employees involved in internal control, risk management and compliance) as the material risk takers of MDB
		b) Information relating to the design and structure of remuneration processes.	i) An overview of the key features and objectives of remuneration policy.	Remuneration and other associated matters are guided by the Bank's Service Rule as well as instruction, guidance from the Board from time to time in line with the industry practice with the

				objectives of retention/hiring of experienced, talented workforce focusing on sustainable growth of the Bank.
			ii) Whether the remuneration committee reviewed the bank's remuneration policy during the past year, and if so, an overview of any changes that was made.	Human Resources Division under guidance of MANCOM, the Board and senior management reviews the issues of remuneration and its associated matters from time to time.
			iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee	The risk and compliance employees are carrying out the activities independently as per specific terms of references, job allocated to them. Regarding remuneration of the risk and compliance employees, Human Resources Division does not make any difference with other mainstream/ regular employees and sets the remuneration as per the prevailing rule of the Bank primarily governed by the employees' service rule of the Bank.
		c) Description of the ways in which current and future risks are taken into account in the remuneration processes	i) An overview of the key risks that the bank takes into account when implementing remuneration measures.	The business risk including credit/default risk, compliance & reputational risk are mostly considered when implementing the remuneration measures for each employee/group of employee. Financial and liquidity risk are also considered.
			ii) An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure.	Different set of measures are in practice based on the nature & type of business lines/segments etc. These measures are primarily focused on the business target/goals set for each area of operation, branch vis-à-vis the actual results achieved as of the reporting date. The most vital tools & indicators used for measuring the risks are the asset quality (NPL ratio), Net Interest Margin (NIM), provision coverage ratio, credit-deposit ratio, cost-income ratio, growth of net profit, as well the non-financial indicators, namely, the compliance status with the regulatory norms, instructions has been brought to all concerned of the Bank from time to time.
			iii) A discussion of the ways in which these measures affect remuneration.	While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly the result of the performance varies from one to another and thus affect the remuneration as well.
			iv) 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 material change has been made during the year 2019 that could the affect the remuneration.

		d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	i) An overview of main performance metrics for bank, top-level business lines and individuals.	The Board sets the Key Performance Indicators (KPIs) while approving the business target/budget for each year for the Bank and business lines/segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence/approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.
			ii) A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	The remuneration of each employee is paid based on her/his individual performance evaluated as per set criteria. And, accordingly, the aggregate amount of remuneration of the Bank as a whole is linked/ impacted to the same extent.
			iii) A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining "weak" performance metrics.	The Bank follows remuneration process as per set criteria with no in general adjustment in the event of weak performance metrics/scorecard
		e) Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance.	i) 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 pays variable remuneration i.e. Annual Increment based on the yearly performance rating on cash basis with the monthly pay. While the value of longer term variable part of remuneration i.e. the amount of provident fund, gratuity fund are made provision on aggregate/individual employee basis; actual payment is made upon retirement, resignation etc. as the case may be, as per rule.
			ii) A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.	Not Applicable
		f) Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different	i) An overview of the forms of variable remuneration offered (i.e. Cash, shares and share-linked instruments and other forms. A description of the elements corresponding to other forms of variable remuneration (if any) should be provided.	The Bank pays variable remuneration on cash basis (i.e. Direct credit to the employee Bank account and/or Payment Order/Cheque), as the case may be, as per rule/practice.

			ii) 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 following variable remuneration has been offered by MDB to its employees: **Annual Increment and Incentive Bonus** Bank provides annual increments and incentive bonus based on performance to the employees with the view of medium to long term strategy and adherence to Midland Bank values.

BDT in Million

Quantitative disclosure	**b)**		**Solo**
		Number of meetings held by the main body overseeing remuneration and remuneration paid to its member.	No such meeting as there is no designated remuneration committee. HR Division is assigned to initiate any change proposal on remuneration as per the Human Resource Management Policy of the bank and get necessary approval from BoD.
		Number of employees having received a variable remuneration award.	517
		Number of guaranteed bonuses awarded.	2 festival bonuses
		Total amount of guaranteed bonuses awarded.	35.60
		Number of sign-on awards made.	Nil
		Total amount of sign-on awards made.	Nil
		Number of severance payments made.	Nil
		Total amount of severance payments made.	Nil
		Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil
		Total amount of deferred remuneration paid out.	
		Breakdown of amount of remuneration awards for the financial year to show:	**BDT in Million** Fixed: 463.09 Variable: 49.23 Deferred: Nil Non-deferred: Nil Different forms used (cash, shares and share linked: Cash
		Total amount of outstanding deferred remuneration	Nil
		Total amount of retained remuneration exposed to ex post explicit and/or implicit adjustments.	Nil
		Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil
		Total amount of reductions during the financial year due to ex post implicit adjustments	Nil

MDB PHOTO GALLERY



MDB PHOTO GALLERY

Honourable Prime Minister Sheikh Hasina receives a Cheque for Tk. 25.00 lac from Kazi Raihan Zafar, Director of MDB for fire affected people of Curihatta, Chawkbazar of Old Dhaka





Honourable Prime Minister Sheikh Hasina receives a Cheque for Tk. 100.00 lac from Mr. Rezaul Karim, Chairman of the Executive Committee and Mr. Ahsan Khan Chowdhury, Chairman of the Risk Management Committee of the Board of Directors of MDB for celebrating 100th birthday of Father of the Nation Bangabandhu Sheikh Mujibur Rahman

Mrs. Nilufer Zafarullah, Honourable Chairman of the Bank presiding over the 6th Annual General Meeting (AGM) at the Board Room of the Bank at Gulshan 2, Dhaka



Mrs. Nilufer Zafarullah, Honourable Chairman of the Bank formally inaugurated Mujib Corner at the Head Office in presence of Mr. Rezaul Karim, Chairman of the Executive Committee of the Board of Directors, Mr. Omar Zafar, Director





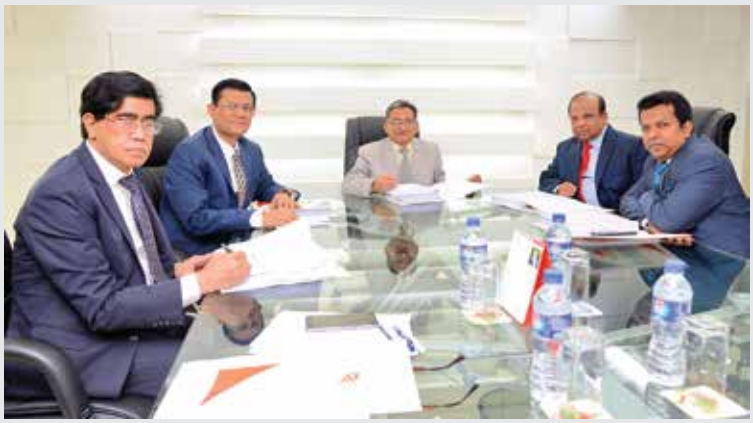
Mrs. Nilufer Zafarullah, Honourable Chairman of the Bank cuts a cake along with Md. Rezaul Karim, Chairman, EC, Omar Zafar, Director to celebrate birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman

Mrs. Nilufer Zafarullah, Honourable Chairman of the Bank presiding over the Board Meeting of the Bank



Mr. Rezaul Karim, Chairman of Board Executive Committee (EC) presiding over a Meeting





Dr. Kazi Shahidullah, Chairman of Board Audit Committee presiding over a Meeting

Mr. Ahsan Khan Chowdhury, Chairman of Board Risk Management Committee presiding over a Meeting



Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank and Chairman of Management Committee (MANCOM) presiding over a Meeting





Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank along with the member of MANCOM cuts a cake on the occasion of the Bank's 6th Anniversary of the Bank

Mr. Rezaul Karim, Chairman of Board Executive Committee (EC) formally inaugurates a relocated Branch of the Bank at Dhanmondi, Dhaka



Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd. formally inaugurates a Branch of the Bank at Shashongacha, Comilla





Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd. formally inaugurates a Branch of the Bank at Bheramara, Kushtia.

Md. Ahsan-uz Zaman, Managing Director along with Mr. Hafizur Rahman Sarker honourable Director of Midland Bank Ltd. formally inaugurates a Branch of the Bank at Doshmile, Dinajpur



Md. Zahid Hossain, Head of Corporate Banking Division of the Bank formally inaugurates a relocated Branch of the Bank at Hemayetpur, Saver, Dhaka





Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd. formally inaugurates a Sub Branch of the Bank at Madhobdi, Narsingdi

Md. Ahsan-uz Zaman, Managing Director & CEO presides over the Branch Managers' Conference of the Bank



Md. Ahsan-uz Zaman, Managing Director & CEO along with the member of MANCOM cuts a cake to celebrate one lac customers relationship milestone of the Bank





Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank Limited and M M Monirul Alam, Managing Director & CEO of Guardian Life Insurance Limited (GLIL) signed an agreement on behalf of their respective organizations in presence of Mr. David James Howard Griffiths, Director of GLIL

Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank Limited and Md. Apel Mahmud, CEO of Prime Islami Life Insurance Limited signed the agreement on behalf of their respective organizations providing insurance coverage on MDB Amar Bari, a Retail Loan Product of the Bank along with MDB Visa Gold Credit Card



Md. Ahsan-uz-Zaman, Managing Director & CEO of Midland Bank and Azizunnessa Huq, Executive Director of Fintech Innovations International DMCC signed the agreement on behalf of their respective organizations to use TRADEASSETS platform- an online portal that will support MDB's digitization goals by shifting trade finance origination and distribution into a real-time, 24/7 automated environment





Mr. Md. Ridwanul Hoque, Head of Retail Distribution Division and Dr. Wahidujjaman Jaman, Managing Director Farazy Dental Hospital signed the MoU on behalf of their respective organizations In the presence of Md. Ahsan-uz Zaman, Managing Director & CEO, Midland Bank Limited and Dr. Anower Farazy Emon, Chairman, Farazy Hospital Limited and Farazy Dental Hospital & Research Center for attractive discount facility in all Pathological tests, Cabin Services, Imaging's Services and in different Dental treatments for MDB Card holders

Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank Limited and Dr. Md. Abdul Mannan, Joint Secretary and Project Director of a2i Programme signed the MoU on behalf of their respective organizations to facilitate electronic bill payment in ekPay platform (an integrated bill payment platform from Government of Bangladesh) through MDB alternative delivery channels and also for using Union Digital Center (UDC) for providing Agent Banking Service of MDB



MDB PHOTO GALLERY

Mr. Md. Ridwanul Hoque, Head of Retail Distribution Division and Mr. Ram Gopal Bardhan, Regional Manager, Manipal Int. Patient Care & Service, Manipal Hospital signed the MoU on behalf of their respective organizations for attractive discount facility for MDB Card holders





Md. Ahsan-uz Zaman, Managing Director & CEO along with the Divisional Heads of Head Office cuts a cake to celebrate Anniversary of Bank's Agent Banking Service.

Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd. formally inaugurates an Agent Banking Centre of the Bank at Antamoni Market (1st floor), 01 No. Kalma Bazar, Dairy Firm, Savar Union Parishad, Savar, Dhaka



Md. Ahsan-uz Zaman, Managing Director along with Kazi Omar Zafar and Ms. Amushka Mehreen Zafar, honourable Directors of Midland Bank Ltd. jointly inaugurates an Agent Banking Centre of the Bank at Baliahati Bazar of Nasirabad Union, Bhanga Thana, Faridpur





Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd. formally inaugurates an Agent Banking Centre of the Bank at at Narayanpur Bazar of Narayanpur Union, Belabo Thana, Narsingdi

Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd. formally inaugurates an Agent Banking Centre of the Bank at 134/3, ECB Chattar Matikata, Dhaka Cantonment, Dhaka



Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd. formally inaugurates an Agent Banking Centre of the Bank Centre at Tawarigonj Bazar, Tawarigonj Union, Laxmipur Sadar Upozila, Laxmipur





Mr. Md. Ahsan-uz Zaman, Managing Director of the Bank distributes bicycles among under privileged school girls of different upazilas of Rajshahi district, under "SHAPNO JATRA", a special CSR programme of the Bank.

Midland Bank distributes blankets among the winter affecter primary school going students through its rural branches around the country



Mr. Md. Ahsan-uz Zaman, Managing Director of Midland Bank Ltd inaugurates the training programme titled "Foundation Training Programme"





Mohammad Masoom, Additional Managing Director of Midland Bank participated at the Women Entrepreneur Conference & Product Display Fair-2020 organized by Bangladesh Bank

Prof. Dr. Moulana Abul Kalam Azad, Chairman of Shariah Supervisory Council of Midland Bank Saalam, the Islami Banking Platform, presiding over the first meeting of the Council



Sustainability Report

Sustainability

MDB's sustainability dream reflects the essence of its ambition 'here for a long term bond & benefit' and takes into account the legitimate interest of its stakeholders – not only for today's world, but for future generations too. With more responsibility for the stakeholders, society and the future, a financial institution can be rooted deep into the ground of people's trust, which is key to making the journey of a going concern safe and sound. Sustainability is becoming an integral part of corporate philosophy, contributing to the long-term performance of a Bank and its return to consistent profitability. This new vision is steering the Bank towards its goal with a direction of growth that meets expectations of shareholders, customers, employees, investors, international partners, regulators, business partners, above all the community we operate in. Our stakeholder engagement approach allows us to understand the issues that matter most to those who have an interest in our business.

MDB's Approach to Sustainability

Being a responsible partner of the society and economy MDB thrives to contribute towards attaining sustainable development goals (SDGs) e.g. end poverty and hunger, ensure access to safe water, affordable/reliable energy for all, promote sustainable and inclusive economic and industrial growth, recycling program etc. Midland Bank firmly believes in good corporate citizenship and helping clients and other key stakeholders achieve sustainable success. Three key elements mold the central theme of sustainability:

Entrepreneurship

A sustainable business model is based on the pursuit of a socially responsible and environment friendly market opportunities and supporting clients in becoming more sustainable themselves.

Stewardship

Taking responsibility for clients, suppliers, employees and reducing the environmental impact.

Inclusion

Responsible banking includes people by addressing social, environmental and financial conditions bonding with the immediate community that includes our clients, employees and place where we operate.

MDB Sustainability Model

Midland Bank Limited (MDB) is committed to integrating environmental, social and governance issues into their day-to-day operations. The banking industry is also becoming more competitive, with many new entrants using innovative and inclusive business models to offer differentiated products and services in areas such as social banking and social finance, which focus in particular on investing based on social responsibility. MDB is moving on with a long term customer relationship with customer led models, products and services.

The bank is emerging with a new set of banking capabilities, including better insights into customer behaviors and needs, and new approaches to reach and engage them. The bank is aware of more transparent and risk-aware, tries to improve their trust and relationships with clients, stakeholders, governments and regulators, which in turn will make the bank capable to respond more efficiently to future regulatory requirements, improve the bank's ability to manage risks and avoid costs and

penalties of non-compliance. MDB prioritizes on educating customers about services and products in a more transparent and honest way. We are inclined to responsible financing considering social and environmental impacts that cause from bank's financing and operational activities. We are incorporating our growing understanding of sustainability into risk management and portfolio assessment. The bank is moving with robust IT system to enable our growth and operational excellence. The bank is adopting green banking practices towards reducing the carbon footprint. Developing the human resources of the bank is very significant with a view to creating sound, efficient and responsive financial institution, where the management has focus and priority.

Fairness in Banking

MDB is bent on providing simple, accessible and innovative solutions to our customers in response to their requirements. Banking is central to the daily lives of almost everyone, and it's important that we understand their needs. Bank has taken various initiatives to proactively identify people who may get into financial difficulty so we can work with customers to improve their situation. We have reviewed our rates structure (both corporate and retail) as we aim to place customers at the heart of our business decision.

Supportive Engagement

Our Bank's health is directly influenced by the health and success of the business it supports. We provide advice and guidance to businesses through our Branch Managers and online communication. We know it is a difficult time for some of our partners and that's why we created specialist team under 'Mentorship Programme' to provide that support.

An Admired Employer

Being good employer is fundamental to our success as a business. MDB employees are a diverse and talented group which we support and encourage through internal networks and training. We highly value our employees and seek to support them through this process with a range of tools and services to help them find other roles, either inside or outside the Bank.

Safe Banking Approach

Managing safety and security of our employees and customers is one of our fundamental responsibilities. We have adopted continued vigilance to keep up with challenging and changeable environment and constantly review and innovate the way we face new challenges.

Citizenship and Environmental Concern

As a growing organization we have a responsibility to manage our internal and external impacts. A core part of this is the way we govern our environmental, social and ethical risks, not only within our own operations, but also in relation to companies we lend to. In 2020, the bank will strengthen its environmental and social risk management system in line with regulatory guidelines.

Financial Inclusion

Multitudes of people across the country still remain unbanked or have limited access to banking services. MDB remains committed to agricultural and rural credit (micro finance) as a means of increasing financial inclusion in the country. We intend to support this sector by providing a range of financial services to microfinance institutions (MFIs) as well as through our own branch network. Small and Medium Enterprises plays crucial role in generating jobs and economic growth in Bangladesh. During 2019, total SME client base stood at 661 and a sum of BDT 3,095.90 million was disbursed which consolidated our SME portfolio with BDT 5517.60 million outstanding at the year-end. To improve the

gender balance in SME finance, we closed the year with BDT 926.80 million loan disbursement on account of total 13,166 women entrepreneurs (directly through Bank to 17 number of women entrepreneurs and indirectly through MFIs to 13,149 number of women entrepreneurs). We continued to explore new ways of increasing financial outreach.

Combating Financial Crime and Money Laundering Risk

To stave off the risk of financial crime within our business, we focus in training our employees, strengthening our screening system and ensuring that our policies and procedures are effective and up to date. We devote our efforts to minimize the damaging effects of financial crimes. The following are key areas; we concentrate to tackle financial crime:

- Adherence to all applicable laws, regulations and sanctions,
- Initiatives to prevent Money Laundering and Terrorism Financing,
- Strengthening system for prevention of fraud.

Employee awareness about fraud trends and combating technique is the key to successful financial crime prevention. We have prioritized fraud prevention in coming years; hence planned to launch comprehensive fraud prevention strategy and training for our employees.

Suspicious Transaction Reporting (STR) and KYC procedure are tools; Bank is presently executing to prevent financial crimes and money laundering. Our core fraud combating units are security, compliance and internal audit, IT security, human resource, and risk management unit. These units are working together to strengthen fraud prevention management system in the bank.

Promoting Sustainable Finance

Steps are taken to introduce green banking products which can in some way or other contribute to the reduction of carbon emissions. Our green finance priorities include ETP, modernization of brick kiln by advanced technology, Bio-gas Plant, Solar Power System and other renewable energy sectors. In our attempt for green finance in 2019, we have disbursed a sum of BDT 155.70 million to a number of 08 Zig Zag eco-friendly Brick Kilns, BDT 15.00 million in one Textile Mills for installing hydrant firefighting system and BDT 36.20 million in one Auto Tunnel Kiln namely Kushiyara Auto Bricks Limited, an environment friendly automated brick manufacturing unit with production capacity of 180,000 solid bricks/day. Besides, specific environment and social risk management plan and guidelines are in place in the Bank.

We spent an amount of BDT 5.00 million in various CSR activities in Bangladesh in 2019. To keep our commitment afloat for SME business, woman entrepreneur finance, agri farms, we have made necessary restructuring in our operations, launched campaign for SME promotion, participated in SME fairs, added and upgraded delivery channels and built alliance with various banks and micro finance organizations for a nationwide banking outreach. We have designed new products for various segments in the community for wider financial inclusion and took up promotional initiatives in the market. Our costs in sustainability build-up are taking an upturn every year and we are expecting their positive reflection in our present and future well-being. Furthermore, the Bank made considerable investment to strengthen capacity and preparedness to combat money laundering and terrorist financing in the field of manning & training, software development, building liaison & awareness, etc. to ensure regulatory compliance. Around the year 2019, we actively pursued the expansion of our business with particular focus on greater welfare of the economy.

Contribution to Government Exchequer

MDB contribution to government exchequer is adding incentive to government effort to mobilize revenues. The strength of our socio economic development generates mainly from government revenues. Revenues are widely spent to comfort the lives of common people, carry out development plans, subsidize real economies to spur growth and provide salary and benefits to millions of government employees and their families. As per tax law, the Bank deducts at source income tax, VAT and excise duty from various payments and services for ultimate credit to government exchequer.

MDB for Inclusive Growth

In line with Bangladesh Bank guidelines and recommendation, the banks have committed to the introduction of a number of market place initiatives to stimulate growth in the economy. MDB has committed to these initiatives already launched or planned.

MDB has decided to increase lending target to small and medium enterprises. The Bank is targeting SME finance to the undeniable but underserved segment of the economy. To this effect, the Bank finance to micro and small enterprises, manufacturing sector and women entrepreneurs is getting momentum. New strategy has been set out to expand cluster base financing program. MDB disbursed BDT 926.80 million in loans to Women Entrepreneurs in the calendar year 2019. Bangladesh Bank refinance for SE and Women Entrepreneurs has enabled the Bank to open up a soft loan window for small sized business and women owned projects. The Bank is committed to the implementation of statutory codes of practice on business lending within agreed time frames.

The Bank has taken up paperless banking initiatives through using modern computer software, effective email service for official correspondence. We have already been using robust banking computer software and email connectivity for intra bank official correspondence and with the other organizations on similar platform. MDB also has taken the policy to use energy savings light and rational use of air conditioner in its all offices for reducing electricity consumption. The bank has also policy support to install solar panel in its rural branches as their source of power. Policy also exists to take coverage of Green Travel Insurance for the carbon emission to be caused by the banking activities of MDB.

Green Banking:
Towards Sustainable Banking

Green Vision:

Even though bank out its operations directly do not contribute to the cause of pollution of environment but it has got the huge opportunity to contribute, to promote and activate the green concept i.e. making the environment greener in its own way. Bank takes counter party risks in extending the finances to different trading and industrial concerns as they finance, so banks virtually as lender take their stake in businesses of the borrowers. It is conceivable that bank as financial intermediaries have the capacity and ability to impress upon the owners of the business to adopt green practice in their operation to avoid the situation wherein there financed projects create cause of concern for environmental pollution or contamination. A green Bank takes into consideration all sorts of social and environmental factors to merge into a long run sustainable financial gain shared by all of the earth inhabitants. Green Banking initiatives have been undertaken by global communities to reduce environmental degradation, lessening carbon emission and reduce utilization of non-renewable resources for the protection of future generations from its impact. Green finance as a branch of green banking makes significant contribution towards transition to resource efficient and low carbon regime i.e. green industry and green economy in general. Investment in greener and sustainable projects offers continuing multiple economic, social and environmental benefits.

Concepts of Green Banking:

Green Banking refers to the efforts of the banking sector to keep the environment green and to minimize greenhouse effects through reducing the use of non-renewable energy & materials (electricity, gas, fuel, paper, stationery etc.), increasing the use of renewable or recyclable energy & materials (solar power, bio-gas, electronic media of communication etc.), reducing the emission of industrial carbon, scrutiny of negative impacts of the corporations on environment and taking necessary mitigating measures there against during financing and also to finance green projects (i.e. ETP, Bio-Gas Plant, Green Factory & Office Building, Solar Power, Hybrid Hoffman Kiln, energy & water efficient projects, water conservation, rain water harvesting etc.). Products included in green banking are Online Banking, Internet Banking, Mobile Banking, ATM, ADC, Green Credit, Green Marketing, E-Signatures, Solar Use, Bio-Gas, Afforestation etc.

MDB Green Banking Policy:

As part of fulfillment of its obligation to the society Midland Bank Ltd in its incipient period had taken measures to formulate policy guidelines for green banking in accordance with the instruction and relevant guidance given by Bangladesh Bank. Since, we are well aware of our responsibilities towards the society to encourage adaption of green banking practices across the broad segments of the clienteles. In our appraisal process of any project finance as part of due diligence, we intend to ensure that red category manufacturing concern become greener one by its operation, by adopting appropriate technology and factoring them into the estimated project cost of the promoters.

Green Activities of MDB:

Midland Bank Limited (MDB) is much more aware to implement and promote green banking initiatives in line with Bangladesh Bank's policy guidelines. Bank's Board of Directors and Management have committed every support, resources and required strategies to the growth of green business and practices as well as green compliance.

Towards the goal, the Bank has taken a number of initiatives to enrich the green banking practices, which are as follows:

- Formulated Green Banking Policy approved by the Board of the Bank.
- Introduced Green Banking Unit.
- Allocated annual budget for green banking.
- Incorporated environmental risk in CRM Policy.
- Introduced online or paper less banking that eliminate paper waste, saving gas, carbon emission, reducing printing cost and postage expenses.
- Signed agreement with BB for re-finance in projects.
- Developed green financing product encouraging finance to eco-friendly and energy efficient projects.
- Introduced e-recruitment system.
- Facilitated employee training and customers awareness.
- Discharged CSR activities.
- Disclosure of green banking report.

Environmental Risk Management:

MDB conducts Environmental & Social Risk Rating (ESRR) for the projects as well as the credit facilities (both new and existing). ESRM policy as per BB guidelines has already been implemented.

In-house green banking development:

In view of Green Banking Policy, the Bank has taken measures or started building awareness to promote Green Banking within the bank. Details as follows:

Electricity Consumption

- Ensuring economic use of electricity by using energy saving lights in bank premises, shutting down the computer properly and switching off the computer monitor before leaving office every day, ensuring that light, fans, air conditioners have been switched off before leaving office every day and using energy efficient electronic equipment.

Fuel Consumption

- Ensuring economic use of fuel by buying energy efficient vehicles to reduce gas and petroleum consumption.

Paper Consumption

- Where possible using online communication (e-mail, IP message etc.) instead of printed communication, always thinking twice before taking a print, taking print on the both side of paper to save paper consumption, using scrap paper for taking draft print and as note pads.

Water Consumption

- Ensuring economic use of water in all other cases and not misusing drinking water.

Others

- Avoiding use of disposable cups/glasses to become more eco-friendly.
- Bank's way forward to a safer, greener & cleaner habitat.

Green Reporting and Disclosure:

MDB prepares Green Banking & Sustainability Reports to disclose updates on its quarterly activities and engagements to Sustainable Finance Department of Bangladesh Bank as well as to the Board of Directors. Also, Green Report Card on yearly activities is published in the annual report and posted on the website.

MDB Green Report Card 2019 [Fig in BDT Million]

SL	Particulars	Total	
		No. of Projects	Amount
A	Introducing Green Finance		
01	Effluent Treatment Plant (ETP)/Environment Friendly Financing	01	14.42
02	Bio-gas Plant		
03	Solar Panel system/Renewal Energy Plant		
04	Hybrid Hoffman Kiln (HHK)		
05	Auto Tunnel Kiln	01	268.45
06	Green Finance at reduced rate of interest		
07	Others (if any) Zig Zig Brick Project	08	98.61
	Total		
B	Online Banking		
01	No. of ADCs (own ATM & ADM)	37	
02	Shared ADCs (Approx.)	10,000	
03	No. of Branches with online coverage	33	
04	No. of total accounts	147,016	
05	No. of accounts facilitated with internet banking	6,501	
06	No. of accounts facilitated with Mobile/SMS Banking	100,857	
C	Awareness Building		
01	Training Programs on Green Banking (In-house)	-	
02	Participants in the Training	-	
D	Disclosure		
01	Website	Yes	
02	Annual Report	Yes	
03	Preparation of Green Banking & Sustainability Report Others (if any)	Yes	
E	Sector Specific Environment Policy		
01	Formulation of Sector Specific Environment Policy		
	(Under phase)		
	Others (if any)		
F	Green Strategic Planning		
01	Formulation of Green Strategic Planning		
02	Formulation of Bank's Specific Environment Risk		
03	Management Plan & Guideline Others (if any)	Yes	

Corporate Social Responsibility

Initiated by Bangladesh Bank in 2008, the Corporate Social Responsibility (CSR) mainstreaming campaign in our financial sector, has enthused local banks and financial institutions, into a broad range of direct and indirect social responsibility engagements, including humanitarian relief and disaster response, to widen opportunities for disadvantaged population segments, with support in the areas of Healthcare, Education and Training.

With a view to the above and as per instruction of Bangladesh Bank, MDB formed a dedicated Sustainable Financial Unit, under direct supervision of the Managing Director of the Bank at the Bank's Head Office. As per instruction by the Board of Directors of the Bank, MDB started CSR activities at the time of its inauguration.

As per Bangladesh Bank guideline, Sustainable Financial Unit proposed budgetary allocations for CSR programmes annually for approval of the Board of the Bank; the Board approved allocations by appropriations from annual post tax net profits.

The Board of Directors of the Bank approved Tk. 50,00,000.00 for Annual CSR Activities 2019 of Midland Bank Limited.

Considering above CSR fund as well as to meet up time to time urgent requirements of CSR activities, duly approve by the Board, total distribution status of the Annual CSR activities of the Bank as on 31st December 2019 are as furnished below:

Sl No.	Particulars of allocation and status of distribution of CSR Fund 2019		
	Particulars	Amount In BDT	Area of allocation
1.	Donation to **PRIME MINISTER'S RELIEF FUND** for the fire affected people of Curihatta, Chawkbazar of Old Dhaka for health care purpose	10,00,000.00	Health
2.	Distribution of bicycle among the female school going students in North Bangle Part	2,00,000.00	Education
3.	Distribution of Blankets along with educational Materials among the students of Primary School in the rural area of the country	13,00,000.00	Education
4.	Donation to **"LAW & ORDER COORDINATION COMMITTEE"** of Bangladesh Police for its CCTV Camera Surveillance Project, Gulshan	5,00,000.00	Other
5.	Donation to **PRIME MINISTER'S RELIEF FUND** for the fire affected people of Curihatta, Chawkbazar of Old Dhaka as financial assistance	15,00,000.00	Others
6.	Distribution of Blankets among the cold stricken needy people of the country	5,00,000.00	Digester Management
	Total	**50,00,000.00**	

Based on the above CSR activities, ratio wise distributions of the fund in 2019 are as follows:

Area of allocation	Education	Healthcare	Others	Total
Distributed amount as on 31.12.2019	**15,00,000.00**	**10,00,000.00**	**25,00,000.00**	**50,00,000.00**
Ratio of Annual CSR distribution	**30%**	**20%**	**50%**	**100%**

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

Statement of Directors on adequacy of the system of Internal Control

The Board of Directors of MDB has defined roles as stipulated in the 'Bank Company (amended) Act 2013'. Therefore, the Directors have worked for maintaining good corporate governance and persistently discharged their responsibilities. The Directors have also established extensive business strategies, adopted significant policies for internal control and risk management and implemented risk based internal audits as per 'sections 15 Kha & 15 Ga of the Bank Company (amended) Act 2013' for ensuring that the Bank is suitably and efficiently managed and controlled.

As Midland Bank Limited runs on Centralized Banking Model, the Bank has produced timely and effective policies, circulars and manuals in such a way that the adequate control in all its operational and business functions are established and risk tolerance level can be maintained at an accepted level. The policies and manuals are all approved by the Board after being reviewed in lien with relevant practice and regulatory requirements of various segments of businesses and operations. The Directors have also checked and reviewed the control procedures for ensuring the upkeep of the Bank's assets, the prevention and detection of fraud and error, the adequacy and completeness of accounting records, timely preparation of financial statements and the efficient management of risks.

The Board of Directors monitored the adequacy and usefulness of internal control systems through formation of audit committee. While preparing the audit committee, all the conditions mentioned in sections 15 Kha & 15 Ga of the Bank Company (amended) Act 2013, Bangladesh Bank guidelines and Corporate Governance Guidelines by Bangladesh Securities and Exchange Commission (BSEC) have been appropriately addressed. As per Bangladesh Bank BRPD Circular No.11, dated 27 October 2013, a 5(Five) member Board Audit Committee (BAC) was last reconstituted in the 93rd meeting of the Board of Directors held on 26.12.2019. The committee has reviewed the system of internal control and management of core risks faced by the Bank. They have also reviewed the audit process, the Bank's process for monitoring the compliance with laws and regulations and codes of conduct of business.

The audit committee has reviewed the arrangements made by management for adding the control features to the existing Management Information System (MIS). The committee has also reviewed the corrective actions taken by management relating to fraud-forgery and deficiencies in internal control revealed in previous years. The committee has placed all the compliance reports before the Board of Directors and regulators in time and has performed all other oversight functions relating to internal control systems of the Bank.

On behalf of the Board of Directors,



Nilufer Zafarullah
Chairman
Date: 23 June 2020

Directors' Responsibility in relation to Financial Statements

The Board of Directors has developed the internal financial control system and also continuously monitoring its effectiveness. The Directors are assured that relevant accounting records have been maintained and reasonable steps as far as practicable have been taken to ensure the accuracy and reliability of accounting records for preparation of financial statements. These provide reasonable assurance for protection of Bank's assets, maintenance of proper accounting records and reliability of financial information.

The Directors are satisfied that the Bank has the resources to continue in business for the foreseeable future and therefore, these financial statements have been prepared on a going concern basis.

The Board has reviewed the external auditors' report and considered that, these financial statements for the year 2019 have been prepared using appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgment and estimates and in compliance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Bank Company Act 1991 (amended upto 2018), as per guidelines of the Bangladesh Bank, Company Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations issued by the regulatory bodies time to time. Any change to accounting policies and reasons for such change is disclosed in the "Notes to the Financial Statements" of this annual report.

The Board Audit committee comprised of 05 Directors who has required qualifications and experience. The Committee has made an independent assessment of the financial reporting system of the Bank and confirmed that the financial statements for the year ended on 31 December 2019 have been prepared in compliance with relevant accounting principles and regulatory requirements. The Committee also discussed and exchanged views with the representatives of external auditors and reviewed the financial statements and recommended to the Board of Director for consideration and approval of these financial statements for year ended on 31 December 2019.

The Directors are in agreement with the assessment of the audit committee on the reliability of financial reporting system of the Bank and confirm that these financial statements have been prepared for internal and external use are in accordance with relevant accounting principles and regulatory requirements.

On behalf of the Board of Directors,



Nilufer Zafarullah
Chairman
Date: 23 June 2020

Declaration of Managing Director and CEO and Chief Financial Officer to the Board of Directors

Annexure-A

[As per condition No. 1(5)(xxvi) of the Corporate Governance Code]

Date: 23 June 2020

The Board of Directors
Midland Bank Limited
N.B. Tower, 40/7 North Avenue
Gulshan-2, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on 31.12.2019

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. No. **BSEC/CMRRCD/2006-158/207/Admin** Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of Midland Bank Limited Limited for the year ended on 31 December 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

(i) We have reviewed the financial statements for the year ended on 31 December 2019 and that to the best of our knowledge and belief:
(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
(b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Md. Zahirul Islam, FCA
Chief Financial Officer (CFO)



Md. Ahsan-uz Zaman
Chief Executive Officer (CEO)

Independent auditor's report

To the shareholders of Midland Bank Limited
Report on the audit of financial statements

Opinion

We have audited the financial statements of Midland Bank Limited ("the Bank"), which comprise the balance sheet as at 31 December 2019, and the profit and loss account, cash flow statement, statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2019, and of its profit and loss account, its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as explained in note # 2 and comply with the Companies Act, 1994, the Banking Companies Act, 1991 (as amended up to date), rules and regulations issued by Bangladesh Bank and other applicable laws and regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 2.02.11 of the financial statements, which describes matters related to implementation of IFRS 16 Leases, including preliminary assessment of its impact as assessed by management. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with IFRS as explained in note # 2, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 (as amended up to date) and the 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the Companies Act, 1994, the Banking Companies Act, 1991 (as amended up to date) 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 Bank as disclosed in 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.

(iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;

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

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

(vi) the expenditures incurred were for the purpose of the Bank's business for the year;

(vii) 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;

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

(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 spent over 1,000 person hours for the audit of the books and account of the Bank; and

(xi) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.



Dated, Dhaka
June 23, 2020

A. Qasem & Co.
Chartered Accountants

Midland Bank Limited

Balance Sheet

As on 31 December 2019

Property and Asset	Notes	2019 BDT	2018 BDT
Cash	**3.00**	**2,481,877,574**	**2,292,735,352**
In Hand (Including Foreign Currency)		525,345,718	537,125,798
With Bangladesh Bank and its Agent Bank (including Foreign Currency)		1,956,531,856	1,755,609,554
Balance with other Banks & Financial Institutions	**4.00**	**3,119,092,376**	**3,482,296,019**
In Bangladesh		2,892,241,255	3,135,976,178
Outside Bangladesh		226,851,121	346,319,841
Money at Call and Short Notice	**5.00**	**499,700,000**	**419,500,000**
Investments	**6.00**	**12,709,768,541**	**6,725,589,819**
Government		11,412,579,904	5,474,145,273
Others		1,297,188,637	1,251,444,546
Loans and Advances	**7.00**	**31,749,635,389**	**31,074,667,795**
Loans, Cash Credit, Overdrafts, etc.		31,696,015,706	31,006,317,308
Bills Purchased and Discounted		53,619,683	68,350,487
Fixed Asset including Premises, Furniture & Fixtures	**8.00**	**258,785,282**	**282,766,522**
Other Asset	**9.00**	**2,079,714,702**	**1,460,660,249**
Non-Banking Asset	**10.00**	**12,585,359**	**12,585,359**
Total Property and Asset		**52,911,159,222**	**45,750,801,115**
Liabilities and Capital			
Borrowing from other Banks, Financial Institutions & Agents	**11.00**	**3,468,730,276**	**1,539,729,140**
Deposit and Other Accounts	**12.00**	**39,500,763,248**	**35,592,171,735**
Current Deposit & Other Accounts		2,784,886,978	3,344,923,396
Bills Payable		241,381,613	181,932,507
Short Notice Deposit		4,769,017,817	4,462,893,385
Savings Deposit		2,659,627,149	2,512,749,839
Fixed Deposit		25,182,444,200	22,331,840,918
Deposit Scheme		3,863,405,491	2,757,831,690
Other Liabilities	**13.00**	**2,903,304,284**	**2,132,257,460**
Total Liabilities		**45,872,797,808**	**39,264,158,335**
Capital/Shareholders' Equity			
Paid up Capital	**15.00**	5,696,697,530	5,274,720,000
Statutory Reserve	**16.00**	991,374,929	781,105,865
Revaluation Reserve on Investment in Securities	**17.00**	2,107,910	5,297,777
Retained Earnings	**18.00**	348,181,046	425,519,138
Total Shareholders' Equity		**7,038,361,415**	**6,486,642,780**
Total Liabilities and Shareholders' Equity		**52,911,159,222**	**45,750,801,115**

Midland Bank Limited

Balance Sheet

As on 31 December 2019

Off-Balance Sheet Items	Notes	2019 BDT	2018 BDT
Contingent Liabilities	**19.00**		
Acceptance and endorsements		1,428,780,793	832,047,100
Letter of Guarantee		2,647,810,389	1,896,198,899
Irrevocable Letter of Credit		1,371,735,186	1,492,020,869
Bills for Collection		530,485,724	663,774,741
Other Contingent Liabilities		-	-
Other Commitments		**5,978,812,091**	**4,884,041,609**
Documentary credits and short term trade related transactions		-	-
Forward asset purchased and forward deposit placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Liabilities against forward Purchase and Sale		-	-
		-	-
Total Off Balance Sheet Items including Contingent Liabilities		**5,978,812,091**	**4,884,041,609**

The annexed notes form an integral part of these accounts

Managing Director & CEO | **Director** | **Director** | **Chairman**

Signed as per annexed report on even date

Dhaka, June 23, 2020

A. Qasem & Co.
Chartered Accountants

Midland Bank Limited

Profit and Loss Account

For the Period ended on December 31, 2019

Particulars	Notes	2019 BDT	2018 BDT
Interest Income	21.00	4,259,089,822	3,760,222,065
Less: Interest Paid on Deposit and Borrowing, etc.	22.00	2,983,899,085	2,547,464,459
Net Interest Income		**1,275,190,737**	**1,212,757,605**
Income from Investment	23.00	649,615,530	617,673,589
Commission, Exchange and Brokerage	24.00	321,054,520	321,077,265
Other Operating Income	25.00	65,020,083	64,370,302
		1,035,690,133	**1,003,121,156**
Total Operating Income		**2,310,880,870**	**2,215,878,762**
Less: Operating Expenditure			
Salary and Allowances	26.00	531,364,377	489,901,467
Rent, Tax, Insurance, Electricity	27.00	219,342,497	230,270,138
Legal Expense	28.00	1,060,829	643,091
Postage, Stamps and Telephone	29.00	13,057,895	12,223,099
Printing, Stationery, Advertisement	30.00	31,672,420	36,096,037
Managing Director's Remuneration	26.01	16,560,000	15,750,000
Directors' Fee	31.00	1,462,800	1,968,800
Audit Fee	32.00	356,500	356,500
Depreciation on and Repair to Bank's Property	33.00	105,956,065	77,938,201
Other Expenditure	34.00	121,523,703	109,218,862
Total Operating Expenses		**1,042,357,087**	**974,366,195**
Profit Before Provision		**1,268,523,783**	**1,241,512,567**
Provision for Loans, Advances & Off Balance Sheet			
General Provision		36,131,527	163,059,920
Specific Provision		138,311,198	(36,451,221)
Provision for Off Balance Sheet Exposures		12,280,595	(8,467,466)
Provision for diminution in Investments		28,463,457	16,267,311
Provision against Other Asset		1,991,685	779,638
Total Provision	35.00	**217,178,462**	**135,188,182**
Profit Before Tax		**1,051,345,321**	**1,106,324,385**
Less: Provision for Tax	36.00	**493,936,818**	**456,008,617**
Current Tax		507,425,213	446,775,333
Deferred Tax		(13,488,395)	9,233,284
Net Profit After Tax		**557,408,502**	**650,315,768**
Retained Surplus Brought Forward	18.01	3,541,608	1,468,247
		560,950,110	**651,784,015**
Appropriation:			
Transferred to Statutory Reserve	37.00	210,269,064	221,264,877
Transferred to CSR Fund	38.00	2,500,000	5,000,000
		212,769,064	**226,264,877**
Retained Surplus, Carried Forward		**348,181,046**	**425,519,138**
Earnings Per Share	39.00	**0.98**	**1.14**

The annexed notes form an integral part of these accounts

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

Signed as per annexed report on even date

Dhaka, June 23, 2020

A. Qasem & Co.
Chartered Accountants

Midland Bank Limited

Statement of Cash Flow

For the Period ended on December 31, 2019

	Notes	2019 BDT	2018 BDT
A) Cash Flow From Operating Activities:			
Interest Received		4,829,220,512	4,383,528,070
Interest Paid on Deposits, Borrowings, etc.		(2,775,112,447)	(2,365,852,230)
Dividend Income		12,903,749	18,632,820
Fees & Commission Income		321,054,520	321,077,265
Recoveries of Loans previously written off		-	-
Cash Paid to Employees as Salaries and Allowances		(547,924,377)	(505,651,467)
Income Tax Paid		(448,444,853)	(336,105,309)
Cash Received From Other Operational Income	**40.00**	65,020,083	64,370,302
Cash Paid for Other Operational Expenses	**41.00**	(407,605,104)	(415,095,178)
Cash Flow From Operating Activities Before Changes in Net Current Asset		**1,049,112,083**	**1,164,904,274**
Changes in Net Current Asset :			
Investment in Treasury Bond		(5,941,486,298)	(1,023,148,231)
Loans & Advances		(674,967,594)	(3,779,063,087)
Other Asset		(84,670,372)	22,478,508
Non-Banking Assets		-	(12,585,359)
Bank Deposit		(1,247,602,532)	518,002,328
Customers' Deposit		4,947,407,407	652,322,335
Borrowing from Other Banks, Financial Institutions & Agents		1,929,001,137	1,227,147,386
Other Liabilities		43,943,149	1,365,199
		(1,028,375,104)	**(2,393,480,922)**
Net Cash Flow From Operating Activities		**20,736,979**	**(1,228,576,648)**
B) Cash Flow From Investing Activities:			
Investments in Shares & Bonds		(45,744,091)	64,443,253
Proceeds from Sale of Fixed Assets		903,154	1,900,000
Purchase of Fixed Asset		(69,619,263)	(151,387,635)
Net Cash Flow From Investing Activities		**(114,640,200)**	**(85,044,382)**
C) Cash Flow From Financing Activities:			
Receipts from Issue of Capital		-	-
Dividend Paid		-	
Net Cash Flow From Financing Activities		**-**	**-**
D) Net Increase in Cash and Cash Equivalents		**(93,723,220)**	**(1,313,621,029)**
E) Effect of Changes of Exchange Rates on Cash and Cash Equivalents			
		-	
F) Opening Cash and Cash Equivalents		6,194,768,271	7,508,389,300
Closing Cash and Cash Equivalents (D+E+F)		**6,101,045,050**	**6,194,768,271**
The above closing Cash and Cash Equivalents include:			
Cash in Hand		525,345,718	537,125,798
Balance with Bangladesh Bank and its Agent Bank		1,956,531,856	1,755,609,554
Balance with Other Banks & Financial Institutions		3,119,092,376	3,482,296,019
Money at Call and Short Notice		499,700,000	419,500,000
Treasury Bill		-	-
Prize Bond		375,100	236,900
		6,101,045,050	**6,194,768,271**
Net Operating Cash Flow Per Share		**0.04**	**-2.16**

The annexed notes form an integral part of these accounts

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

Dhaka, June 23, 2020

A. Qasem & Co.
Chartered Accountants

Midland Bank Limited

Statement of Changes in Equity
For the Period ended on December 31, 2019

Particulars	Paid-up Capital	Statutory Reserve	Revaluation Surplus on Investments	Retained Earnings	Total
	BDT	BDT	BDT	BDT	BDT
Balance as at January 01, 2019	**5,274,720,000**	**781,105,865**	**5,297,777**	**425,519,138**	**6,486,642,780**
Stock Dividend	421,977,530	-	-	(421,977,530)	-
Revaluation Reserve transferred during the period	-	-	(3,189,868)	-	(3,189,868)
Net Profit for the year after tax	-	-	-	557,408,502	557,408,502
Appropriation made during the period	-	210,269,064	-	(210,269,064)	-
Transfer to CSR	-	-	-	(2,500,000)	(2,500,000)
Balance as at December 31, 2019	**5,696,697,530**	**991,374,929**	**2,107,910**	**348,181,046**	**7,038,361,415**
Balance as at December 31, 2018	**5,274,720,000**	**781,105,865**	**5,297,777**	**425,519,138**	**6,486,642,780**

The annexed notes form an integral part of these accounts

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

Dhaka, June 23, 2020

Midland Bank Limited

Liquidity Statement

For the Period ended on December 31, 2019

Particulars	Less than 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Above 5 years	Total
	BDT	BDT	BDT	BDT	BDT	BDT
ASSET :						
Cash in hand & Balance with Bangladesh Bank	2,457,114,018	-	-	-	24,763,556	2,481,877,574
Balance with other Banks and Financial Institutions	2,305,092,376	814,000,000	-	-	-	3,119,092,376
Money at Call & Short notice	499,700,000	-	-	-	-	499,700,000
Investments	375,100	862,500,000	5,151,300,000	2,678,800,000	4,016,793,441	12,709,768,541
Loans and Advances	6,846,700,000	4,352,400,000	11,973,400,000	8,323,735,389	253,400,000	31,749,635,389
Fixed Asset	-	-	-	156,919,338	101,865,944	258,785,282
Other Asset	-	-	-	-	2,079,714,702	2,079,714,702
Non-Banking Asset	-	-	-	-	12,585,359	12,585,359
Total Asset	**12,108,981,495**	**6,028,900,000**	**17,124,700,000**	**11,159,454,727**	**6,489,123,001**	**52,911,159,222**
LIABILITIES :						
Borrowing From Other Banks, Financial Institutions & Agents	2,915,200,000	50,000,000	325,400,000	178,130,276	-	3,468,730,276
Deposit and Other Account	5,409,600,000	10,652,400,000	7,492,000,000	14,935,963,248	1,010,800,000	39,500,763,248
Provision & Other Liabilities	5,614,156	32,748,428	4,659,979	161,727,741	2,698,553,979	2,903,304,284
Total Liability	**8,330,414,156**	**10,735,148,428**	**7,822,059,979**	**15,275,821,266**	**3,709,353,979**	**45,872,797,808**
Net Liquidity	**3,778,567,338**	**(4,706,248,428)**	**9,302,640,021**	**(4,116,366,539)**	**2,779,769,023**	**7,038,361,415**

The annexed notes form an integral part of these accounts

Managing Director & CEO | Director | Director | Chairman

Dhaka, June 23, 2020

1. The Bank and its Activities

1.1.1 Legal form of Midland Bank Limited (MDB)

Midland Bank Limited (the "Bank") was incorporated on 20 March 2013 as a Public Limited Company in Bangladesh under Companies Act, 1994 with the registered office at N.B. Tower (Level 6 to 9), 40/7 North Avenue, Gulshan-2, Dhaka-1212. The Company was also issued Certificate of Commencement of Business on the same day. It started commercial banking operation on 20 June 2013 through opening first branch at Dilkusha Commercial Area in the name 'Dilkusha Corporate Branch. Presently, the number of branches stood at 33 (15 Urban Branches and 18 Rural Branches, 37 ATMs and 44 Agent Banking Centers (ABCs) covering commercially important locations across the country.

1.1.2 Principal Activities and nature of operation of Midland Bank Limited

The principal activities of the Midland Bank Limited (MDB) are to provide all types of commercial banking services to customers through its branches, ATMs, Agent Banking Centers, Corporate Units and EC & SP and SME Units in Bangladesh. The Bank also entitled to provides money market operations, investment in merchant banking activities, financial intermediary services and any related financial services.

2. Basis of preparation of financial statements and Significant accounting policies

2.1 Basis of preparation of financial statements

2.1.1 Basis of Accounting

The financial statements of the Bank have been prepared for the year ended on 31 December 2019 under the historical cost basis, except for certain investments which are stated at fair/market value, in accordance with the First Schedule (Section 38) of the Bank company Act 1991 (amended up to 2018), BRPD Circular # 14, dated 25 June 2003 and DFIM Circular # 11, dated 23 December 2009, other Bangladesh Bank Circulars, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) approved by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act 1994, and other laws and rules applicable in Bangladesh. In case where the requirements of Bangladesh Bank differ with those of IAS/IFRS, the requirements of Bangladesh Bank have been applied. Adequate disclosures have been given for any material departures from the requirements of IFRS.

2.1.2 Use of Estimates and Judgments

In preparation of the financial statements, management required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed considering business realities on a going concern basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant areas where estimates and judgments have been applied are to calculate provision for loans and advances as per Bangladesh Bank guidelines.

2.1.3 Consistency

In accordance with IFRS framework for the presentation of financial statements together with

IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). MDB discloses its information consistently from one period to the next, where selecting and applying a new accounting policies, changes in accounting policies, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8. However, for changes in the accounting estimates, the related amount is recognized prospectively in the current period and in the next period or periods.

2.1.4 Foreign Currency Transaction

a) Functional and Presentation Currency

These financial statements are presented in Bangladesh Currency (BDT), which is the Bank's both functional and presentation currency. Figures appear in these financial statements have been rounded off to the nearest BDT.

b) Foreign Currencies Translation

Foreign currency transactions are converted into equivalent BDT using the prevailing exchange rates on the dates of respective transactions as per BAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into BDT at weighted average rate of inter-bank market as published by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into BDT equivalent.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

c) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in BDT terms at the rates of exchange prevailing on the balance sheet date.

d) Translation Gain and Loss

The resulting exchange transaction gains and losses are included in the profit and loss account.

2.1.5 Statement of Cash Flows

Statement of cash flows have been prepared in accordance with the International Accounting Standard IAS 7 "Statement of Cash Flows" and under the guideline of Bangladesh Bank BRPD Circular No. 14, dated 25 June 2003. The Cash Flow statement shows the structure of and changes in cash and cash equivalents during the year. It cash flows during the period have been classified as operating activities, investing activities and financing activities.

2.1.6 Statement of Changes in Equity

Statement of changes in equity has been prepared in accordance with IAS 1 "Presentation of financial statements" and following the guidelines of Bangladesh Bank BRPD circular no.14, dated 25 June 2003.

2.1.7 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per following basis:

i) Balance with other Banks and financial institutions, money at call on short notice etc. are on the basis of their maturity terms.

ii) Investments are on the basis of their respective maturity.

iii) Loans and advances are on the basis of their repayment schedules.
iv) Fixed assets are on the basis of their useful lives.
v) Other assets are on the basis of their realization / amortization.
vi) Borrowing from other banks, financial institutions and agents are on the basis of their maturity/repayment terms.
vii) Deposits and other accounts are on the basis of their maturity terms and past trend of withdrawal by the depositors.
viii) Provisions and other liabilities are on the basis of their payment/adjustments schedule.
ix) Other long term liabilities are on the basis of their maturity term.

2.1.8 Reporting Period

These financial statements cover one calendar year from 1 January to 31 December 2019.

2.1.9 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.10 Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Bank be unable to continue as a going concern.

2.2 Significant Accounting Policies

Assets and Basis of their Valuation

2.2.1 Cash and Cash Equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank management for its short-term commitments.

2.2.2 Loans and Advances

a) Loans and advances are stated in the balance sheet on gross basis.

b) Loans and advances are broadly classified under the heads of Continuous, Demand, Term and Short term Agriculture and Micro Credit. Continuous and Demand loans are accounted under capitalized method, where interest accrues on daily basis and applied to loan account quarterly, except Equal monthly installment (EMI) loan of which interest are being charged on due date and interest of staff loan are being charged to staff loan account yearly.

c) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest on classified loans and advances is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers (note # 13.4). Interest is not charged on Bad and Loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

d) Commission and discounts on bills purchased and discounted are recognized at the time of realization.

e) Provision for loans and advances is made on the basis of year-end review by the management following instructions contained in Bangladesh Bank BCD Circular no. 34, dated 16 November 1989, BCD Circular no. 20, dated 27 December 1994, BCD Circular no. 12, dated 4 September 1995, BRPD Circular no. 16, dated 6 December 1998, BRPD Circular

no. 9, dated 14 May 2001, BRPD Circular no. 02, February 2005, BRPD Circular no. 09, August 2005, BRPD Circular no. 17, dated 06 December 2005, BRPD circular no.32, dated 27 October 2010, BRPD Circular no.14, dated September 23, 2012, BRPD Circular no.19, dated December 27, 2012, BRPD Circular no. 05, dated May 29, 2013 and BRPD Circular no. 16, dated 18 November 2014, BRPD circular No.1 (20 February 2018).

The rates of provision for loans and advances are given below:

Particulars	Rate (%)
General provision:	
On unclassified general loans and advances, including Short Term Agricultural and Micro Credits.	1%
On unclassified small enterprise financing (SME).	0.25%
On interest receivable on loans.	1%
On off-balance sheet exposures.	1%
On unclassified loans for housing finance, loans for professionals to set-up business and loans to share business.	2%
On unclassified consumer financing other than housing finance, loan for professionals and loans for BGs/MBs/SDs.	5%
On unclassified short term agricultural and micro credits.	2.50%
On special mention account (SMA) except short term agricultural and micro credits.	0.25% - 5%
Specific provision:	
On substandard loans and advances (SS) other than short term agricultural and micro credits.	20%
On doubtful loans and advances (DF) other than short term agricultural and micro credits.	50%
On bad / loss loans and advances (BL), including short term agricultural and micro credits.	100%
On substandard and doubtful short term agricultural and micro credits (SS and DF).	5%

f) Loans and advances are written off to the extent that

a) There is no realistic prospect of recovery.

b) Against which legal cases are pending for more than five years as per guidelines of Bangladesh Bank. These write off, however, will not undermine / affect the claim amount against the borrower. The Bank has no write off loan as on 31 December 2019.

g) Amount receivable on credit cards are included in advances to customers at the amount expected to be fully recovered:

As per Bangladesh Bank circular issued time to time, a general provision at 0.25% to 5% has to maintain under different categories of unclassified loan and advances (Standard/SMA/ Off-balance sheet exposures, etc.) as stated above. However, such general provision cannot satisfy the conditions imposed by IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). At the year end on 31 December 2019, the Bank has maintained an amount of BDT 741.01 million in the Balance Sheet under the head of other liabilities, as against BDT 741.01 million of regulatory requirements. (Note # 7.09).

2.2.3 Investment

All investment securities are initially recognized at cost, being fair value of the consideration given, including acquisition charges associated with the investment. Premiums are amortized and discounts accredited, using the effective yield method is taken to discount account. Accounting treatment for government treasury securities (HTM/HFT) is made as per clarification of DOS circular # 5, Dated January 28, 2009.

Valuation methods of investment used are:

i) Held To Maturity (HTM)

Investments which have 'fixed or determinable payments', and are intended to be 'held to maturity', other than those that meet the definition of 'held at amortized cost-others' are classified as held to maturity. Initially these investments are recorded at cost. Subsequently, at each year end, these investments are measured at amortized cost. Any increase or decrease in the value of such investment is recognized in shareholders' equity and profit and loss account respectively. Investment (HTM) is shown in the financial statements (note # 6).

ii) Held For Trading (HFT)

Investments 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. After initial recognition at cost, investments are revalued at Mark to Market (MTM) on weekly basis and any increase on such valuation is recognized as valuation gain under the shareholders' equity and any loss is recognized in the profit and loss account.

iii) REPO and Reverse REPO

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of REPO agreement.

Since September 1, 2010 transaction of REPO and Reverse REPO are recorded based on DOS circular # 06, dated July 15, 2010 of Bangladesh Bank. Securities under REPO will be excluded from the investment portfolio and hence will not be eligible for SLR purpose. Securities acquired under reverse REPO will be eligible for SLR purpose, initially at its clean price (in case of coupon bearing security) or at market value (in case of non-coupon bearing security).
Value of investments has been calculated as follows:

Items	Applicable accounting value
Government treasury bills-HTM	Amortized value
Government treasury bills-HFT	Market value
Government treasury bonds-HTM	Amortized value
Government treasury bonds-HFT	Market value
Prize Bond	At cost
Debenture	At cost

iv) Investment in Listed / Quoted Securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is provided in the financial statements where market price is below the cost price of investment as per Bangladesh Bank guidelines (Annexure B).

v) Investment in Unquoted Securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of net assets value (NAV) over cost in the profit and loss account, but no unrealized gain booking in the accounts.

vi) Investment in Subsidiary

Investment in subsidiary is accounted for under cost method of accounting in the Bank's financial statements in accordance with IFRS 10 (Consolidated Financial Statements).

Accordingly, investments in subsidiaries are stated in the Bank's balance sheet at cost, less impairment loss, if any. The Bank has no subsidiary company as of 31 December 2019.

2.2.4 Property, Plant and Equipments

As per BAS 16, property, plant and equipments 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 for bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) The Bank recognizes 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. Expenditures 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.

c) Revaluation of Land and Building: As per Bangladesh Accounting Standard (BAS 16) revaluation should be made with sufficient regulatory compliance to ensure that the carrying amount does not differ materially from that which would be determined using the fair value at the end of reporting period. The fair value of Land and Buildings is usually determined from market based evidence by an appraisal that is normally undertaken by the professionally qualified valuers. The Bank did not revalue of its any asset since of its inception.

d) Depreciation is charged for the year at the following rates on straight line method on all fixed assets is followed:

Category of fixed assets	Method	Rate (%)
Land	Not Applicable	Not Applicable
Building	Not Applicable	Not Applicable
Furniture and fixtures	Straight Line	10%
Office equipments	Straight Line	20%
Library books	Straight Line	20%
Vehicles	Straight Line	20%
Intangible assets (Software)	Straight Line	20%
Computer and peripherals	Straight Line	20%
Interior decoration	Straight Line	10%
Category of fixed assets (ATM Assets):		
Furniture and fixtures	Straight Line	10%
Office equipment	Straight Line	20%

e) For addition during the year, depreciation is charged for the remaining days of the year and for disposal, depreciation is charged up to the date of disposal.

f) On disposal of fixed assets, the cost and accumulated depreciation are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the profit and loss account, which is determined with reference to the net book value of the assets and net sale proceeds (as per BAS 36).

g) Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets have been capitalized as part of the cost of the asset as per BAS 23.

h) Leasehold properties are recorded at present value of minimum lease payments or fair market value, whichever is lower as per the provisions of BAS 17. The carrying value of leasehold properties is amortized over the remaining lease term or useful of leasehold property, whichever is lower.

2.2.5 Intangible Assets

i) An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably (BAS 38).

ii) Software represents the value of computer application software licensed for use of the Bank, other than software applied to the operation software system of computers. Intangible assets are carried at its cost, less accumulated amortization/depreciation and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditures that are incurred in customizing the software for its intended use.

iii) Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of software.

iv) Software is amortized using the straight line method over the estimated useful life of 5 (five) years commencing from the date of the application software is available for use over the best estimate of its useful economic life.

2.2.6 Impairment of Assets

The carrying amounts of Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Any impairment loss is recognized in the profit and loss account, if the carrying amount of an asset exceeds its recoverable amount (BAS 36). An amount of BDT 50,50,484.33 has been impaired and charged to profit and loss account during the year 2019 (para 60 of BAS 36).

2.2.7 Investment Properties

i) Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that is associated with the investment property, but not sale in the ordinary course of business.

ii) Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost, less accumulated depreciation and impairment loss.

iii) Depreciation is provided on a reducing balance basis over the estimated life of the class of asset from the date of purchase up to the date of disposal (BAS 16).

2.2.8 Other Assets

Other assets include mainly advance office rent, payment of advance income tax for which assessment of tax has not been finalizes yet and all other financial assets, fees and other unrealized income receivable advance for operating and capital expenditures and stocks of stationery and stamps, etc.

2.2.9 Receivables

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity.

2.2.10 Inventories

Inventories measured at the lower of cost and net realizable value as per IAS 2 "Inventories".

2.2.11 Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 significantly changes how a lessee accounts for operating leases. Under previous IAS 17, an entity would rent an office building or a branch premises for several years with such a rental agreement being classified as operating lease would have been considered as an off balance sheet item. However, IFRS 16 does not require a lease classification test and hence all leases shall be accounted for as on balance sheet item (except some limited exception i.e. short-term lease, leases for low value items).

Under IFRS 16, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) and the interest on the lease liability is recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'.

While implementing IFRS 16, the Bank observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but these guidance is focused towards moveable asset and immovable asset like rental of premises (i.e. real estate) is not covered on those guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh.

Nevertheless, as first step the Bank has defined 'low value asset' which are to be excluded from IFRS 16 requirement and considered lease of 'ATM Booths and other installations' as low value asset. Thereafter, the Bank has reviewed lease arrangements for 'office premises' for consideration under IFRS 16.

As per the preliminary assessment of leases for 'office premises', the Bank has concluded that the potential impact of these lease items in the Balance Sheet and Profit and Loss Account of the Bank is not considered to be material. Therefore, considering the above implementation issues the Bank has not taken IFRS 16 adjustments on the basis of overall materiality as specified in the materiality guidance in the 'Conceptual Framework for Financial Reporting' and in 'International Accounting Standard 1 Presentation of Financial Statements'. However, the Bank would continue to liaison with regulators and related stakeholders as well as observe the market practice for uniformity and comparability, and take necessary action in line with any guideline and market practice.

2.02.12 Non-banking assets

Non-banking assets are acquired on account of failure of a borrower to repay the loan on time after receiving the decree from the honorable court regarding the right and title of the mortgage property. MDB filed an Artha Rin suit bearing # 539/2017, dated 02.03.2017 against one default customer, A/C: Al-Fahad Air Ticketing and Medical Tourism Limited. The Bank has been awarded the ownership of the mortgage properties according to the verdict of the honorable court in accordance with section 33(5) of "Artha Rin Adalat-2003".The honorable court also order to charge unapplied interest until fully recovery of the loan by selling the mentioned collateral land. The value of the collateral land has been determined at BDT 14.54 million on the basis of valuation report on an independent valuer. Subsequent approval taken from the Board of Directors of MDB, the full amount of loan BDT 12.59 million (market value of the property at BDT 14.54 million) transferred to Non-Banking Assets of the Bank, which will continue to sustain in Bank's Balance Sheet until sale/disposal of the said property acquired by the Bank u/s 33(5) of the Arta Rin Adalat Ain 2003 as mortgagee Bank.

2.02.13 Reconciliation of inter-bank and inter-branch accounts

Accounts with regard to inter-bank (in Bangladesh and outside Bangladesh) are reconciled regularly and there is no differences which may affect the financial statements significantly. Un-reconciled entries/balances in the case of inter-branch transactions as on the reporting date are not material.

2.03 Capital / Shareholder's equity

2.03.01 Share capital

Ordinary shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

a) Authorized Capital

Authorized capital is the maximum amount of share capital that the Bank is authorized by its Memorandum and Article of Association to issue to the shareholders. Authorized capital of the Bank as on 31 December 2019 was at BDT 10,000 million. (Note # 15.1).

b) Paid-up Capital

Paid-up Capital represents total amount of shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders' and creditors and are fully entitled to any residual proceeds of liquidation. Paid up capital of the Bank as on 31 December 2019 was at BDT 5,696.70 million, against BDT 5,274.72 million on 31 December 2018 (note # 15.2).

2.3.2 Statutory Reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act 1991 (Amendment upto 2018) until such reserves along with share premium equal to its paid up capital. Statutory reserve of the Bank as on 31 December 2019 was at BDT 991.37 million, against BDT 781.11 million on 31 December 2018 (note-16).

2.3.3 Revaluation Reserve

When an asset's carrying amount is increased as a result of revaluation, the increase amount should be credited directly to equity under the head of revaluation surplus / reserve as per BAS 16: "Property, Plant and Equipment". The tax effects on revaluation gain are measured and recognized in the financial statements as per BAS 12: "Income Taxes". During the financial year, the Bank did not revalue of its any fixed asset.

2.3.4 General Reserve

The surplus amount after appropriation of yearly profit, surplus of tax and bonus provision of different years are being kept in general reserved fund.

2.3.5 Share Premium

Share premium is the capital that the Bank raises upon issuing shares that is in excess of the nominal value of the shares. The share premium may be applied by the Bank in paying up unissued shares to be allotted to members as fully paid bonus shares or writing-off the preliminary expenses of the Bank or the expenses of or the commission paid or discount allowed on, any issue of shares or debentures of the Bank or in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Bank. Share premium is showing in accounts after deduction of income tax on share premium as per finance Act. The Bank yet issue any share to general public.

2.3.6 Deposits and Other Accounts

Deposits and other accounts include non-interest bearing current deposit payable at call, interest bearing demand and short term deposits, savings deposit, fixed deposit and scheme deposit. These items are brought to financial statements at the gross value of outstanding balance.

2.3.7 Borrowings from other Banks, Financial Institutions and Agents

Borrowed funds include call money deposits, borrowings, re-finance borrowings and other term borrowings from Banks, Financial Institutions and Agents. These are stated in the balance sheet at amounts payable. Interest paid/payable on these borrowings is charged to the profit & loss account. Disclosures of borrowings are shown in (note # 11, 13 and 22.02).

2.4 Basis for valuation of Liabilities and Provisions

2.4.1 Provision for Current Taxation

Current tax is the amount of income tax payable (recoverable) in respect of the taxable profit (tax loss) for a period. Provision for current income tax has been made as per prescribed rate in the Income Tax Ordinance 1984 and latest Finance Act and related SROs on the accounting profit made by the Bank after considering some of the add-backs to income and disallowances of expenditure as per income tax laws with BAS 12 "Income Taxes". Tax Assets under the group head of other assets are recognized for payment of advance income tax, tax deducted at source and tax paid at the time of IT Return for the year (s) for which assessment has not been yet finalized. On the other hand, the tax provision (estimated as per BAS 12, provision of latest Finance Act, related SROs/ Guidelines, etc., issued by National Board of Revenue-NBR) are recognized as tax liability under the group head of other liability for the year (s) for which assessment has not been yet finalized (note-36).

2.4.2 Deferred Taxation

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income tax recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets & liabilities are measured using tax rate & tax laws enacted or substantially enacted at the balance sheet date. Tax impact on the account of changes in deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS 12 "Income Taxes" (note-36).

2.4.3 Benefits to the Employees

The retirement benefits accrued for the employees of the Bank as on reporting date have been

accounted for in accordance with the provisions of BAS 19, "Employee Benefit". Bases of computing the retirement benefit schemes operated by the Bank are outlined below:

i) Provident Fund

Provident Fund (PF) benefits are given to the permanent members of PF of the Bank in accordance with Bank's Service Rules. Accordingly, a Trust Deed and Provident Fund Rules were prepared and obtained approval from the Commissioner of Income Tax as a recognized provident fund within the meaning of section 2(52), read with the provisions of part B of the First Schedule of Income Tax Ordinance 1984. The Fund is operated by a Board of Trustees consisting six members of the Bank (03 members from the Board of Directors and 03 members from management). All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the Fund. The Bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' individual account on yearly basis as per audited financial statements of the Fund.

ii) Gratuity Fund

The Bank operates a Gratuity Fund Scheme on "Continuing Fund Basis", in respect of which provision is made annually which is covering all its eligible employees in accordance with Bank's Service Rules. The Bank prepared the Trust Deed and Gratuity Fund Rules and get approval from the Commissioner of Income Tax as a recognized Gratuity Fund within the meaning of Para 2,3 and 4, read with the provisions of Part C of the First Schedule of Income Tax Ordinance 1984. The Fund is operated by a Board of Trustees consisting six members of the Bank (03 members from the Board of Directors and 03 members from management). Valuation of Gratuity Fund Scheme has been made to assess the adequacy of the liabilities provided for the scheme as per BAS 19 "Employees Benefit".

iii) Employees' Social Security Superannuation Fund (ESSSF)

Midland Bank Employees' Social Security Superannuation Fund is subscribed by monthly contribution of the employees. The Bank also contributes to the fund in accordance with Bank Service Rules. The fund has been established to provide medical support and coverage in the event of accidental death or permanent disabilities of the employees. Retirement benefits are also provided from this fund.

iv) Performance Bonus

The Bank is giving performance/incentive bonus to the employees in every year. This bonus amount is being distributed among the employees based on their performance. The bonus amount is paid annually upon finalization of the annual accounts of the Bank.

2.4.4 Contingent Asset and Contingent Liability

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and on the other hand a contingent liability is a possible obligation that arises from past events and whose existence will also be confirmed only the occurrence or non-occurrence of one or more uncertain future events. Contingent asset and liability are not recognized rather disclosed in the financial statements as per BAS 37.

2.4.5 Provision for Off-balance Sheet Exposures

Off-balance sheet items have been disclosed under contingent liabilities and other commitments as per Bangladesh Bank guidelines. As per BRPD Circular # 14, dated 23 September 2012, MDB has been maintaining 1.00% provision against off-balance sheet exposures (note-13.02).

2.4.6 Provision for Nostro Accounts

As per instruction contained in the circular letter no. FEPD (FEMO) / 01 / 2005-677, dated 13 September 2005, issued by Foreign Exchange Policy Department of Bangladesh Bank, provision is to be maintained on the un-reconciled debit balance of Nostro Accounts more than 3 months as on the reporting date. Since there is no un-reconciled entries which are outstanding more than 3 months, provision has not been made during the reporting year.

2.4.7 Revenue Recognition

In terms of provisions of BAS 18 "Revenue", the revenues during the year are recognized as following:

1) Interest income on unclassified loan and advances (Standard & SMA) is recognised on an accrual basis. Interest income on classified loan and advances (SS & DF only) is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD circular # 14, dated September 23, 2012, BRPD circular # 19, dated December 27, 2012 and BRPD circular # 16, dated November 18, 2014.
2) If the Loans and Advances classified as Bad Loss (BL) interest ceases to apply and recorded in a memorandum a/c.
3) Dividend income is recognized at the time when it is realized.
4) Dividend income on preference shares is recognized on accrual basis.
5) Income on investments is recognized on accrual basis. Capital gain on investment in shares is also included in investment income. Capital gain is recognized when it is realized.
6) Commission and discount on bills purchased and discounted are recognized at the time of realization.

2.4.8 Fees and Commission Income

Fess and commission income arises on services provided by the Bank are recognized as and when received. Commission charged to customers on Letters of Credit (L/C) and Letters of Guarantee (L/G) is credited to income at the time of effecting the transaction.

2.4.9 Interest Paid and Other Expenses

In terms of the provisions of BAS 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

2.4.10 Dividend Payments

Interim dividend is recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders in the Annual General Meeting (AGM). The proposed dividend has not been recognized as a liability in the balance sheet in accordance with the BAS 10 "Events after the Reporting Period".

Dividend payable to the shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the payment is established.

2.4.11 Earnings Per Share (EPS)

The company calculates earnings per share (EPS) in accordance with BAS 33 "Earnings per Share (EPS)" which has been shown on the face of Profit and Loss Account. The EPS has been calculated by dividing the net profit after tax by the total number of ordinary shares outstanding at the end of the reporting year. Details are shown in note # 39 to the financial statements.

i) Basic Earnings Per Share

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax has been considered as fully attributable to the ordinary shareholders. Basic earnings per share is calculated by dividing net profit after tax by the total weighted average number of ordinary shares outstanding at end of the reporting year.

ii) Diluted Earnings Per Share

No diluted earnings per share are required to be calculated for the period 2019, as there was no element or scope for dilution during the period under review. However, EPS is restated for the comparative years, if it requires as per BAS 33 "Earnings per share (EPS)".

2.4.12 Related Party Transactions

Parties are considered to be related, if one party has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related, if they are subject to common control or common significant influence. Related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged as per BAS 24 "Related Party Disclosures", Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC) guidelines. Details of Related party transactions have been disclosed in note # 42.

2.4.13 Event After the Reporting Period

Where necessary, all the material events after the balance sheet date have been considered and appropriate adjustment/disclosures have been made in the financial statements as per BAS 10 "Event after the reporting period". The only material event after the balance sheet date is: The Board of Directors recommended cash divided @ 6% for the financial year 2019, in its 99th Board Meeting held on 23 June 2020.

While the overall effect of COVID 19 global pandemic on Bank's business in the post years is still evolving at this point, there has been limited impact assessed on the business since the outbreak. The board and management are regularly monitoring the potential impact of the pandemic on the Bank as the situation continues to deteriorate but are assured that any foreseeable adverse impact can be reasonably managed.

All other material events after the reporting period have been considered and appropriate adjustments/disclosures have been made in the financial statements as per IAS 10 Events after the reporting period.

2.5 Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) has been rated the Bank un-audited financial statements is of 31 March 2019, audited financial statements as of 31 December 2018 and other relevant quantitative as well as qualitative information up to the-date-of rating declaration. They have been rated the bank as A2 (pronounced as A two) in the long Term and ST 2 for the Short Term and Outlook is Stable. The date of rating was June 24, 2019 and valid till 30 June 2020.

Year	Long term rating	Short term rating	Outlook
2018 (valid upto 30 June 2020)	"A2"	"ST 2"	Stable

The rating reflects the strengths of the Bank which is backed by a strong team of management, growth in the non-interest income, deposits and investments, adequate capital coverage with high Tier 1 capital, improved asset quality and well controlled of liquidity position.

2.6 Risk Management

Bank's business decisions contain an element of risk. Therefore, understanding and managing risk is fundamental to a Bank's strategic planning and decision making process. MDB's risk management stance is to proactively assist the business in delivering superior and sustainable value to shareholders. The Bank's capacity to identify, assess and mitigate the risks it faces is essential for a growing bank which has completed seven years of operations. Establishing strong corporate governance and risk management culture are foundations for graceful existence. MDB's risk management framework has remained resilient throughout 2019, amidst a challenging macroeconomic environment and fierce competition. Over the past year, the Bank has taken a number of initiatives to strengthen its risk management capabilities. Some of these initiatives include adopting an integrated risk management policy, improved watch-listing of customers, streamlining reporting of past due contracts, and strengthening compliance risk management. Midland Bank Limited established its risk management culture and governance structure following central bank guidelines, which is discussed in the Report on Overall Risk Management in MDB (page # 116-122).

2.7 Directors' Responsibility on Financial Statements

The Board of Directors take the responsibility for preparation and presentation of these financial statements.

2.8 Memorandum Items

Memorandum 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. Bills for collection, savings certificates, wage earners bonds and others fall under the memorandum items. However, Bills for Collection is shown under contingent liabilities under the head of Off-balance Sheet Exposures as per Bangladesh Bank's reporting format.

2.9 Information about Business and Geographical Segments

Segmental information is presented in respect of Midland Bank Limited.

a) Business Segments

Business segments report consists of products and services whose risks and returns are different from those of other business segments.

b) Geographical Segments

Geographical segments report consists of products and services within a particular economic environment, where risks and returns are different from those of other economic environments. Inter-segment transactions are generally based on inter-branch fund transfer measures as determined by the management. Income, expenses, assets and liabilities are specifically identified with individual segments.

2.10 Compliance report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Once it is recognized and adopted by ICAB, then it is known as BAS and BFRS instead of IAS and IFRS, respectively. While preparing the financial statements, Midland Bank applied all the applicable BAS and BFRS as adopted by ICAB. Details are given below:

Name of the BAS / BFRS	BAS	Status of compliance
Presentation of financial statements	BAS 1	Applied
Inventories	BAS 2	Applied
Statement of cash flow	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	N/A
Income taxes	BAS 12	Applied
Property, plant and equipment	BAS 16	Applied
Leases	BAS 17	Applied
Revenue	BAS 18	Applied
Employee benefits	BAS 19	*N/A
Accounting for government grants and disclosure of government assistance	BAS 20	N/A
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	*N/A
Separate financial statements	BAS 27	N/A
Investments in associates and joint ventures	BAS 28	N/A, MDB does not have any such relationship
Financial reporting for hyperinflationary economics	BAS 29	N/A
Interest on Joint Ventures	BAS 31	N/A
Financial instruments: presentation	BAS 32	Applied to the extent of compliance with BRPD Circular no. 14, dated June 2003, DOS Circular no. 5, dated 26 May 2008 and DOS Circular no. 5, dated 28 January 2009.
Earnings per share	BAS 33	Applied
Interim financial reporting	IAS 34	Applied
Impairment of assets	BAS 36	Applied
Provisions, contingent liabilities and contingent assets	BAS 37	Applied to the extent of compliance with BRPD Circular no. 5 dated 5 June 2006 and BRPD Circular no. 14 September 2012
Intangible assets	BAS 38	Applied
Financial instruments: Recognition and Measurement	BAS 39	Applied to the extent of compliance with BRPD Circular no. 14 dated June 2003, DOS Circular no. 5 dated 26 May 2008 and DOS Circular no. 5 dated 28 January 2009.
❖Investment Property	BAS 40	N/A
Agriculture	BAS 41	N/A
❖**International Financial Reporting Standards (IFRS):**		
First time adoption of Bangladesh Financial Reporting Standards	BFRS 1	N/A
Share Based Payment	BFRS 2	N/A
Business Combinations	BFRS 3	N/A

Insurance Contracts	BFRS 4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS 5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS 6	N/A
Financial Instruments: Disclosures	BFRS 7	Applied to the extent of compliance with core risk management guideline of BB.
Operating Segments	BFRS 8	Applied
Financial Instruments	BFRS 9	BFRS 9 has been replaced of BAS 39 from January 01, 2018.
Consolidated Financial Statements	BFRS 10	N/A
Joint arrangements	BFRS 11	N/A
Disclosure of interest in other entities	BFRS 12	N/A
Fair value measurement	BFRS 13	Applied
Regulatory Deferral Accounts	BFRS 14	N/A
Revenue from Contracts with Customers	BFRS 15	It was replaced of BAS 11 and 18 from January 01, 2018.
Leases	BFRS 16	BFRS 16 has been adopted from January 01, 2019.

2.11 New and amended standards and interpretations not yet adopted by the Bank

The Bank has consistently applied the accounting policies as set out in Note # 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. However, these amendments have not material impact on the financial statements of the Bank.

A number of standards and amendments to standards are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

a) IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

2.12 Difference between IAS / IFRS and Bangladesh Bank Regulation

The financial statements of the Bank have been prepared up to 31 December 2019 under the historical cost basis, except for certain investments which are stated at fair / market value, in accordance with the First Schedule (Section 38) of the Bank Company Act 1991, BRPD Circular # 14, dated 25 June 2003 and DFIM Circular # 11, dated 23 December 2009, other Bangladesh Bank Circulars, International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") adopted by the Institute of Chartered Accountants of Bangladesh ("ICAB"), the Companies Act 1994, and other laws and rules applicable in Bangladesh. In case, any requirement of provisions and circulars issued by central bank differs with those of other regulatory bodies, the provisions and circulars issued by Bangladesh Bank shall prevail.

In order to comply with the rules and regulations of Bangladesh Bank, MDB departed from those contradictory requirements of IFRSs, which are disclosed below.

2.12.1 Presentation of Financial Statements

IFRS/IAS: As per IAS 1 financial statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, adequate notes comprising summary of accounting policies and other explanatory information. As per para 60 of IAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the 'First Schedule' (section 38) of the Bank Company Act 1991 (amendment upto 2013) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of BB. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

2.12.2 Investment in Shares and Securities

IFRS/IAS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally falls either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income, 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 cost.

2.12.3 Revaluation Gain / Loss on Government Securities

IFRS/IAS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortized cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market on weekly basis and any gains on revaluation of securities which have not matured at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured at the balance sheet date are amortized at the year end and any losses are recognized through profit and loss account and gains on amortization are recognized in other reserve as part of equity.

2.12.4 Provision on Loans and Advances

IFRS/IAS: As per IFRS 9 an entity shall recognize an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected

credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular No.14, 23 September 2012, BRPD circular No. 19, 27 December 2012, BRPD circular No. 05, 29 May 2013 and BRPD circular No. 16,18 November 2014, 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 loans, 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 and BRPD circular no. 14, dated 23 September 2012, 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 IAS 39.

2.12.5 Recognition of Interest in Suspense

IFRS/IAS: Loans and advances to customers are generally classified at amortized cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost of these loans and advances.

Bangladesh Bank: As per BRPD circular no. 14, dated 23 September 2012, once a loan is classified, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an "Interest Suspense Account", which is presented as liability in the balance sheet.

2.12.6 Other Comprehensive Income

IFRS/IAS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which is applicable for all Banks. The templates of financial statements issued by Bangladesh Bank do not include the Other Comprehensive Income, nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such, the Bank does not prepare other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

2.12.7 Financial Instruments – Presentation and Disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such, full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

2.12.8 REPO Transactions

IFRS/IAS: As per IFRS 9 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), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortized cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per BPRD 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 de-recognized in the seller's book and recognized in the buyer's book.

2.12.9 Financial Guarantees

IFRS/IAS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin. 1% provision is maintained on such off balance sheet items as per guidelines of Bangladesh Bank.

2.12.10 Cash and Cash Equivalent

IFRS/IAS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown as investments.

2.12.11 Non-banking Asset

IFRS/IAS: No indication of Non-banking asset is found in any IFRS/IAS.

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

2.12.12 Cash Flow Statement

IFRS/IAS: The cash flow statement can be prepared using either the direct method or the 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 statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.

2.12.13 Balance with Bangladesh Bank: (Cash Reserve Ratio-CRR)

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

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

2.12.14 Presentation of Intangible Asset

IFRS/IAS: An intangible asset must be identified, recognized, and disclosure must be given as per IAS 38.

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

2.12.15 Off-balance Sheet Items

IFRS/IAS: There is no concept of off-balance sheet items in any IFRS / IAS. Hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14, off balance sheet items (e.g. Letter of credit, Letter of

guarantee, etc.) must be disclosed separately on the face of the balance sheet and 1% provision has to be maintained on it as guided by regulator.

2.12.16 Disclosure of Appropriation of Profit

IFRS/IAS: There is no requirement show appropriation of profit on the face of income statement.

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

2.12.17 Loans and Advances net of provision

IFRS/IAS: Loans and advances should be presented net of provision.

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.

2.12.18 Recovery of Written of Loans

IFRS/IAS: As per IAS 1 an entity shall not offset assets and liabilities, or income and expenses, unless required or permitted by IFRS/IAS. The recovery of written off loans should be charged to the profit and loss account as per IAS 18.

Bangladesh Bank: As per BRPD 14, recoveries of amount previously written off should be adjusted with specific provision on loans and advances.

2.12.19 Uniform Accounting Policy

IFRS/IAS: As per Para 19 of IFRS 10, a company shall prepare financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

BSEC: The Bank has to keep adequate provision on diminution value of investments and certain provision made on impairment of client margin loan, (if any).

2.13 General

a) Functional and Presentation of Currency

The financial statements are presented in Bangladeshi Currency (BDT), which is the Bank's both functional and presentation currency. Figures appearing in these financial statements have been rounded off to the nearest BDT.

b) Comparative Information

Comparative information in respect of the previous year has been presented from the financial statements audited by current year auditors for the period ended on December 31, 2019. Figures of previous year have been rearranged whenever necessary to confirm the current year / period presentation.

c) Disclosures of Expenditures

Expenses, irrespective of capital or revenue nature, accrued / due, but not paid have been provided for in the books of the Bank.

d) Approval of Financial Statements

These financial statements have been prepared by the management, audited by the external and regulatory auditors, thereafter approved by the Board of Directors of the Bank in its 99th Board meeting held on 23 June 2020.

		2019 BDT	2018 BDT
3.00	**Cash**		
	In Hand (Including foreign currency) (note # 3.01)	525,345,718	537,125,798
	Balance with Bangladesh Bank and its Agent Bank (note # 3.02)	1,956,531,856	1,755,609,554
		2,481,877,574	**2,292,735,352**
3.01	**In Hand (Including foreign currency)**		
	Local Currency	513,135,153	519,592,271
	Foreign Currency	12,210,565	17,533,527
		525,345,718	**537,125,798**
3.02	**Balance with Bangladesh Bank and its Agent Bank**		
	With Bangladesh Bank		
	Local Currency	1,930,049,732	1,654,319,969
	Foreign Currency	24,763,556	101,273,891
	With Sonali Bank (as agent of Bangladesh Bank-Local Currency)	1,718,568	15,694
		1,956,531,856	**1,755,609,554**

3.03 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirement and Statutory Liquidity Ratio have been calculated and maintained in accordance with section 25 & 33 of The Bank Companies Act, 1991 and Circular # 01 & 02 dated December 10, 2013 & June 23, 2014 respectively of Monetary Policy Department (MPD) of Bangladesh Bank.

The Cash Reserve Requirement on the Bank's Time and Demand Liabilities at the rate of 6.5% has been calculated and maintained with the Bangladesh Bank in Current Account and 13% Statutory Liquidity Ratio, excluding CRR, on the same liabilities has also been maintained in the form of Treasury Bills, Bonds, Foreign Currency with Bangladesh Bank. Both the reserves maintained by the Bank are in excess of the Statutory requirement.

As per Bangladesh Bank MPD Circular No. 04, dated 01 December 2010 and 23 June 2014, Bank has to maintain CRR @ 6.5 % on forthnightly cumulative average basis and minimum CRR @6% on daily basis.

a) Cash Reserve Requirement (CRR)		
Required Reserve	1,874,376,234	1,612,245,300
Maintained Reserve	1,922,639,166	1,651,190,510
Surplus/(Deficit)	**48,262,932**	**38,945,210**
b) Statutory Liquidity Ratio (SLR)		
Required Reserve	4,430,343,830	3,810,761,620
Maintained Reserve	11,987,894,664	6,050,231,331
Surplus/(Deficit)	**7,557,550,834**	**2,239,469,711**
Total Required Reserve	**6,304,720,064**	**5,423,006,920**
Actual Reserve held	**13,910,533,830**	**7,701,421,841**
Surplus/(Deficit)	**7,605,813,766**	**2,278,414,921**
c) Components of Statutory Liquidity Ratio (SLR)		
Cash in Hand	525,345,718	537,125,798
Balance with Bangladesh Bank	-	-
Balance with Sonali Bank	1,706,110	15,050
Excess Reserve of CRR	48,262,932	38,945,210
Government Securities	11,412,579,904	5,474,145,273
	11,987,894,664	**6,050,231,331**
4.00 Balance with other Banks and Financial Institutions		
In Bangladesh	2,892,241,255	3,135,976,178
Outside Bangladesh	226,851,121	346,319,841
	3,119,092,376	**3,482,296,019**

			2019 BDT	2018 BDT
4.01	**In Bangladesh**	**Transaction Currency**		
	Current Account			
	Standard Bank Ltd.	BDT	12,675	14,055
	Sonali Bank Ltd.	BDT	13,608,740	35,116,387
	Janata Bank Ltd.	BDT	6,306,975	59,550
	Agrani Bank Ltd.	BDT	5,960,174	4,215,574
	Rupali Bank Ltd.	BDT	981,383	293,958
	Trust Bank Ltd.	BDT	4,915,038	1,864,111
	The Premier Bank Ltd.	BDT	3,298,690	6,618,605
			35,083,674	**48,182,240**
	Special Notice Deposit			
	Mercantile Bank Ltd.	BDT	18,156,183	54,221,797
	Prime Bank Ltd.	BDT	616,380	608,236
	Eastern Bank Ltd.	BDT	3,085,018	3,072,218
			21,857,581	**57,902,251**
	Fixed Deposits Receipt (FDR):			
	FAS Finance & Investment Ltd.	BDT	175,000,000	175,000,000
	First Finance Ltd.	BDT	135,000,000	140,000,000
	National Bank of Pakistan	BDT	550,000,000	700,000,000
	Modhumoti Bank Ltd.	BDT	380,000,000	-
	AB Bank Limited	BDT	300,000,000	-
	Premier Leasing & Finance Ltd.	BDT	271,000,000	608,391,687
	Phoenix Finance & Investments Ltd.	BDT	177,300,000	220,000,000
	Bangladesh Finance & Investment Company Ltd.	BDT	120,000,000	140,000,000
	International Leasing & Financial Services Ltd.	BDT	331,500,000	331,500,000
	Fareast Finance & Investment Limited	BDT	290,000,000	295,000,000
	IPDC Finance Limited	BDT	-	100,000,000
	Uttara Finance and Investment Ltd.	BDT	-	100,000,000
	Prime Finance & Investment Ltd.	BDT	6,500,000	20,000,000
	CVC Finance Ltd	BDT	99,000,000	100,000,000
	Industrial and Infrastructure Development Finance Company Ltd.	BDT	-	100,000,000
	Sub total		**2,835,300,000**	**3,029,891,687**
			2,892,241,255	**3,135,976,178**
4.02	**Outside Bangladesh (NOSTRO Accounts)**	**Transaction Currency**		
	In current account:			
	AB Bank, Mumbai Branch	US$	39,546,046	5,390,635
	United Bank of India	US$	28,721,835	2,656,251
	Axix Bank Limited	US$	6,679,580	21,363,785
	National Bank of Pakistan, Tokyo Japan	JPY	73,781	72,654
	Mashreq bank Psc,NY	US$	69,193,299	80,963,789
	Mashreq bank Psc,United Kingdom	GBP	-	214,703,753
	Mashreq bank Psc,United Kingdom	EURO	-	1,178,349
	Kookmin Bank, South Korea	US$	4,894,994	2,166,349
	Habib American Bank, NY	US$	11,512,576	13,299,024
	NIB Bank, Pakistan	US$	2,452,591	4,072,674
	Aktif Yatirim Bank	EURO	41,279,555	452,578
	Aktif Yatirim Bank, Turkey	GBP	2,419,160	-
	Banca UBAE Italy	EURO	14,475,762	-
	Banca UBAE Italy	GBP	5,520,900	-
	Kookmin Bank, South Korea	GBP	81,041	-
			226,851,121	**346,319,841**

Details of NOSTRO accounts are shown in Annexure-A

		2019 BDT	2018 BDT
4.03	**Maturity grouping of balance with other Banks and Financial Institutions**		
	On Demand	2,305,092,376	1,660,800,000
	Less than three months	814,000,000	1,336,500,000
	More than three months but less than one year	-	484,996,019
		3,119,092,376	**3,482,296,019**
5.00	**Money at Call and Short Notice:**		
		499,700,000	419,500,000
		499,700,000	**419,500,000**
6.00	**Investments**		
	Government (note # 6.01)	11,412,579,904	5,474,145,273
	Others (note # 6.02)	1,297,188,637	1,251,444,546
		12,709,768,541	**6,725,589,819**
	i) Investment classified as per Bangladesh Bank circular		
	Held to Maturity (HTM)	5,287,682,852	4,616,295,640
	Held for Trading (HFT)	6,124,521,952	857,612,733
	Reverse Repo	-	-
	Prize Bond	375,100	236,900
	Government Securites Encumbered	-	-
	Other Investments	1,297,188,637	1,251,444,546
		12,709,768,541	**6,725,589,819**
	ii) Investment classified as per nature		
6.01	**Government Securities**		
	Treasury Bills (at present value)		
	Un-encumbered		
	182 days	2,673,706,640	-
	364 days	2,296,907,229	-
	Sub-total	**4,970,613,869**	**-**
	Encumbered		
	91 days	-	-
	182 days	-	-
	364 days	-	-
	Sub-total	**-**	**-**
	Total Treasury Bill	**4,970,613,869**	**-**
	Treasury Bonds		
	Un-encumbered		
	2 Years	288,848,052	-
	5 Years	511,181,000	58,948,117
	10 Years	3,753,757,735	3,496,521,176
	15 Years	1,010,349,936	1,033,654,867
	20 Years	877,454,212	884,784,213
	Sub-total	**6,441,590,935**	**5,473,908,373**
	Encumbered		
	2 Years	-	-
	5 Years	-	-
	10 Years	-	-
	15 Years	-	-
	20 Years	-	-
	Sub-total	**-**	**-**
	Total Treasury Bond	**6,441,590,935**	**5,473,908,373**
	Reverse Repo	-	-

		2019 BDT	2018 BDT
	Prize Bonds (at face value)	**375,100**	**236,900**
	Sub Total	**11,412,579,904**	**5,474,145,273**
6.02	**Other Investments**		
	Shares in quoted companies (at cost value) :	218,375,458	197,444,547
	Details shown in Annex B		
	Shares in unquoted companies (at face value) :		
	Regent Energy & Power Ltd.(Preference Share)	46,046,512	60,000,000
	Union Capital Ltd. (Preference Share)	10,000,000	20,000,000
		56,046,512	**80,000,000**
	Bond , Debenture & Commercial Papers:		
	Convertible Coupon Bond-BSRM	-	44,000,000
	AB Bank Subordinated Bond	80,000,000	120,000,000
	Trust Bank Subordinated Bond	100,000,000	150,000,000
	UCB Subordinated Bond	120,000,000	160,000,000
	SIBL Subordinated Bond	160,000,000	200,000,000
	Standard Bank Subordinated Bond	200,000,000	200,000,000
	Commercial Paper-Hashem Foods Ltd	106,100,000	-
	Commercial Paper-Zaber & Zubair Fabrics Ltd	66,666,667	100,000,000
	Commercial Paper-Advanced Chemical Industries Limited	190,000,000	-
		1,022,766,667	**974,000,000**
	Sub Total	**1,297,188,637**	**1,251,444,547**
	Total	**12,709,768,541**	**6,725,589,819**

6.03 Assets pledged as security for liabilities as on December 31, 2019 is BDT 0.00 of Treasury Bill and Bond against Re-Purchase Agreement. Details are as under:

(a) i. Disclosure regarding outstanding Repo as on December 31, 2019

Counter Party Name		Agreement Date	Reversal Date	Amount
		-	-	-
Total		**-**	**-**	**-**

ii. There is no outstanding Reverse Repo as on December 31, 2019 with the Bank.

(b) Disclosure regarding overall transaction of Repo during the year 2019

Particulars		Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
Securities sold under Repo:				
i) with Bangladesh Bank		365,174,620	1,083,622,626	109,376,123
ii) with Other Banks & Financial Institutions		119,923,865	2,858,498,327	251,390,740
Securities purchased under reverse Repo:				
i) with Bangladesh Bank		-	-	-
ii) with Other Banks & Financial Institutions		398,681,954	696,861,900	10,192,424

		2019 BDT	2018 BDT
6.04	**Maturity grouping of Investment as follows:**		
	On Demand	375,100	236,900
	Up to one month	-	-
	Less than three months	862,500,000	30,200,000
	More than three months but less than one year	5,151,300,000	292,800,000
	More than one year but less than five years	2,678,800,000	1,735,900,000
	More than five years	4,016,793,441	4,666,452,919
		12,709,768,541	**6,725,589,819**
7.00	**Loans and Advances**		
	Loans, Cash Credits, Overdrafts, etc. (note # 7.01)	31,696,015,706	31,006,317,308
	Bills Purchased and Discounted (note # 7.02)	53,619,683	68,350,487
	Total Loans and Advances	**31,749,635,389**	**31,074,667,795**
7.01	**Loans, Cash Credits, Overdrafts, etc.**		
	In Bangladesh:		
	Term Loan	12,302,996,132	10,311,448,684
	Overdraft	7,568,121,754	7,733,728,022
	Time Loan	6,614,457,994	7,399,877,295
	Cash Credit	1,678,157,279	1,844,775,742
	Trust Receipt	1,229,535,415	1,271,740,916
	Consumers Loan	721,092,051	629,636,267
	Payment Against Documents(PAD)	29,388	2,235
	Agricultural Credit	820,213,140	1,236,338,713
	EDF Loan	460,594,282	372,799,725
	Packing Credit	75,333,391	58,475,087
	Staff Loan	120,001,860	124,726,817
	Other Loans and Advances	105,483,019	22,767,805
		31,696,015,706	**31,006,317,308**
	Outside Bangladesh	-	-
		31,696,015,706	**31,006,317,308**
7.02	**Bill Purchased and Discounted**		
	Payable in Bangladesh	53,619,683	59,685,124
	Payable outside Bangladesh	-	8,665,363
		53,619,683	**68,350,487**
7.03	**Net Loans & Advances**		
	Gross Loans & Advances (note # 7)	**31,749,635,389**	**31,074,667,795**
	Less:		
	Classified Loans & Advances (note-7.08)	838,348,197	374,264,772
	Interest Suspense (note # 13.04)	111,749,816	31,626,194
	Provision for Loans & Advances-General Provision (note # 13.01)	454,513,292	418,381,765
	Total	**1,404,611,305**	**824,272,731**
	Net Loans & Advances	**30,345,024,084**	**30,250,395,064**
7.04	**Maturity grouping of Loans and Advances**		
	On Demand	1,853,300,000	1,239,900,000
	Up to one month	4,993,400,000	2,888,500,000
	Not more than three months	4,352,400,000	5,139,600,000
	More than three months but less than one year	11,973,400,000	13,110,600,000
	More than one year but less than five years	8,323,735,389	8,687,867,795
	More than five years	253,400,000	8,200,000
		31,749,635,389	**31,074,667,795**
7.05	**Maturity grouping of Bills Purchased and Discounted**		
	Within one month	38,300,000	21,600,000
	More than one but not more than three months	10,800,000	39,800,000
	More than three months but less than six months	4,519,683	6,950,487
		53,619,683	**68,350,487**

		2019 BDT	2018 BDT
7.06	**Concentration of Loans and Advances:**		
a)	Loans and Advances to Institutions in which the Directors of the Bank have interest	102,740,564	110,327,759
b)	Advances to Managing Director & other Senior Executives	120,001,860	124,726,817
c)	**Advances to Industries:**		
	Agriculture	797,390,509	1,212,371,663
	RMG	1,002,465,789	1,418,290,810
	Textile	2,730,768,200	3,037,330,353
	Ship Breaking	633,316,425	538,883,849
	Other Manufacturing industry	7,052,662,481	6,545,949,589
	SME loans	5,327,009,197	1,247,670,753
	Construction	648,889,092	-
	Power, Gas	605,249,517	-
	Transport, Storage and Communication	382,388,666	52,240,899
	Trade Service	5,418,944,397	5,010,954,547
	Commercial real estate financing	221,502,806	27,310,435
	Residential real estate financing	341,897,967	9,980,733
	Consumer credit	1,025,955,025	685,837,792
	Capital Market	705,223,995	679,112,084
	NBFIs	3,191,187,950	2,976,048,400
	Others	1,442,040,951	7,397,631,314
		31,526,892,965	**30,839,613,219**
		31,749,635,389	**31,074,667,795**

7.07 Details of Large Loan

Number of borrowers with outstanding amount of loans exceeding 10% of total capital of the Bank and classification status thereof. Total capital of the Bank is BDT 752.73 crore as on December 31, 2019 (BDT 694.23 crore in 2018)

Number of Clients	23	22
Outstanding amount (BDT)	14,489,050,654	13,274,519,881

Client wise details are given below:

Sl No.	Name of the clients	Status	Outstanding (BDT)		Total 2019 (BDT)	Total 2018 (BDT)
			Funded	Non - Funded		
1	Adex Group	UC	509,550,319	142,486,907	652,037,227	844,519,515
2	Nitol-Niloy Group	UC	670,992,477	-	670,992,477	865,622,148
3	Zon Ron Group	UC	524,303,679	423,705,482	948,009,160	1,189,852,286
4	Rangs Group	UC	399,327,836	245,891,633	645,219,469	813,489,666
5	Abul Khair Group	UC	7,706,154	7,043,826	14,749,980	18,050,127
6	GPH Group	UC	805,822,157	15,697,922	821,520,079	808,562,765
7	Pride Group	UC	873,531,757	-	873,531,757	811,555,019
8	Energypac Group	UC	805,375,731	1,495,137,459	2,300,513,190	946,354,146
9	Alliance Group	UC	691,936,579	219,331,457	911,268,036	528,862,922
10	Anwar Group	UC	669,753,906	54,214,921	723,968,827	708,965,863
11	BD Group	UC	936,446,305	5,967,700	942,414,005	931,046,501
12	Confidence Group	UC	341,511,162	327,038,162	668,549,324	868,582,166
13	Florance Group	UC	-	-	-	149,611,662
14	ACI Group	UC	651,151,891	156,339,951	807,491,841	318,957,832
15	Baizid Group	UC	566,425,917	79,699,435	646,125,352	679,781,858
16	Mir Group	UC	-	-	-	257,631,203
17	MSA Group	UC	655,563,462	723,396	656,286,859	811,898,219
18	EXPO Group	UC	160,909,853	511,793,842	672,703,695	637,384,700
19	Saiham Group	UC	127,709,360	106,685,540	234,394,900	258,693,077
20	Spectra Engineers Ltd.	UC	205,124,788	88,659,600	293,784,388	210,255,595
21	Standard Asiatic Oil Company Ltd.	UC	8,886,754	-	8,886,754	12,097,742
22	Sajeeb Group	UC	372,546,049	2,098,671	374,644,720	602,744,868
23	Premier Group	UC	621,958,614	-	621,958,614	-
Total			**10,606,534,750**	**3,882,515,904**	**14,489,050,654**	**13,274,519,881**

		2019 BDT	2018 BDT
7.08	**Classification of Loans and Advances:**		
	Unclassified (UC):		
	Standard	29,839,072,610	30,630,707,415
	Special Mention Account (SMA)	1,072,214,582	69,695,608
	Sub total	**30,911,287,192**	**30,700,403,023**
	Classified:		
	Substandard	384,901,975	55,075,935
	Doubtful	2,006,753	9,731,066
	Bad & Loss	451,439,469	309,457,771
	Sub total	**838,348,197**	**374,264,772**
	Total	**31,749,635,389**	**31,074,667,795**

7.09 Details of required provision for Loans and Advances:

Particulars	Rate of provision	Provision	
		Required	Maintained
Unclassifed (UC):			
Standard	0.25%,1%, 2% & 5%	444,163,857	444,163,857
Special Mention Account (SMA)	0.25%,1%, 2% & 5%	10,349,435	10,349,435
Sub total		**454,513,292**	**454,513,292**
Classifled:			
Substandard	5% & 20%	34,038,407	34,038,407
Doubtful	5% & 50%	410,221	410,221
Bad loan	100%	252,053,755	252,053,755
Sub total		**286,502,383**	**286,502,383**
Total		**741,015,675**	**741,015,675**
Excess/(short) Provision as on December 31, 2019			-

7.10	**Details of required provision for Off-balance Sheet Items:**		
	Required provision for Off-balance Sheet Exposures	54,483,264	42,202,669
	Total provision maintained	54,483,264	42,202,669
	Excess/(Short) Provision	-	-
7.11	**Suit filed by the Bank**		
	No of Suits file	47	24
	Suit Amount	1,208,415,710	965,424,441
7.12	**Geographical location wise loans and advances**		
	Inside Bangladesh		
	Urban:		
	Dhaka Division	25,663,560,229	25,569,606,061
	Chittagong Division	4,984,741,396	4,457,138,134
	Khulna Division	31,245,903	23,646,954
	Rajshahi Division	122,805,206	95,695,792
	Sylhet Division	12,756,537	8,848,506
	Sub-total	**30,815,109,271**	**30,154,935,448**
	Rural:		
	Dhaka Division	749,876,091	655,291,629
	Chittagong Division	93,529,659	73,500,795
	Khulna Division	4,630,151	-
	Rajshahi Division	86,490,217	105,247,395
	Mymensingh	-	85,692,528
	Sub-total	**934,526,118**	**919,732,347**
	Outside Bangladesh	-	-
	Total	**31,749,635,389**	**31,074,667,795**

		2019 BDT	2018 BDT
7.13	**Particulars of loans and advances**		
(i)	Loans & Advances considered good in respect of which the Bank is fully secured	15,439,487,884	14,880,100,000
(ii)	Loans & Advances considered good against which the Bank holds no security other than the debtors' personal guarantee	16,310,147,505	16,194,567,795
(iii)	Loans & Advances considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	-	-
(iv)	Loans adversly classified, provission not maintained there against	-	-
		31,749,635,389	**31,074,667,795**
(v)	Loans & Advances due by directors or officers of the Bank or any of them either separately or jointly with any other persons.	222,742,423	235,054,576
(vi)	Loans & Advances due from 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.	-	-
(vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either separately or jointly with any other persons.	-	-
(viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or in the case of private companies as members.	-	-
(ix)	Due from other Banking Companies.	-	-
(x)	**Amount of classified loans on which interest has not been charged:**		
	a. i) (Decrease)/Increase in provision	138,311,198	(36,451,221)
	ii) amount of loan written off	-	-
	iii) amount realised against loan previously written off	-	-
	b. Amount of provision kept against loan classified as ' bad/ loss' (Note # 7.09)	252,053,755	143,542,587
	c. Interest creditable to the interest suspense A/C	111,749,816	31,626,194
(xi)	Cumulative amount of loans written-off	-	-
(xii)	Amount of loans written-off during the year	-	-
(xiii)	The amount of written off loan for which law suit has been filed	-	-

8.00 Fixed Asset including Premises, Furniture & Fixture

Property, Plant & equipment		
Computer and Peripherals	192,566,199	173,445,719
Furniture & Fixture	164,675,662	149,477,046
Office Equipment	145,309,323	124,744,732
Motor Vehicles	29,900,856	29,900,856
Books	20,260	20,260
Intangible Assets	43,059,390	40,580,530
Land, Building & Construction	-	-
Total Cost	**575,531,690**	**518,169,143**
Less: Accumulated Depreciation	316,746,408	235,402,621
Book value at the end of the year	**258,785,282**	**282,766,522**

Details are shown in Annex-C

9.00 Other Asset

Classification of Other Asset		
A) Income generating Other Asset:	-	-
B) Non-Income generating Other Assset :		
Advance Rent	71,462,416	97,671,680
Interest Accrued on Investment but not collected & other income receivable	243,706,164	175,554,430
Dividend Receivable	3,752,968	5,323,611
Advance Income Tax (note # 9.01)	1,481,972,377	1,033,527,524
Suspense Account (note # 9.02)	46,516,143	42,174,344
Advance Subscription	597,370	1,164,828
Prepaid Insurance	2,588,822	3,360,584
Stationery, Stamps, Printing materials in stock etc.	5,120,100	3,040,169
Sundry Assets (note # 9.03)	169,937,673	62,728,866
Stamp in Hand	663,588	874,374

	2019 BDT	2018 BDT
Branch Adjustment (note # 9.04)	-	-
Deferred Tax Assets (note # 9.05)	39,530,236	26,041,841
Exchange House	13,685,378	9,197,998
Clearing House and BFTN Adjustment	181,466	-
	2,079,714,702	**1,460,660,249**
Total Other Asset	**2,079,714,702**	**1,460,660,249**

9.01 Advance Income Tax

Opening Balance	1,033,527,524	697,422,216
Less: Adjustment made during the year	-	-
Add: Payment during the year	448,444,853	336,105,309
Closing Balance	**1,481,972,377**	**1,033,527,524**

9.02 Suspense account represents advance paid for encashment of PSP,BSP & WEDB, advances for opening of new branches, procurement of equipments, etc, awating for adjustment.

9.03 Sundry Assets

Security Deposit	364,678	2,254,123
Receivable from Brokerage House	3,445,654	1,582,269
Sundry Debtors	159,735,387	53,995,873
bKash Settlement Account	1,500,000	-
Prepaid Interest	2,428,827	2,276,462
Prepaid Furniture Allowance	2,463,127	2,620,140
	169,937,673	**62,728,866**

9.04 Branch Adjustment (net)

Entries	No. of Entries Outstanding as on 31-12-2019	BDT	BDT
Debit entries	-	-	-
Credit entries	-	-	-
	-	**-**	**-**

9.05 Deferred tax asset / (Liability)

Opening Balance	26,041,841	35,275,123
Add: Deferred tax Income	13,488,395	-
Less: Deferred tax Expenses	-	(9,233,282)
Closing Balance	**39,530,236**	**26,041,841**

9.05.01 Computation of Deferred Tax

Accounting written down value- Fixed Assets	258,766,266	282,766,522
Less: Tax base written down value- Fixed Assets	303,194,889	288,191,127
Taxable/(deductable) temporary difference	**(44,428,623)**	**(5,424,605)**
Book value - Gratuity provision	64,020,300	66,260,000
Less: Tax base - Gratuity provision	3,034,960	2,239,700
Deductable temporary difference	**60,985,340**	**64,020,300**
Net deductable temporary difference	**105,413,963**	**69,444,905**
Effective tax rate	37.50%	37.50%
Deferred Tax Assets	**39,530,236**	**26,041,841**
Deferred Tax (Expenses)/Income		
Closing Deferred Tax Assets	39,530,236	26,041,841
Opening Deferred Tax Assets/(Liability)	26,041,841	35,275,123
Deferred Tax (Expenses)/Income	**13,488,395**	**(9,233,282)**

		2019 BDT	2018 BDT
9.06	**Classification of Other Assets**		
	Unclassified	2,076,811,035	1,458,836,285
	Substanderd	-	-
	Doubtful	2,903,667	1,823,964
	Bad / Loss	-	-
		2,079,714,702	**1,460,660,249**
10.00	**Non-Banking Assets**		
	Land at cost (market value of the land at BDT 14.54 million)	12,585,359	12,585,359
		12,585,359	**12,585,359**

the Bank filed on Artha Rin suit bearing # 539/2017, dated 02.03.2017 against one default customer, A/C : Al-Fahad Air Ticketing & Medical Tourism Limited. The Bank has been awarded the ownership of the mortgage properties according to the verdict of the honorable court in accordance with section 33(5) of "Artharin Adalat 2003". Subsequent approval taken from the Board of Directors of the Bank, the full amount of loan of BDT 12.59 million (market value of the property at BDT 14.54 million) transferred to Non-Banking Assets of the Bank, which will continue to sustain in Bank's Balance Sheet until sale / disposal of the said property acquired by the Bank u/s 33(5) of the Artha Rin Adalat Ain 2003 as mortgagee Bank.

11.00	**Borrowing From Other Banks, Financial Institutions & Agents**		
	In Bangladesh	3,468,730,276	1,539,729,140
	Outside Bangladesh	-	-
		3,468,730,276	**1,539,729,140**
11.01	**In Bangladesh:**		
	Borrowing from Bank/Other Institutions:	**2,919,421,990**	**1,121,834,700**
	IFIC Bank Ltd.	-	200,000,000
	Sonali Bank Ltd.	700,000,000	100,000,000
	Janata Bank Ltd.	-	120,000,000
	Rupali Bank Ltd.	-	650,000,000
	Commercial Bank of Ceylon	117,177,940	51,834,699
	Meghna Bank Ltd.	380,000,000	-
	AB Bank Ltd.	290,000,000	-
	Bank Asia Ltd.	600,000,000	-
	United Commercial Bank Ltd.	161,108,800	-
	Basic Bank Ltd.	300,000,000	-
	Southeast Bank Ltd.	271,135,250	-
	Uttara Bank Limited	100,000,000	-
	Repo of Treasury Bill/Bond:		
	Bangldesh Bank (LS)	-	-
	Refinance from Bangladesh Bank	162,458,308	70,065,997
	Borrowing From Bangladesh Bank (EDF)	386,849,978	347,828,443
		549,308,286	**417,894,440**
	Total	**3,468,730,276**	**1,539,729,140**
11.02	**Security against borrowing from other Banks, Financial Institutions and Agents**		
	Secured	-	-
	Unsecured	3,468,730,276	1,539,729,140
		3,468,730,276	**1,539,729,140**
11.03	**Maturity grouping of borrowing from other Banks, Financial Institutions & Agents**		
	On Demand	2,015,000,000	1,070,000,000
	Up to one month	900,200,000	183,200,000
	Not more than three months	50,000,000	98,400,000
	More than three months but less than one year	325,400,000	111,000,000
	More than one year but less than five years	178,130,276	77,129,140
	More than five years	-	-
		3,468,730,276	**1,539,729,140**

		2019 BDT	2018 BDT
12.00	**Deposit and Other Accounts**		
	From Banks	3,371,497,213	4,619,099,745
	From Customers (note # 12.02.02)	36,129,266,035	30,973,071,990
		39,500,763,248	**35,592,171,735**
12.01	**Customer Deposits and other Accounts**		
	Current Deposits & other Accounts :		
	Current Deposits	1,596,560,934	2,634,186,681
	Foreign Currency Deposits	568,841,058	180,912,616
	Sundry Deposits	619,484,987	529,824,099
		2,784,886,978	**3,344,923,396**
	Bills Payable :		
	Payment Order Issued	241,381,613	181,932,507
	Pay Slip Issued	-	-
	Demand Draft Payable	-	-
		241,381,613	**181,932,507**
	Short Notice Deposits	**4,769,017,817**	**4,462,893,385**
	Savings Deposits	**2,659,627,149**	**2,512,749,839**
	Fixed Deposits	**25,182,444,200**	**22,331,840,918**
	Deposit Schemes:		
	MDB Super Monthly Savings	1,445,810,724	1,074,383,165
	MDB Double Benefit	1,175,105,437	941,223,548
	MDB Family Support	1,019,739,276	636,215,059
	MDB Corporate Support	41,028,606	41,365,810
	MDB Shikhsha Sanchay Scheme	4,236,330	1,778,968
	MDB Millionaire Savings Scheme	80,381,547	34,837,884
	MDB Kotipoti	60,354,184	17,461,746
	MDB Platinum Savings Scheme	22,311,398	5,886,420
	MDB Traveller's Savings Scheme	14,437,989	4,679,089
		3,863,405,491	**2,757,831,690**
	Total	**39,500,763,248**	**35,592,171,735**
12.02	**Maturity grouping of Deposits and Other Accounts:**		
	On Demand	2,415,900,000	339,500,000
	Repayable within one month	2,993,700,000	3,871,700,000
	More than one month but within three months	10,652,400,000	10,379,300,000
	More than three months but within one year	7,492,000,000	11,706,500,000
	More than one year but within five years	14,935,963,248	8,691,771,735
	More than five years but within ten years	1,010,800,000	603,400,000
		39,500,763,248	**35,592,171,735**
12.02.01	**Maturity grouping of Deposits from Bank:**		
	On Demand	-	-
	Repayable within one month	-	-
	More than one month but within three months	3,371,497,213	4,619,099,745
	More than three months but within one year	-	-
	More than one year but within five years	-	-
	More than five years but within ten years	-	-
	Sub-total	**3,371,497,213**	**4,619,099,745**
12.02.02	**Maturity grouping of Deposits from customers:**		
	On Demand	2,415,900,000	339,500,000
	Repayable within one month	2,993,700,000	3,871,700,000
	More than one month but within three months	7,280,902,787	5,760,200,255
	More than three months but within one year	7,492,000,000	11,706,500,000
	More than one year but within five years	14,935,963,248	8,691,771,735
	More than five years but within ten years	1,010,800,000	603,400,000
	Sub-total	**36,129,266,035**	**30,973,071,990**
	Total	**39,500,763,248**	**35,592,171,735**

		2019 BDT	2018 BDT
12.03	**Demand & Time Deposits**		
	a) Demand Deposits	**3,265,635,035**	**3,753,003,389**
	Current Deposits	1,596,560,934	2,634,186,681
	Savings Deposits (9%)	239,366,443	226,147,486
	Foreign Currency Deposits (non interest bearing)	568,841,058	180,912,616
	Sundry Deposits	619,484,987	529,824,099
	Bills Payable	241,381,613	181,932,507
	b) Time Deposits	**36,235,128,213**	**31,839,168,347**
	Saving Deposit (91%)	2,420,260,706	2,286,602,354
	Fixed Deposit	25,182,444,200	22,331,840,918
	Short Notice Deposit	4,769,017,817	4,462,893,385
	Deposit Under Scheme	3,863,405,491	2,757,831,690
	Total Demand & Time Deposits	**39,500,763,248**	**35,592,171,735**
12.04	**Sectorwise Deposits**		
	Government	2,084,777,672	2,344,382,692
	Deposits Money Banks	3,371,497,213	4,619,099,745
	Other Public	4,424,888,215	3,515,245,925
	Foreign Currency	20,125,715	13,112,616
	Private	29,599,474,433	25,100,330,756
		39,500,763,248	**35,592,171,735**
13.00	**Other Liabilities**		
	Provision for Loans and Advances (Note 13.01)	741,015,675	566,572,950
	Provision for Off Balance Sheet Items (Note 13.02)	54,483,264	42,202,669
	Provision for Good Borrower	1,000,000	-
	Provision for Other Assets	2,903,667	911,982
	Provision for Income Tax (Note 13.03)	1,900,151,372	1,392,726,160
	Interest Payable on Borrowing	5,614,156	3,268,567
	Audit fee Payable	356,500	356,500
	Accrued Expenses	32,391,928	64,678,920
	Corporate Social Responsibility (CSR) Payable	4,659,979	5,366,529
	Interest Suspense (Note 13.04)	111,749,816	31,626,194
	Provision for Share & Debenture	44,730,768	16,267,311
	Other Liabilities	4,247,157	8,279,678
		2,903,304,284	**2,132,257,460**
13.01	**Provision for Loans and Advances**		
	For Unclassified		
	Opening Balance	418,381,765	255,321,845
	Add: Provision made during the year	36,131,527	163,059,920
	Less: Provision transferred to Classified Loans and Advances	-	-
	Closing Balance	**454,513,292**	**418,381,765**
	For Classified		
	Opening Balance	148,191,185	184,642,406
	Add: Provision made during the year	138,311,198	(36,451,221)
	Less. Adjustment during the year	-	-
	Less: Loan written off during the year	-	-
	Closing Balance	**286,502,383**	**148,191,185**
		741,015,675	**566,572,950**
13.02	**Provision for Off Balance Sheet Items**		
	Opening Balance	42,202,669	50,670,135
	Add: Provision made during the year	12,280,595	(8,467,466)
	Less: Provision transferred to Loans and Advances	-	-
	Closing Balance	**54,483,264**	**42,202,669**

		2019 BDT	2018 BDT
13.03	**Provision for Income Tax* (Current Tax)**		
	Opening Balance	1,392,726,160	945,950,826
	Less: Adjustment made during the year	-	-
	Add: Provision made during the year	507,425,213	446,775,333
	Closing Balance	**1,900,151,372**	**1,392,726,160**

*Income tax provision has been made as per Income Tax Ordinance 1984 and as amended for the time being .

13.04	**Interest Suspense Account**		
	Opening Balance	31,626,194	26,176,658
	Add: Addition during the year	124,908,546	26,518,706
	Less: Written off during the year	-	-
	Less: Recovery during the year	(44,784,924)	(21,069,170)
	Closing Balance	**111,749,816**	**31,626,194**
14.00	**Shareholders' Equity**		
	Paid up Capital (note # 15.02)	5,696,697,530	5,274,720,000
	Statutory Reserve (note # 16.00)	991,374,929	781,105,865
	Revaluation Reserve on Investment in Securities (note # 17.00)	2,107,910	5,297,777
	Retained Earnings (note # 18.00)	348,181,046	425,519,138
	Closing Balance	**7,038,361,415**	**6,486,642,780**
15.00	**Capital**		
15.01	**Authorized Capital:**		
	1,000,000,000 ordinary shares of Tk. 10 each	**10,000,000,000**	**10,000,000,000**
15.02	**Issued, Subscribed and Paid-up Capital:**		
	569,669,753 Ordinary shares of Taka 10 each issued for cash.	5,696,697,530	5,274,720,000
		5,696,697,530	**5,274,720,000**

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

			December 31, 2019
	No. of shares	Value of shares BDT	% of holding
Sponsors	569,669,753	5,696,697,530	100.00%
Financial Institutions	-	-	0.00%
General Investors	-	-	0.00%
	569,669,753	**5,696,697,530**	**100%**

15.04 Capital Adequacy Ratio

In terms of section 13 (2) of the Bank Company Act 1991 and Bangladesh Bank BRPD circular no. 35 dated December 29, 2010, required capital of the Bank at the close of business on December 31, 2019 was 12.50% of Risk Weighted Assets of BDT 35,624,176,506 i.e. BDT 4,453,022,063 or BDT 4,000,000,000, whichever is higher as against available core capital of BDT 7,018,258,522 and supplementary capital of BDT 508,996,556 making a total capital of BDT 7,527,255,078, thereby showing a surplus capital of BDT 3,074,233,015. Details are given below:

	2019 BDT	2018 BDT
Total risk weighted assets	35,624,176,506	35,908,763,832
Required Capital : 12.50% of total risk weighted asset or BDT 400 crore, whichever is higher	4,453,022,063	4,264,165,705
Actual capital maintained		
Core Capital (Tier-I) :		
Paid up Capital (note # 15.02)	5,696,697,530	5,274,720,000
Statutory Reserve (note # 16)	991,374,929	781,105,865
Retained Earnings (note # 18)	348,181,046	425,519,138
Sub-total	**7,036,253,505**	**6,481,345,003**

		2019 BDT	2018 BDT
	Deduction from Tier - I (Core Capital)		
	Intangible Assets	**17,994,983**	-
	Sub-total	**7,018,258,522**	**6,481,345,003**
	Supplementary Capital (Tier-II) :		
	General provision including Off-balance Sheet items	508,996,556	460,584,434
	Revaluation Reserve on Investment in Securities	-	340,000
	Sub-total	**508,996,556**	**460,924,434**
	Total Capital (Tier-I+Tier-II)	**7,527,255,078**	**6,942,269,437**
	Surplus	**3,074,233,015**	**2,678,103,732**
	Capital to Risk Weighted Asset Ratio (CRAR)	**21.13%**	**19.33%**

15.04.01

Capital Requirement	Required	2019	2018
Particulars		Held	Held
Tier-I	8.50%	19.70%	18.05%
Tier-II	4.00%	1.43%	1.28%
Total	**12.50%**	**21.13%**	**19.33%**

16.00	**Statutory Reserve**		
	Opening Balance	781,105,865	559,840,988
	Add: Transferred during the year (20% of pre-tax profit)	210,269,064	221,264,877
	Closing Balance	**991,374,929**	**781,105,865**
17.00	**Revaluation Reserve on Investment in Securities**		
	Opening Balance	5,297,777	15,956,791
	Add: Addition during the year	62,294,208	134,053,796
	Less: Adjustment of Revaluation Reserve	(65,484,075)	(144,712,810)
	Closing Balance	**2,107,910**	**5,297,777**
18.00	**Retained Earnings**		
	Opening Balance	425,519,138	480,988,247
	Add: Profit made during the year	557,408,502	650,315,768
	Less: Transferred to Statutory Reserve	(210,269,064)	(221,264,877)
	Less: Transferred to CSR	(2,500,000)	(5,000,000)
	Less: Dividen paid	(421,977,530)	(479,520,000)
	Closing Balance	**348,181,046**	**425,519,138**
18.01	**Retained Surplus Brought Forwarded**		
	Opening Balance	425,519,138	480,988,247
	Less: Dividend paid	(421,977,530)	(479,520,000)
	Closing Balance	**3,541,608**	**1,468,247**
19.00	**Contingent Liabilities**		
19.01	**Acceptance and endorsements**		
	Foreign	83,526,651	72,595,835
	Local	1,337,880,341	739,395,022
	Export Processing Zone (EPZ)	7,373,801	20,056,244
	Closing Balance	**1,428,780,793**	**832,047,100**
19.02	**Letter of Guarantee**		
	Foreign	98,249,790	32,130,460
	Local	2,549,560,598	1,864,068,440
	Closing Balance	**2,647,810,389**	**1,896,198,899**

		2019 BDT	2018 BDT
19.02.01	**Letter of Guarantee**		
	Money for which the bank is contingently liable in respect of guarantees given favoring :	-	-
	Directors	-	370,012
	Government	-	-
	Bank and other Financial Institutions	-	-
	Others	2,647,810,389	1,895,828,887
	Closing Balance	**2,647,810,389**	**1,896,198,899**
19.03	**Irrevocable Letter of Credit**		
	Letter of Credit (Sight)	9,367,207	4,341,705
	Letter of Credit (Back to Back/Deferred)	761,229,439	551,825,329
	Letter of Credit (Cash & Others)	601,138,540	935,853,835
	Closing Balance	**1,371,735,186**	**1,492,020,869**
19.04	**Bills for Collection**		
	Foreign Bill Collection	360,056,588	258,379,925
	Local/Inland Bill Collection	170,429,136	405,394,815
	Closing Balance	**530,485,724**	**663,774,741**
	Total	**5,978,812,091**	**4,884,041,609**
20.00	**Income Statement**		
	Income:		
	Interest, Discount and Similar Income	4,897,372,246	4,361,924,639
	Dividend income	11,333,106	15,971,015
	Fee, Commission and Brokerage	51,862,946	51,138,969
	Gain less losses arising from dealing securities	-	-
	Gain less losses arising from investment securities	-	-
	Gain less losses arising from dealing in Foreign Currencies	269,191,574	269,938,296
	Income from non Banking Asset	-	-
	Other Operating Income	65,020,083	64,370,302
	Profit less losses on Interest Rate Changes	-	-
		5,294,779,955	**4,763,343,221**
	Expenses:		
	Interest, Fee and Commission	2,983,899,085	2,547,464,459
	Losses on Loans and Advances	-	-
	Administrative expenses	547,924,377	505,651,467
	Other operating expenses	406,883,131	400,766,565
	Depreciation on Banking Assets	87,549,580	67,948,163
		4,026,256,172	**3,521,830,653**
	Operating profit	**1,268,523,783**	**1,241,512,567**
21.00	**Interest Income**		
	Loans and Advances (note # 21.01)	3,823,816,429	3,257,476,257
	Money at Call and Short Notice	4,822,318	5,659,805
	Balance with Other Banks and Financial Institutions (note # 21.02)	428,062,129	495,406,669
	Bangladesh Bank Foreign Currency Clearing Account	2,388,946	1,679,334
		4,259,089,822	**3,760,222,065**
21.01	**Interest on Loans and Advances**		
	Term Loan	1,367,703,287	1,178,738,477
	Overdraft	950,907,205	871,541,984
	Time Loan	913,784,345	603,550,064
	Cash Credit	229,309,619	223,114,443
	Trust Receipt	183,665,426	187,131,150
	Consumer Loan	87,375,814	80,612,412
	Payment Against Documents(PAD)	486,400	1,360,402
	Agricultural Credit	39,228,183	76,342,203
	EDF Loan	6,672,148	3,676,368
	Packing Credit	5,843,223	5,333,871
	Staff Loan	6,358,250	7,195,314
	Other Loans and Advances	21,265,960	6,545,820
	Bill Purchased and Discounted	12,216,570	12,333,749
		3,824,816,429	3,257,476,257
	Less: Expenses for Good Borrower	1,000,000	-
		3,823,816,429	**3,257,476,257**

		2019 BDT	2018 BDT
21.02	**Interest on Balance with other Bank and Financial Institution**		
	Interest on Balance with other Bank in Bangladesh	422,115,177	492,635,400
	Interest on Balance held with outside Bangladesh	5,946,952	2,771,269
		428,062,129	**495,406,669**
22.00	**Interest Paid on Deposit & Borrowing, etc.**		
	Interest on Deposit and Other Accounts (note # 22.01)	2,516,968,949	2,083,110,663
	Interest on Borrowing from other Banks and Financial Institutions (note # 22.02)	466,930,136	464,353,796
		2,983,899,085	**2,547,464,459**
22.01	**Interest on Deposits and Other Accounts**		
	Current Deposits	206,609,613	175,114,848
	Special Notice Deposits	150,504,451	106,929,575
	Savings Deposits	92,137,497	70,065,601
	Fixed Deposits	1,763,856,615	1,449,140,460
	Deposit Schemes	303,860,772	281,860,179
		2,516,968,949	**2,083,110,663**
22.02	**Interest on Borrowing from other Banks and Financial Institutions**		
	Call Borrowing	47,801,299	32,892,384
	Local Bank Account	384,692,298	404,497,354
	Repurchase Agreement (REPO)	19,932,591	22,597,172
	Refinance	4,082,010	4,285,517
	Foreign Bank Account	-	-
	Bangladesh Bank	10,421,938	81,370
		466,930,136	**464,353,796**
23.00	**Income From Investments**		
	Interest on Treasury Bill, Bond, Reverse Repo	498,400,921	461,348,301
	Amortisation of Securities	(3,295,025)	(19,804,143)
	Interest on Commercial Paper	116,202,749	105,797,605
	Gain/(Loss) on Investment in shares of quoted companies	(1,102,890)	8,849,091
	Gain on Govt. Security Trading (Note # 23.01)	28,076,668	45,511,720
	Dividend on Investment in Shares	11,333,106	15,971,015
		649,615,530	**617,673,589**
23.01	**Gain on Govt. Security Trading**		
	Gain on Govt. Security Trading	131,920,908	167,171,395
	Loss on Govt. Security Trading	(103,844,240)	(121,659,675)
		28,076,668	**45,511,720**
24.00	**Commission, Exchange and Brokerage**		
	Commission (note # 24.01)	51,862,946	51,138,969
	Exchange(note # 24.02)	269,191,574	269,938,296
	Brokerage	-	-
		321,054,520	**321,077,265**
24.01	**Commission**		
	Letter of Guarantee	17,546,149	13,399,871
	Letter of Credit	18,049,049	22,227,295
	Acceptance of Bills	10,724,167	8,579,847
	Export Bills	2,428,859	2,697,061
	PO, DD & TT	619,094	546,153
	OBC/IBC	367,672	305,917
	Underwriting Commissiom on Treasury Bill/Bond	1,103,440	1,552,775
	POS/Easy Pay Commission	1,024,515	1,830,049
		51,862,946	**51,138,969**

		2019 BDT	2018 BDT
24.02	**Exchanges**		
	Exchange Gain	313,318,194	299,747,860
	Less: Exchange Loss	(44,126,620)	(29,809,564)
		269,191,574	**269,938,296**
25.00	**Other Operating Income**		
	VISA Charge	17,028,016	14,043,710
	Service and other Charges	21,706,858	24,874,378
	SWIFT Charge Recoveries	2,482,226	1,438,380
	Charges against cards	2,281,051	1,820,948
	Locker Rent	267,600	298,000
	Miscellaneous Earnings	15,701,216	16,468,706
	LC Charges	5,553,117	5,426,181
		65,020,083	**64,370,302**
26.00	**Salary & Allowances**		
	Basic Salary	216,280,651	201,064,407
	Allowances	236,129,133	232,849,276
	Bonus	60,606,916	47,019,028
	Gratuity	-	(8,633,200)
	Provident Fund	18,347,677	17,601,956
		531,364,377	**489,901,467**
26.01	**Managing Director's Remuneration**		
	Basic	9,600,000	9,000,000
	Allowances	3,400,000	3,350,000
	Festival Bonus	1,600,000	1,500,000
	Incentive Bonus	1,000,000	1,000,000
	Providend Fund	960,000	900,000
		16,560,000	**15,750,000**
27.00	**Rent, Tax, Insurance, Electricity, etc.**		
	Rent	145,609,231	155,987,369
	Rates & taxes	21,495,669	22,435,491
	Insurance	26,114,115	30,143,240
	Power, Electricity, etc.	26,123,483	21,704,039
		219,342,497	**230,270,138**
28.00	**Legal Expense**		
	Legal Expense	1,060,829	643,091
		1,060,829	**643,091**
29.00	**Postage, Stamps & Telephone, etc.**		
	Postage,Stamp & Courier Services	1,547,999	2,095,694
	Fax & Internet	-	2,800
	On-line and connectivity charges	8,605,989	7,357,549
	Telephone bills	2,903,907	2,767,056
		13,057,895	**12,223,099**
30.00	**Printing, Stationery, Advertisement etc.**		
	Printing & Stationery	20,875,866	21,995,302
	Computer & Consumables	5,751,981	3,641,026
	Advertisement & Publicity	5,044,572	10,459,709
		31,672,420	**36,096,037**

		2019 BDT	2018 BDT
31.00	**Directors' Fees**		
	Meeting fee	1,462,800	1,968,800
		1,462,800	**1,968,800**
	Each Director has paid BDT 8,000/-(excluding VAT) per meeting per attendance.		
32.00	**Audit Fee**		
	Audit Fee	356,500	356,500
		356,500	**356,500**
33.00	**Depreciation on & Repairs to Bank's property**		
	a) Depreciation :		
	Tangible Assets:	**79,185,588**	**61,905,803**
	Computer and Peripherals	33,446,282	22,467,010
	Furniture & Fixture	17,161,277	13,642,461
	Office Equipment	25,216,893	21,058,034
	Motor Vehicles	3,359,303	4,735,002
	Books	1,833	3,298
	b) Intangible Assets	**8,363,992**	**6,042,360**
	Total Depreciation (a+b)	**87,549,580**	**67,948,163**
	Repairs on Bank's property	18,406,485	9,990,038
	Total Depreciation & Repairs	**105,956,065**	**77,938,201**
34.00	**Other Expenditure**		
	Security & Auxiliary Service	57,530,805	52,385,006
	Office Cleaning & Maintenance	144,270	154,722
	Car Expense	3,887,333	4,444,608
	Entertainment	10,367,441	8,631,032
	Travelling	2,510,459	3,336,018
	Conveyance	3,881,774	3,354,718
	Newspaper & Magazines	168,877	270,329
	Q-Cash, ATM Cards, VISA Cards	10,327,362	7,409,010
	Medical Expenses	941,154	290,258
	Training Expenses	791,569	497,957
	Bank Charges	5,188,297	5,444,352
	AGM Expenses	123,117	338,512
	Business Development Expense	3,120,653	8,107,932
	Subscription & Donation	2,065,788	1,794,558
	Miscellaneous Expense	20,474,805	12,759,849
		121,523,703	**109,218,862**
35.00	**Provision Against Loans and Advances**		
	Provision for Unclassified Loans and Advances	36,131,527	163,059,920
	Provision for Classified Loans & Advances	138,311,198	(36,451,221)
	Provision for Off Balance Sheet Items	12,280,595	(8,467,466)
	Provision for Other Assets	1,991,685	779,638
	Provision for diminution in Investments	28,463,457	16,267,311
	Total amount of provision made during the year	**217,178,462**	**135,188,182**
36.00	**Provision for Tax**		
	Current tax	507,425,213	446,775,333
	Deferred tax* (note 9.05.01)	(13,488,395)	9,233,284
	Total	**493,936,818**	**456,008,617**

* Deferred tax has been calculated as per "BAS:12 Income Taxes" and it is the timing differences arising between the carrying value of gratuity liability & fixed assets.

		2019 BDT	2018 BDT
37.00	**Statutory Reserve**		
	Transferred during the year	210,269,064	221,264,877
	Add: Adjustment of previous year	-	-
		210,269,064	**221,264,877**
38.00	**Provision for CSR**		
	Corporate Social Responsibility (CSR) activities	2,500,000	5,000,000
		2,500,000	**5,000,000**
39.00	**Earning Per Share (EPS):***		
	Net Profit After Tax	557,408,502	650,315,768
	Number of Ordinary Shares outstanding	**569,669,753**	**569,669,753**
	Earning Per Share (EPS)	**0.98**	**1.14**

*Earnings per share has been calculated in accordance with BAS-33: Earnings Per Share (EPS). EPS of 2018 has been adjusted (net profit after tax of 2018 divided by number of outstanding shares as on 31 December 2019).

40.00	**Received from Other Operational Income**		
	VISA Charge	17,028,016	14,043,710
	Service and other Charges	21,706,858	24,874,378
	SWIFT Charge Recoveries	2,482,226	1,438,380
	Charges against cards	2,281,051	1,820,948
	Locker Rent	267,600	298,000
	Miscellaneous Earnings	15,701,216	16,468,706
	LC Charges	5,553,117	5,426,181
		65,020,083	**64,370,302**
41.00	**Payment for Other Operational Expenses**		
	Rent, Tax, Insurance, Electricity	219,342,497	230,270,138
	Legal Expense	1,060,829	643,091
	Postage, Stamps, Telegram & Telephone	13,057,895	12,223,099
	Audit fee	356,500	356,500
	Printing, Stationery, Advertisement	31,672,420	36,096,037
	Directors' Fee	1,462,800	1,968,800
	Repair & Maintenance	18,406,485	9,990,038
	Other Expenditure	122,245,676	123,547,475
		407,605,104	**415,095,178**

	2019 BDT	2018 BDT

42.00 Related Party transaction Disclosures of the Bank

i)	Name of the Directors together with a list of entities in wich they have interest	Annexure- D

ii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2019:

Name of the party	Relationship	Nature of transaction	Amount

iii)	Share issued to Directors and Executives without consideration or exercisable at a discount	Nil

iv) **Related Party Transaction:**

Name	Relationship	Nature of Transaction	Limit	Amount Outstanding Loan
A.K.M BADIUL ALAM	Director	Credit Card	500,000	20,938
MD. WAHID MIAH	Director	Credit Card	500,000	36,429
MD JAHANGIR MIAH	Family member of Director	Credit Card	500,000	10,192
MD ROKONUZZAMAN SARKAR	Director	Credit Card	500,000	440,893
NILUFER ZAFARULLAH	Director	Credit Card	500,000	271,635
ANUSHKA MEHREEN ZAFAR	Director	Credit Card	500,000	305,027
KAZI OMAR ZAFAR	Director	Credit Card	500,000	468,496
KAZI SHAHIDULLAH	Director	Credit Card	500,000	-
AHSAN KHAN CHOWDHURY	Director	Credit Card	500,000	29,507
MOHAMMED ISSA BADSHA	Sponsor Shareholder	Credit Card	500,000	-
MASTER ABUL KASHEM	Director	Credit Card	500,000	-
MOHAMMED JAMAL ULLAH	Director	Credit Card	500,000	261,446
ABDUL MOJID MONDOL	Shareholder	Credit Card	500,000	-
MD REZAUL KARIM	Director	Credit Card	500,000	4,364
MD. KAMAL HOSSAIN	Director	Credit Card	500,000	-
SUSMITA SOMPA	Family member of Director	Credit Card	500,000	10,874
SHAHNAJ PARVEEN	Director	Credit Card	500,000	60,657
SCHEREZAD JOYA MONAMI LATIF	Sponsor Shareholder	Credit Card	500,000	-
KAZI RAIHAN ZAFAR	Director	Credit Card	500,000	355,666
KAZI ZAFAR ULLAH	Sponsor Shareholder	Credit Card	500,000	-
MUMTAHINA ISSA	Shareholder	Credit Card	500,000	-
MUTAFFIN ISSA	Shareholder	Credit Card	500,000	-
Sub-Total				**2,276,125**

v) **Lending policies to related parties:** Lending to related parties is affected as per requirement of section 27(1) of the Bank Company Act 1991.

Loans and advances to concern related to directors:

Name	Relationship	Nature of Transaction	CL Status	Limit	Outstanding Loan Amount
CVC Finance Ltd.	Mrs. Lutfa Begum	Term Loan	UC	150,000,000	100,463,734
Southest University	Mr.Md.Rezaul Karim	Over Draft	UC	108,000,000	704
Sub-Total					**100,464,438**
Total					**102,740,564**

		2019 BDT	2018 BDT

vii) Business other than banking business with any related concern of the Directors as per section 18(2) of the Bank Company Act 1991:

Lease agreement made with the Director:

Name	Nature of Transaction	Name of Party	Amount
Mrs. Nilufer Zafarullah, Director	Office Rent	Hong Kong Shanghi Tower	27,945,036
Mrs. Lutfa Begum,Director	Office Rent	Helal Tower	1,498,128
Mrs. Lutfa Begum,Director	ATM Booth Rent	Hazrat Amanat Shah Spinning Mills Ltd.	Free of Cost
Mr. A. K.M Badiul Alam, Director	ATM Booth Rent	KASBA Tower	Free of Cost
Mr. A. K.M Badiul Alam, Director	ATM Booth Rent	MAA Tower	Free of Cost
Mr. Rezaul Karim, Director	Collection Booth	Southeast University	Free of Cost

viii)	Investment in securities of Directors and their related concern	Nil

43.00 Number of employees and support staffs

Employee		
Regular employee	436	429
Contractual employee	196	142
	632	**571**
Support staff		
Security	304	272
Messenger and cleaning staff	135	111
	439	**383**
	1071	**954**

44.00 Others

44.01 The expenses, irrespective of capital or revenue nature, accrued or due but not paid have been provided for in the books of the Bank.

44.02 Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.

44.03 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

for and on behalf of Board of Directors of Midland Bank Limited

Managing Director & CEO | Director | Director | Chairman

Dhaka, June 23, 2020

Balance with other Banks- Out Side Bangladesh (NOSTRO Account)

Annexure- A

Currency wise position and exchange rate applied for conversion of balance with other Banks in foreign currency into local currency as on December 31, 2019

Name of the Bank	Account Type	Currency	2019			2018		
			Foreign Currency Amount	Exchange Rate	BDT	Foreign Currency Amount	Exchange Rate	BDT
AB Bank, Mumbai Branch	CD	US$	465,796	84.90	39,546,046	64,251	83.90	5,390,635
United Bank of India	CD	US$	338,302	84.90	28,721,835	31,660	83.90	2,656,251
Axix Bank Limited	CD	US$	78,676	84.90	6,679,580	254,634	83.90	21,363,785
National Bank of Pakistan, Tokyo Japan	CD	JPY	95,078	0.78	73,781	96,078	0.76	72,654
Mashreq Bank Psc, NY	CD	US$	814,998	84.90	69,193,299	965,003	83.90	80,963,789
Mashreq Bank Psc, United Kingdom	CD	GBP	-	-	-	2,024,239	106.07	214,703,753
Mashreq Bank Psc , United Kingdom	CD	EURO	-	-	-	12,368	95.28	1,178,349
Kookmin Bank, South Korea	CD	US$	57,656	84.90	4,894,994	25,821	83.90	2,166,349
Habib American Bank, NY	CD	US$	135,602	84.90	11,512,576	158,510	83.90	13,299,024
NIB Bank, Pakistan	CD	US$	28,888	84.90	2,452,591	48,542	83.90	4,072,674
Aktif Yatirim Bank	CD	EURO	435,090	94.88	41,279,555	4,750	95.28	452,578
Aktif Yatirim Bank	CD	GBP	21,791	111.02	2,419,160	-	-	-
Banca UBAE Italy	CD	EURO	152,576	94.88	14,475,762	-	-	-
Banca UBAE Italy	CD	GBP	49,731	111.02	5,520,900	-	-	-
Kookmin Bank, South Korea	CD	GBP	730	111.02	81,041	-	-	-
					226,851,121			**346,319,841**

Annexure-B

Midland Bank Limited

Investment in Quoted Share of the Bank

As on December 31, 2019

Sl No.	Name of the Company	Face Value Per Share	No. of Shares	Cost Holding	Average Cost	Quoted rate per Share as on December 31, 2019	Total Market Value of Share as on December 31, 2019
Quoted:							
1	ACI	10	14,366	5,935,976	413.20	181.50	2,607,429
2	ACMELAB	10	25,000	2,916,000	116.64	60.90	1,522,500
3	ADNTEL	10	18,968	569,040	30.00	30.00	569,040
4	ADVENT PAHRAMA	10	147,390	4,854,710	32.94	22.40	3,301,536
5	AMANFEED	10	30,000	1,518,000	50.60	28.20	846,000
6	BATBC	10	9,224	11,189,843	1,213.12	969.90	8,946,358
7	BEACONPHAR	10	70,000	2,516,689	35.95	44.90	3,143,000
8	BBSCABLES	10	178,500	16,597,360	92.98	58.80	10,495,800
9	BRACBANK	10	318,675	19,123,643	60.01	57.10	18,196,343
10	BSC	10	40,000	2,099,091	52.48	42.30	1,692,000
11	BXPHARMA	10	75,000	6,860,035	91.47	69.40	5,205,000
12	CITY BANK	10	180,000	4,990,347	27.72	21.10	3,798,000
13	CONFIDCEM	10	116,053	16,066,452	138.44	106.10	12,313,223
14	COPPERTECH	10	4,979	47,420	9.52	23.50	117,007
15	FAREASTLIF	10	12,680	810,371	63.91	49.60	628,928
16	GENEXIL	10	190,696	9,937,310	52.11	67.40	12,852,910
17	GP	10	98,497	40,618,852	412.39	285.80	28,150,443
18	IDLC	10	65,000	4,558,464	70.13	45.40	2,951,000
19	KPCL	10	382,000	21,554,197	56.42	46.70	17,839,400
20	KTL	10	58,000	783,000	13.50	11.30	655,400
21	LINEBD	10	2,000	2,589,000	1,294.50	1,299.00	2,598,000
22	NAHEEACP	10	35,200	1,361,282	38.67	36.60	1,288,320
23	NEWLINE	10	30,724	556,041	18.10	14.80	454,715
24	NPOLYMAR	10	10,000	978,977	97.90	61.90	619,000
25	OLYMPIC	10	20,000	4,153,481	207.67	165.00	3,300,000
26	POWERGRID	10	10,000	596,000	59.60	44.60	446,000
27	PRIMEBANK	10	165,000	4,245,000	25.73	18.20	3,003,000
28	RENATA	10	3,492	3,021,899	865.38	1,096.50	3,828,978
29	RINGSHINE	10	115,609	1,136,422	9.83	10.30	1,190,773
30	RUNNERAUTO	10	7,566	540,450	71.43	59.50	450,177
31	SAIFPOWER	10	159,000	3,257,035	20.48	13.40	2,130,600
32	SEBL1STMF	10	100,000	1,300,000	13.00	10	1,000,000
33	SILCOPHL	10	4,377	39,793	9.09	30.3	132,623
34	SOUTHEASTB	10	173,298	2,831,237	16.34	13.4	2,322,193
35	SQURPHARMA	10	54,998	13,719,795	249.46	190	10,449,620
36	UPGDCL	10	18,750	4,502,246	240.12	245.3	4,599,375
Total				**218,375,458**			**173,644,690**

Cost of the Securities	218,375,458
Market Value of the Securities	173,644,690
Diminution Value in Investment	**44,730,768**

Annexure-C

Midland Bank Limited

Fixed Asset Schedule

As on December 31, 2019

Asset Category	Cost				Rate	Depreciation				Written down value as at 31.12.2019
	Balance as at 01.01.2019	Addition during the year	Adjustment/ Disposal	Balance as at 31.12.2019		Balance as at 01.01.2019	Charged for the year	Adjustment / Disposal	Balance as at 31.12.2019	
	BDT	BDT	BDT	BDT		BDT	BDT	BDT	BDT	BDT
Computer & Peripherals	173,445,719	19,120,480	-	192,566,199	20%	71,416,686	33,446,282	-	104,862,968	87,703,231
Furniture & Fixture	149,477,046	27,455,332	12,256,716	164,675,662	10%	51,854,234	17,161,277	6,205,793	62,809,717	101,865,944
Office Equipment	124,744,732	20,564,591	-	145,309,323	20%	76,363,447	25,216,893	-	101,580,340	43,728,983
Motor Vehicles	29,900,856	-		29,900,856	20%	19,050,624	3,359,303		22,409,927	7,490,929
Books	20,260	-	-	20,260	20%	17,217	1,833	-	19,049	1,211
Intangible Assets	40,580,530	2,478,860	-	43,059,390	20%	16,700,415	8,363,992	-	25,064,407	17,994,983
Total 2019	**518,169,143**	**69,619,263**	**12,256,716**	**575,531,690**		**235,402,621**	**87,549,580**	**6,205,793**	**316,746,408**	**258,785,282**
Total 2018	**371,731,508**	**151,387,635**	**4,950,000**	**518,169,143**		**172,404,458**	**67,948,163**	**4,950,000**	**235,402,621**	**282,766,522**

Midland Bank Limited

Name of Companies in which the Directors of the Bank have interest
As on 31 December 2019

Annexure - D

Sl.	Name of the Directors of the Bank	Status with MDB	Entities where they have interest	Designation
1	Mrs. Nilufer Zafarullah	Chairman	Hong Kong Shanghai Manjala Textiles Ltd.	Director
2	Master Abul Kashem	Vice Chairman	1. Mother Steel & Oxygen Limited	1. Chairman
			2. Mother Steel Limited	2. Managing Director
			3. MAK Corporation	3. Managing Partner
			4. Master Steel Re-Rolling Mills	4. Proprietor
			5. AIBL Capital Market Services Ltd.	5. Shareholder
3	Dr. Kazi Shahidullah	Director	Hong Kong Shanghai Manjala Textiles Ltd.	Director
4	Mr. Kazi Omar Zafar	Director	1. Kalypso Ltd.	1. Chairman
			2. Hong Kong Shanghai Manjala Power Ltd.	2. Managing Director
			3. Hong Kong Shanghai Manjala Textiles Ltd.	3. Director
5	Mr. Mohammed Jamal Ullah	Director	1. Silver Dal Mills Ltd.	1. Managing Director
			2. Ishfar Oil Mills Ltd.	2. Managing Director
			3. Shezad Food Products Limited	3 Managing Director
			4. Silverbell Properties Limited	4. Managing Director
			5. Bismillah Store	5. Proprietor
			6. M/s. Mohammed Jamal Ullah	6. Proprietor
6	Mr. Ahsan Khan Chowdhury	Director	1. Advance Personal Care Limited	1. Director
			2. Agricultural Marketing Company Limited	2. Chairman
			3. Banga Agro Processing Limited	3. Director
			4. Banga Bakers Limited	4. Director
			5. Banga Millers Limited	5. Director
			6. Chorka Fashions Limited	6. Director
			7. Chorka Textile Limited	7. Director
			8. Habiganj Agro Limited	8. Director
			9. Habiganj Textile Limited	9. Chairman
			10. Mymensingh Agro Limited	10. Director
			11. Natore Agro Limited	11. Director
			12. Natore Dairy Limited	12. Director
			13. PRAN Agro Limited	13. Director
			14. PRAN Agro Business Limited	14. Director
			15. PRAN Beverage Limited	15. Director
			16. PRAN Confectionary Limited	16. Director
			17. PRAN Dairy Limited	17. Director
			18. PRAN Exports Limited	18. Director
			19. PRAN Foods Limited	19. Director

Midland Bank Limited

Name of Companies in which the Directors of the Bank have interest
As on 31 December 2019

Annexure - D

Sl.	Name of the Directors of the Bank	Status with MDB	Entities where they have interest	Designation
			20. Packmat Industries Limited	20. Director
			21. Sylvan Agriculture Limited	21. Director
			22. Sun Basic Chemicals Limited	22. Director
			23. Sylvan Technologies Limited	23. Chairman
			24. Sylvan Poultry Limited	24. Director
			25. Banga Trading House Limited	25. Director
			26. Rangpur Foundry Limited	26. Chairman
			27. Accessories World Limited	27. Managing Director
			28. Gonga Foundry Limited	28. Director
			29. Get Well Limited	29. Director
			30. Trade Environment Limited	30. Director
			31. AKC (Pvt.) Limited	31. Managing Director
			32. AKC Management Limited	32. Chairman
			33. Allplast bangladesh Limited	33. Director
			34. Banga Building Materials Limited	34. Director
			35. Banga Plastic International Limited	35. Director
			36. Habiganj Ceramics Limited	36. Director
			37. Habiganj Glassware Limited	37. Director
			38. Multi-Line Industries Limited	38. Director
			39. RFL Construction Limited	39. Director
			40. RFL Electronics Limited	40. Director
			41. RFL Exports Limited	41. Director
			42. Rangpur Metal Industries Limited	42. Director
			43. RFL Plastics Limited	43. Director
			44. Durable Plastics Limited	44. Director
			45. Habiganj Metal Industries Limited	45. Director
			46. Logi-Care Overseas Limited	46. Director
			47. Bangladesh Lift Industries Limited	47. Director
			48. Property Development Limited	48. Director
			49. Career Builders Limited	49. Director
7	Mr. Md. Wahid Miah	Director	1. Al-Haj Karim Textiles Ltd.	1. Managing Director
			2. Abdul Karim Ltd.	2. Managing Director
			3. Jobaida Karim Jute Mills Limited	3. Managing Director
			4. Wahid Construction Ltd	4. Managing Director
			5. Karim Shipping Lines Limited	5. Managing Director

Midland Bank Limited

Name of Companies in which the Directors of the Bank have interest
As on 31 December 2019

Annexure - D

Sl.	Name of the Directors of the Bank	Status with MDB	Entities where they have interest	Designation
			6. Karim Asphalt & Ready Mix Ltd.	6. Managing Director
			7. Karim Energy Limited	7. Managing Director
			8. Karim LP Gas Ltd.	8. Managing Director
			9. Hypoid Composite Knit Ltd.	9. Director
			10. Karim Jute Spinners Ltd.	10. Director
			11. M/s Wahid Miah	11. Proprietor
			12. Karim Trading	12. Proprietor
			13. Jobaida Filling Station	13. Proprietor
			14. J.K Filling Station	14. Proprietor
			15. Karim Filling Station	15. Proprietor
			16. Karim Shipping Lines	16. Proprietor
8	Mr. Rezaul Karim	Director	1. Bangla Tel Ltd.	1. Chairman
			2. Jibondhara Solutions Ltd.	2. Chairman
			3. BD Link Communications Ltd.	3. Chairman
			4. Islami Commercial Insurance Co. Ltd.	4. Vice Chairman
			5. Kohinoor Chemical Co. (BD) Ltd.	5. Managing Director
			6. Reedisha Knitex Ltd.	6. Managing Director
			7. Reedisha Textipe Ltd.	7. Managing Director
			8. Reedisha Spinning Ltd.	8. Managing Director
			9. P.A Knit Composite Ltd.	9. Managing Director
			10. Reedisha Printing and Packaging Ltd.	10. Managing Director
			11. Reedisha Blended Yarn Ltd.	11. Managing Director
			12. Reedisha Food & Beverage Ltd.	12. Managing Director
			13. Chartered Life Insurance Co. Ltd.	13. Director
			14. Reedisha Trading & Distribution Co.	14. Proprietor
9	Mr. A.K.M. Badiul Alam	Director	1. Garments Export Village Ltd.	1. Chairman
			2. Power Vantage Wear Ltd.	2. Chairman
			3. Amranet Ltd.	3. Chairman
			4. Bravo Apparel Manufacturer Ltd.	4. Director
			5. Shahjibazar Power Co. Ltd.	5. Director
			6. Eden Multicare Hospital Ltd.	6. Director
			7. Petromax Refinery Ltd.	7. Director
10	Mr. Md. Kamal Hossain	Director	1. That's It Sportswear Ltd	1. Executive Director
			2. Ha-Meem Travel Limited	2. Shareholder
			3. Explore Lingerie Limited	3. Shareholder

Midland Bank Limited

Name of Companies in which the Directors of the Bank have interest
As on 31 December 2019

Annexure - D

Sl.	Name of the Directors of the Bank	Status with MDB	Entities where they have interest	Designation
			4. Fauji Chatkal Limited	4. Shareholder
			5. M H Sports Wear Limited	5. Shareholder
			6. M H Design Limited	6. Shareholder
			7. MH Jute Mills Limited	7. Shareholder
			8. Modern Cargo Carrier Limited	8. Shareholder
11	Mrs. Shahnaj Parveen	Director	1. Refat Garments Ltd.	1. Executive Director
			2. Bango Engineering Co. Ltd.	2. Executive Director
			3. Next Collection Ltd.	3. Shareholder
			4. Next Garments Ltd.	4. Shareholder
12	Mrs. Lutfa Begum	Director	1. Hazrat Amanat Shah Spinning Mills Ltd.	1. Director
			2. Amanat Shah Weaving Processing Ltd.	2. Director
			3. Standard Company Ltd.	3. Director
			4. Hazrat Amanat Shah Securities Ltd.	4. Director
			5. Amanat Shah Fabrics Ltd.	5. Director
			6. M/s Goldenaize Enterprise	6. Proprietor
13	Mr. Hafizur Rahman Sarker	Director	1. Legato Service Ltd.	1. Chairman
			2. Beq Knit Ltd.	2. Managing Director
			3. Beq Sweaters Ltd.	3. Managing Director
			4. Beq Fabrics (Pvt.) Ltd.	4. Managing Director
			5. C.K Sweaters Ltd.	5. Managing Director
			6. Top Star Int'l Ltd.	6. Director
14	Mr. Md. Badsha Miah	Director	1. Kamal Yarn Limited	1. Managing Director
			2. Badsha Textiles Ltd.	2. Managing Director
			3. Pioneer Denim Fashion Limited	3. Managing Director
			4. Pioneer Knitwears (BD) Ltd.	4. Managing Director
			5. Pioneer Denim Limited	5. Managing Director
15	Mr. Kazi Raihan Zafar	Director	1. Hong Kong Shanghai Manjala Textiles Ltd.	Director
16	Ms. Anushka Mehreen Zafar	Director	1. Hong Kong Shanghai Manjala Textiles Ltd.	Director
17	Mr. Mahbubul Hady Fazle Rab	Independent Director	RAB Consulting FZE, RAK, United Arab Emirates	Proprietor
18	Mr. Nazim Uddin Chowdhury	Independent Director	-	-

Midland Bank Limited

Name of the directors and their Shareholding Position
As on 31 December 2019

Annexure - E

Sl.	Name of the Director	Status with MDB	No. of Shareholding	%
1	Mrs. Nilufer Zafarullah	Chairman	56,96,697	1.00%
2	Mr. Master Abul Kashem	Vice Chairman	2,63,73,600	4.63%
3	Dr. Kazi Shahidullah	Director	14,24,174	0.38%
4	Mr. Kazi Omar Zafar	Director	1,13,93,395	2.00%
5	Mr. Mohammed Jamal Ullah	Director	2,28,99,888	4.02%
6	Mr. Ahsan Khan Chowdhury	Director	2,84,83,488	5.00%
7	Mr. Md. Wahid Miah	Director	2,84,83,488	5.00%
8	Mr. Rezaul Karim	Director	2,84,83,488	5.00%
9	Mr. A.K.M. Badiul Alam	Director	2,84,83,488	5.00%
10	Mr. Md. Kamal Hossain	Director	2,84,83,488	5.00%
11	Mrs. Shahnaj Parveen	Director	2,84,83,488	5.00%
12	Mrs. Lutfa Begum	Director	2,84,83,488	5.00%
13	Mr. Md. Hafizur Rahman Sarker	Director	27,059,313	4.75%
14	Mr. Md. Badsha Mia	Director	2,84,83,488	5.00%
15	Mr. Kazi Raihan Zafar	Director	1,13,93,395	2.00%
16	Ms. Anushka Mehreen Zafar	Director	1,13,93,395	2.00%
17	Mr. Mahbubul Hady Fazle Rab	Independent Director	-	-
18	Mr. Nazim Uddin Chowdhury	Independent Director	-	-
19	Mr. Md. Ahsan-uz Zaman	Managing Director & CEO	-	-

Midland Bank Limited

Financial Highlights

For the Period ended on December 31, 2019

Annexure - F

SLNo.	Items	2019	2018
1	Paid up Capital	5,696,697,530	5,274,720,000
2	Total Capital	7,527,255,078	6,942,269,437
3	Surplus in Capital Fund	3,074,233,015	2,678,103,732
4	Total Asset	52,911,159,222	45,750,801,115
5	Total Deposit	39,500,763,248	35,592,171,735
6	Total Loans and Advances	31,749,635,389	31,074,667,795
7	Total Contingent Liabilities	5,978,812,091	4,884,041,609
8	Lending-Deposit Ratio	81.64%	87.31%
9	Classified Loans as % of Total Loans and Advances	2.64%	1.20%
10	Profit After Provision and Tax	557,408,502	650,315,768
11	Total Classified loans and advances	838,348,197	374,264,772
12	Total Provision Maintained against Classified Loans	286,502,383	148,191,185
13	Surplus/(deficit) in Provision against Classified Loans	-	-
14	Cost of Fund	9.03%	8.75%
15	Earning Asset	47,025,582,347	40,981,469,019
16	Non-Interest Earning Asset	5,885,576,875	4,769,332,096
17	Return on Investments (ROI)	7.92%	10.03%
18	Return on Asset (ROA)	1.05%	1.42%
19	Income from Investment	649,615,530	617,673,589
20	Earnings per Share (BDT)	0.98	1.14
21	Net Income per Share (BDT)	0.98	1.14
22	Price-Earning Ratio (Times)	N/A	N/A

MDB Products and Services

MDB believes in service excellence with a vision to be the first choice of our customers. The Bank wants to provide quality banking services with enhanced customer focus and innovative products through first-rate delivery channels and user-friendly tools and technology

To cater for the needs of the growing SME industries and retail customers, the Bank has developed and launched few new products in 2019 in addition of existing products, as follows:

RETAIL BANKING PRODUCTS

MDB School Saver

Children are the future leaders of the country. MDB, as per its financial inclusion drive, has introduced MDB School Saver Account for school going students. This product is a daily interest bearing and half yearly interest paying savings account. Higher interest rate is applicable on maintaining a certain balance in the account. The account comes with free Debit card facility and waiver of account maintenance fee.

MDB College Saver

For college and university going students, we have launched MDB College Saver Account. This is a unique monthly savings account, where interest calculation is on daily balance basis and is credited to account on monthly basis. This account also provides higher interest rate on maintaining a certain balance and free Debit card facility. In addition, the account has free Internet Banking facility, free SMS Banking and waiver of account maintenance fee.

MDB Super Saver

Considering the financial requirement of the customers, MDB has introduced MDB Super Saver Account. It's a slab based daily interest calculation and monthly interest paying savings account for any Bangladeshi Citizen. The benefits of the product includes higher interest rate on maintaining a certain balance in the account, free Debit Card facility (for 1st year) free internet banking and free SMS banking.

MDB Probashi Savings

MDB Probashi is a savings account in local currency for the Non-Resident Bangladeshis (NRBs) who are residing abroad and want to save their hard-earned money. Similar to a regular savings account with withdrawal facility for emergency requirements, where interest calculation is on daily balance basis and is paid twice a year. Higher interest is applicable on maintaining a certain balance in the account. This unique product is bundled with free Debit Card facility, Account maintenance waiver (for first year), free internet banking and free SMS alerts. The account can also be operated through mandate agreement.

MDB Family Support

Depositor will get BDT amount as per deposit rate (before TAX) each month proportion to his/her deposit during the entire period.

MDB Double Benefit

The deposit amount will be doubled as per deposit rate. Any citizen of Bangladesh aged 18-55 years can open this account.

MDB CPP Savings

We have introduced MDB Corporate Payroll Package (CPP) to facilitate payroll/ salary disbursement facility for different corporate houses.

Under MDB CPP facilities, MDB CPP Savings account is offered to the employees under the payroll package with following benefits: no minimum balance required, interest will be calculated on day end balance and credited monthly, no account maintenance fee, salary disbursement charge for the organization is free, free Debit Card, cross branch transaction is free, daily withdrawal limit up to BDT 100,000 through ATM, salary transferred electronically from company account, SMS transaction alert free (for first year), and free internet banking.

RMG Star Savings Account
It is a deposit product for the garments workers where the minimum balance to open account is only BDT 100/-. Special feature of the product is that it is designed to reach the unbanked population (Garment Workers) not requiring maintenance of minimum balance and charging no account maintenance fees to them. Other features of the product is similar to the regular Savings account.

MDB Interest First
It is a unique term deposit product where customer will be earning interest in advance on the day of opening the fixed deposit account. The interest will be transferred to the customer's current/savings account (linked with the fixed deposit) after deduction of necessary government taxes.

MDB Millionaire Savings Scheme
It is a monthly deposit scheme which will earn the account holders BDT 1 Million (before tax) after a certain period. The scheme is offered with a wide range of tenure flexibility (from 3 years to 20 years) to meet varied customer needs. This scheme will be very much helpful to implement a future plan successfully by small savings by the depositors.

MDB Kotipoti
It is a monthly deposit scheme which will earn the account holders BDT 10 Million (before tax) after a certain period. The scheme is offered with a wide range of tenure flexibility (from 3 years to 20 years) to meet varied customer needs. This scheme will be very much helpful to implement any big future plan successfully by small savings by the depositors.

MDB Platinum Savings Scheme
It is a monthly deposit scheme which will earn the account holders BDT 100 Million (before tax) after a certain period. The scheme is offered with a wide range of tenure flexibility (from 3 years to 20 years) to meet varied customer needs. This scheme will be very much helpful to implement any future project successfully by the depositors.

MDB Traveller's Savings Scheme
It is a short term deposit scheme product designed to facilitate the customers to accumulate fund and plan for a family vacation with the maturity amount after maturity of the scheme. The matured amount ranges from BDT 100,000 (One Lac Taka) to 500,000 (Five Lac Taka) (before Tax) and shall be transferred to a complimentary MDB Prepaid Card which shall additionally carry various benefits to make it an attractive package for the customer. The scheme is offered with a wide range of tenure flexibility to meet varied customer needs.

MDB Digital Savings Account
This is an online Savings Account developed to facilitate the customers to open this account from anywhere and anytime through internet via the Bank's website (www.midlandbankbd.net). The product is designed in such a way that the customers do not need to visit branches except to make cash or cheque deposits as per their choice and convenience. No initial deposit is required, where Debit Card, Internet Banking, monthly Statement, SMS Facilities (1st Year) are free.

MDB Digital Probashi Savings

This is an online Savings Account developed to facilitate the Non-Resident Bangladeshi (NRB) customers to open this account from anywhere and anytime through internet via the Bank's website (www.midlandbankbd.net). The NRB customers who are working abroad and would like to save their earnings in Bangladesh for their family and for future benefits can open this account through MDB Website and avail the benefits. The product is designed in such a way that the customers do not need to visit branches except to make cash or cheque deposits as per their choice and convenience. No initial deposit is required, where Debit Card, Internet Banking, monthly Statement, SMS Facilities (1st Year) are free.

MDB Secured Loan

MDB secured loan delivers a fast and hassle free solution to customer's quick finance needs. It is a fully secured and terminating (EMI Based) loan facility. Loan amount ranges from BDT 50,000 to maximum 90% of the applicable security. Loan tenure is from minimum 1 year to maximum 5 years. Cash securities include Midland Bank Fixed Deposits, Midland Bank savings scheme, and Wage Earner Development Bonds and US Dollar Bonds (US Dollar Investment Bond and US Dollar Premium Bond) issued by Midland Bank Ltd.

MDB Personal Loan

MDB Personal Loan is an all-purpose loan which does not require any collateral. Customers can obtain maximum of BDT 10 lac loan (based on their respective monthly income level) in a hassle free manner. Customers also have the option to select flexible tenure of 1 year to 5 years based on their requirements. With attractive interest rate and quick processing time, MDB Personal Loan brings peace of mind to the customers.

MDB Car Loan

MDB Car Loan allows for purchase of brand new or reconditioned cars with maximum loan amount of BDT 40 lac and flexible tenure of 1 year to 5 years. MDB offers competitive interest rate and quick processing time for the loan. Customers can enjoy the freedom of driving their own cars with MDB Car Loan and add value to their lifestyle.

MDB Home Loan

MDB offers MDB Home Loan that suits all home financing needs. Whether it is for apartment purchase, home construction, extension or renovation, MDB Home Loan is the ideal solution. Maximum loan amount of MDB Home Loan is BDT 2.00 crore and maximum loan tenure is 20 years. Customers can experience and cherish their desired home with MDB Home Loan.

MDB Amar Bari

It is a specially designed Home Loan product targeting mainly the semi-urban and rural customers for Home Construction, Renovation or Extension & Completion, Home Loan Take Over for own or rental purpose (for Residential Use only). The income requirements are low and the tenure has been restricted to 10 years with the flexibility of early settlement without any additional fees.

MDB Earnest Money Financing

It is a specific form of payment order financing as earnest money for bidding/participating in any official procurement process to determine the applicant's genuine willingness to participate in the procurement and complete the work if awarded.

CARD PRODUCTS

MDB VISA Credit Cards

Our VISA International dual currency Platinum and Gold Cards are accepted globally and locally at all merchant outlets and restaurants showing VISA logo. Moreover, you enjoy discounts and interest free EMI on repayments at discount partners by showing your MDB Credit Cards. Some of the salient features include, waiver of annual fee for first year, complimentary card, 24/7 Contact Centre support, payment facility through BEFTN and midland online - a robust internet banking facility to pay your monthly credit card bill amount without visiting a branch.

MDB VISA Debit Card
MDB VISA Debit Card will allow customers anytime, anywhere access to their savings/ current account at Midland Bank with a single swipe. Over and above, MDB VISA debit Card is giving customers the flexibility of use in Bangladesh only and can be used through POS terminals (signature-based) and ATMs (PIN-based) and all transactions will be 100% authorized through online.

MDB VISA Prepaid Card
MDB Prepaid Card, denominated either in local currency or in US dollar, available at the counter of all branches of Midland Bank Limited for selling this card to MDB's customer and non MDB's customer. This is a dual currency card, meaning it is accepted in abroad to make foreign trip hassle-free and convenient. This prepaid card can be used to withdraw cash and make purchase over millions of merchant establishments displaying Visa logo. It gives 24-hour access to cardholder's money. Cardholder can top-up this card from any branches of Midland Bank Limited.

MDB SERVICES

Internet Banking
Our famous internet banking service, midland online, comes with variety of features which adds convenience to your needs. You can view all your accounts with a single login and can make fund transfers in-between your accounts. You can also transfer money to any Bank account at your convenience at any time leveraging electronic fund transfer (BEFTN) and through National Payment Switch Bangladesh (NPSB). The same can be done through real-time -gross-settlement (RTGS) without having any concern on cyber security. All your activities on midland online are supported by two factor authentication (2FA). Our midland online service is completely free.

SMS /Alert Banking
Our SMS banking service keeps you abreast of any activity, debit or credit, in your accounts.

Locker Service
We safeguard your valuables like confidential documents or jewelries or gold ornaments. Our locker service is available in selected branches.

24/7 Contact Centre
We are always there for you, day or night, 24/7. Our Contact Centre specialists are always a call away for your important queries, or when you want to block your account in a situation when you have lost your debit or credit card.

Corporate Website
We keep our website always up-to-date with vital information, including branch details and the services they provide.

Bills Pay and BRTA Booth
Our competent branch personnel are trained to welcome you to pay your bill, WASA, DESCO, Titas Gas, REB or DPDC for example. A few branches also accept motor vehicle fees and charges. Additionally, we have deployed a collection booth of BRTA fees for your convenience.

MDB Card Cheque
Our Card Cheque scheme adds convenience to your needs, where the cheque book comes as free with 1% processing fee, and 45 days interest free repayment period.

Insurance Coverage
We have brought the MDB Deposit and Loan Customers (including Credit Card) under Insurance Coverage.

MDB to bKash Transfer
MDB Customer can transfer money to bKash Account using internet banking.

MDB Service Network (Branch)

Sl.	Branch Name	Address	Branch Manager
1	Dilkusha Corporate Branch	Chini Shilpa Bhaban (1st floor), 3, Dilkusha C/A, Dhaka 1000 Email: hob.dilkusha@midlandbankbd.net PABX: 09666-410901	Abdullah Al Mamun, AVP Ph: +8801985700090,01711359239 Email: abdullah.mamun@midlandbankbd.net PBX: 09666-410901 Ext.901-090
2	Banani Branch	Hong Kong Shanghai Tower (Ground & 1st floor), Plot 106, Road 11, Block C, Banani, Dhaka 1213 Email: hob.banani@midlandbankbd.net PABX: 09666-410902	Mr. Md. Ibrahim Khalil, AVP Ph: +8801985700045,01711106643 Email: ibrahim.khalil@midlandbankbd.net PBX: 09666-410999 Ext.902-045
3	Agrabad Branch	As- Salam Tower (1st floor) 57, Agrabad C/A, Chattogram Email: hob.agrabad@midlandbankbd.net PABX: 09666-410903	Md. Shaiful Alam Chowdhury, SVP Ph:+8801973423777,+8801713423777 Email: shaiful.alam@midlandbankbd.net PBX: 09666-410903 Ext.903-127
4	Mirzapur Bazar Branch	Mannan Plaza (1st floor), Mirzapur Bazar, Bhawal, Mirzapur Sadar, Gazipur Email: hob.mirzapur@midlandbankbd.net PABX: 09666-410904	Md. Mafizul Islam Khokon, FAVP Ph: 01985700486,01755583993 Email: mafizul.islam@midlandbankbd.net PBX: 09666-410904 Ext.904-486
5	Panchar Branch	Dia-Moni Plaza (1st floor), Panchar, Shibchar, Madaripur Email: hob.panchar@midlandbankbd.net PABX: 09666-410905	Md. Asif Iqbal, EO Ph: 01985700305,01713481696 Email: asif.iqbal@midlandbankbd.net PBX: 09666-410905 Ext.905-305
6	Uttara Branch	ABC Heritage (Ground floor) Plot 2 & 4, Jashim Uddin Avenue, Sector 3, Uttara, Dhaka 1230 Email: hob.uttara@midlandbankbd.net PABX: 09666-410906	Mr. Md. Shakhawat Hossain, AVP Ph: +8801985700047, 01717667203 Email: shakhawat.hossain@midlandbankbd.net PBX: 09666-410906 Ext.906-047
7	Aganagar Branch	Maksuda Garden City (2nd floor), Aganagar, South Keranigonj, Dhaka Email: hob.aganagar@midlandbankbd.net PABX: 09666-410907	Md. Shagedur Rahman, SEO Ph: 01985700331,01717018502 Email: shagedur.rahman@midlandbankbd.net PBX: 09666-410907 Ext.907-331
8	Dhanmondi Branch	Green Rowshanara Tower (2nd Floor), House# 755(Old), 55(New), Satmasjid Road, Dhanmondi, Dhaka 1205 Email: hob.dhanmondi@midlandbankbd.net PABX: 09666-410908	Mr. A.H.M. Gazzali, FAVP Ph: 01985700483, 01711058469 Email: ahm.gazzali@midlandbankbd.net PBX: 09666-410908 Ext.908-483
9	Hemayetpur Branch	Ayesha Tower (1st Floor), 522 Singair Road, Hemayetpur, Savar, Dhaka Email:hob.hemayetpur@midlandbankbd.net PABX: 09666-410909	Mr. Md. Abdullah, JAVP Ph: 01985700541,01956685532 Email: md.abdullah@midlandbankbd.net PBX: 09666-410909 Ext.909-541
10	Zirabo Branch	Razzak Commercial Complex, Zirabo, Ashulia, Savar, Dhaka Email: hob.zirabo@midlandbankbd.net PABX: 09666-410910	Lutfor Rahman, FAVP Ph: 01985700443,01612031128 Email: l.rahman@midlandbankbd.net PBX: 09666-410910 Ext.910-443

MDB Service Network (Branch)

Sl.	Branch Name	Address	Branch Manager
11	Gulshan Branch	NB Tower, Level 5, 40/7 North Avenue, Gulshan 2, Dhaka 1212 Email: hob.gulshan@midlandbankbd.net PABX: 09666-410911	Md. Rashed Akter, VP Ph: 01985700357,01841939394 Email: rashed.akter@midlandbankbd.net PBX: 09666-410911 Ext.911-357
12	Panchrukhi Branch	Panchrukhi Bazar, Araihajar, Narayanganj Email: hob.panchrukhi@midlandbankbd.net PABX: 09666-410912	Md. Nazmul Haque, FAVP Ph: 01985700308, 01712752405 Email: md.nazmulhaque@midlandbankbd.net PBX: 09666-410912 Ext.912-308
13	Kamarpara Branch	JomJom Tower Kamarpara School Road, Dhaka Email: hob.kamarpara@midlandbankbd.net PABX: 09666-410913	Rashid-Un-Nabi, JAVP Ph: 01985700193,01611183896 Email: rashid.nabi@midlandbankbd.net PBX: 09666-410913 Ext.913-193
14	Narsingdi Branch	Helal Tower, First & second floor, 211 Shahid Shorwadi Park Road, Narshingdi Email: hob.narsingdi@midlandbankbd.net PABX: 09666-410914	Mohammad Faruq Ur Rahman, FAVP Ph: 01985700307,01715186240 Email: faruq.rahman@midlandbankbd.net PBX: 09666-410914 Ext.914-307
15	Narayanganj Branch	55/A, Ground Floor, Tanbazar, Narayanganj Email: hob.narayanganj@midlandbankbd.net PABX: 09666-410915	Mr. Mostofa Maynul Hasan, SAVP Ph: +8801985700057,01914064738 Email: mostofa.maynul@midlandbankbd.net PBX: 09666-410915 Ext.915-057
16	Valuka Branch	Jamirdia, Masterbari, Valuka, Mymensingh Email: hob.valuka@midlandbankbd.net PABX: 09666-410916	Abu Sayed Mohammad Zakaria Khan, JAVP Ph 01985700687,01715281296 Email: zakaria.khan@midlandbankbd.net PBX: 09666-410916 Ext.916-687
17	CDA Avenue Branch	EVE's Centre (1st floor) A 1/47 P, East Nasirabad, Panchlaish, Chattogram Email: hob.cda@midlandbankbd.net PABX: 09666-410917	Syed Mohammed Omar, AVP Ph: 01985700355, 01819863857 Email: syedmohammed.omar@midlandbankbd.net PBX: 09666-410917 Ext.917-355
18	Mokamtola Branch	Majeda Plaza (1st floor), Talukdar Market, Mokamtola, Shibganj, Bogra Email: hob.mokamtola@midlandbankbd.net PABX: 09666-410918	Md. Rezaul Huq, FAVP Phone: 01985700269,01718527925 Email: rezaul.huq@midlandbankbd.net PBX: 09666-410918 Ext.918-269
19	Chowdhuryhat Branch	Abdul Rashid Market (1st & 2nd floor) Chowdhuryhat , Hat Hajari, Chattogram Email: hob.chowdhuryhat@midlandbankbd.net PABX: 09666-410919	Milton Chowdhury, FAVP Ph : 01985700891, 01755583984 Email: milton.chowdhury@midlandbankbd.net PBX: 09666-410919 Ext.919-891
20	Bogura Branch	Amicus Plaza, 1st floor, Shahid Abdul Jabbar Sarak, Joleshwari Tola, Bogura Email: hob.bogra@midlandbankbd.net PABX: 09666-410920	Md. Ahsan Habib, FAVP Ph: 01985700302,01711107239 Email: ahsan.habib@midlandbankbd.net PBX: 09666-410920 Ext.920-302

MDB Service Network (Branch)

Sl.	Branch Name	Address	Branch Manager
21	Dalal Bazar Branch	Montaz patwary Mansion (1st floor), Lakshmipur Sadar, Lakshmipur Email: hob.dalalbazar@midlandbankbd.net PABX: 09666-410921	Asaduzzaman Khan, FAVP Ph: 01985700461, 01708737900 Email: asaduzzaman.khan@midlandbankbd.net PBX: 09666-410921 Ext.921-461
22	Sylhet Branch	M.S Tower (1st Floor), Mirboxtola, Chowhatta, Sylhet Email: hob.sylhet@midlandbankbd.net PABX: 096 66 410 922	Ahbab Ahmed Jaigirder, AVP Phone: 01985700647,01717130877 Email: ahbab.jaigirder@midlandbankbd.net PBX: 09666-410922 Ext.922-647
23	Khulna Branch	Tayamun Centre (1st Floor), 181/1 Jessore Road, Khulna Email: hob.khulna@midlandbankbd.net PABX:096 66 410 923	Mr. Md. Arifuzzaman, JAVP Ph: +8801985700141,+8801710966955 Email: md.arifuzzaman@midlandbankbd.net PBX: 09666-410923 Ext.923-141
24	Sompara Bazar Branch	Islam Plaza (1st & 2nd Floor) School Road, Sompara Bazar Chatkhil, Noakhali Email: hob.sompara@midlandbankbd.net PABX:096 66 410 924	Md. Syful Alam, FAVP Ph: 01985700671,01912225850 Email: syful.alam@midlandbankbd.net PBX: 09666-410924 Ext.924-671
25	Paragram Branch	West Paragram Bazar, Nawabganj, Dhaka (Right side of Singair Road) Email: hob.paragram@midlandbankbd.net PABX:096 66 410 925	Md. Tahidul Amin Mojumder, FAVP Ph: 01985700697,01828058652 Email: tahidul.amin@midlandbankbd.net PBX: 09666-410925 Ext.925-697
26	Mirpur Branch	Hyperion Rose, Holding No-61/1-2, Block-B, Road No-4, Ward No-2,Section-12, Pallabi, Dhaka Email: hob.mirpur@midlandbankbd.net PABX: : 096 66 410 926	Sudipto Roy Chowdhury, AVP Phone: 01985700235,01713385170 Email: sudipto.roy@midlandbankbd.net PBX: 09666-410926 Ext.926-235
27	Foyla Bazar Branch	98/1 Haji Market, Bara Nawabpur, Faylabazar, Ujalkur, Rampal, Bagerhat Email: hob.foylabazar@midlandbankbd.net PABX: : 096 66 410 927	Kazi Mokarram Hossain, JAVP Phone: 01985700893, 01711380388 Email: mokarram.hossain@midlandbankbd.net PBX: 09666-410927 Ext.927-893
28	Maligram Branch	Vashra, Maligram, Deora, Bhanga, Faridpur Email: hob.maligram@midlandbankbd.net PABX: : 096 66 410 928	Abul Kalam, JAVP Ph: 01985700764, 01716479404 Email: abul.kalam@midlandbankbd.net PBX: 09666-410928 Ext.928-764
29	Rajshahi Branch	Rahamania Tower, Holding-57,58 & 60, Ganok Para, Station Road, Ward-12, P.S.-Boalia, Dist- Rajshahi Email: hob.rajshahi@midlandbankbd.net PABX: : 096 66 410 929	Mr. Kudrat-E-Khoda Md. Samiul Karim, SAVP Phone: 01711951247, Email: samiul.karim@midlandbankbd.net PBX: 09666-410929 Ext.929-312
30	Islampur Branch	Emon Tower, Holding-61, Islampur Road, Ward-36, P.S.-Kotowali, Dist- Dhaka Email: hob.islampur@midlandbankbd.net PABX: : 096 66 410 930	Ha-Mim Muhammad Molla, AVP Ph: 01985700527, 01712611775 Email: muhammad.molla@midlandbankbd.net PBX: 09666-410930 Ext.930-527

MDB Service Network (Branch)

Sl.	Branch Name	Address	Branch Manager
31	Shashongacha Branch	Meem Tower, Shashongacha, Adarsha Sadar, Cumilla, Email: hob.shashongacha@midlandbankbd.net, PABX: +(88) 096 66 410 931 / +(88) 096 11 410 931	Mahamudul Hasan, FAVP Ph: 01985700974,01717910524 Email: mahamudul.h@midlandbankbd.net PBX: 09666-410931 Ext.931-974
32	Bheramara Branch	Godown Moor Bheramara Highway, Kushtia, Email: hob.bheramara@midlandbankbd.net PABX : +(88) 096 66 410 932 / +(88) 096 11 410 932	K.M. Shafiqur Rahman, JAVP Ph: 01985700619,01941222424 Email: shafiqur.rahman@midlandbankbd.net PBX: 09666-410932 Ext.932-619
33	Doshmile Branch	Hossain Monzil, East Sadipur Doshmile, Dinajpur Email: hob.doshmile@midlandbankbd.net PABX: +(88) 096 66 410 933 / +(88) 096 11 410 933	Md. Munir Uddin, SEO Ph: 01985700433,01842205051 Email: munir.uddin@midlandbankbd.net PBX: 09666-410933 Ext.933-433

MDB Service Network (Sub-Branch)

Sl.	Branch Name	Address	Manager, Sub-Branch
1	Madhabdi Sub-Branch	Madhabdi Pourashava office Bhaban, Madhabdi, Narsingdi	Monir Hossain, SEO - Cash Phone: 01985700251, 01611099977 Email: monir.hossain@midlandbankbd.net PBX: 09666-410914 Ext.914-251
2	Lakshmipur Sub-Branch	R.S Tower, Hospital Road, Sador Lakshmipur	G.M Bakibillah, EO Phone: 01985700979, 01724896617 Email: monir.hossain@midlandbankbd.net

MDB Service Network (Collection Booths)

Sl.	Name of Collection Booth	Address	Assigned Officer
1	BRTA Collection Booth	DC Office, Bogra	Md. Ahsan Habib, FAVP Phone: 01985700302, 01711107239 Email: ahsan.habib@midlandbankbd.net PABX: 09666-410920, Ext.920-302
2	Southeast University Fees Collection Booth-1	251/A & amp; 252, Tejgaon I/A, Dhaka-1215	Md. Ibrahim Khalil, AVP Phone: 01985700045, 01711106643 Email: ibrahim.khalil@midlandbankbd.net PABX: 09666-410902, Ext.902-045
3	Fees Collection Booth	Narsingdi Powrashava	Mohammad Faruq Ur Rahman, FAVP Phone: 01985700307, 01715186240 Email: faruq.rahman@midlandbankbd.net PABX: 09666-410914, Ext.914-307
4	Southeast University Fees Collection Booth-2	House # 64, Road # 18, Block-3, Banani, Dhaka-1213.	Md. Ibrahim Khalil, AVP Phone: 01985700045, 01711106643 Email: ibrahim.khalil@midlandbankbd.net PABX: 09666-410902, Ext.902-045
5	REB Collection Booth	Mokamtola	Md. Rezaul Huq, FAVP Phone: 01985700269, 01718527925 Email: rezaul.huq@midlandbankbd.net PABX: 09666-410918, Ext.918-269
6	REB Collection Booth	Bogura	Md. Ahsan Habib, FAVP Phone: 01985700302, 01711107239 Email: ahsan.habib@midlandbankbd.net PABX: 09666-410920, Ext.920-302

Agent Banking Centres

Sl.	Name of Agent	Sl.	Name of Agent
1	MDB Tarabo Agent Banking Centre Agent: United Social Human Advancement (USHA) Foundation Dighi Borabo, Jatramura, Upazilla: Rupganj District: Narayanganj Email: ushafoundation047@Gmail.Com Mobile: 01932299501	9	MDB Betila Agent Banking Centre Agent: Mehjabin Traders Vill: Palora Bazar, Union: Betila-Mitora Upazilla: Manikganj sadar,District: Manikganj Email: sumonahmed270@gmail.com Mobile: 01715743856
2	MDB Bajitpur Bazar Agent Banking Centre Agent: Society For Family Happiness And Prosperity (FHP) Haji Elias Road, Bajitpur Bazar, Upazilla: Bajitpur District: Kishoregonj Email: fhp_society@yahoo.com Mobile: 01733063357	10	MDB Dholla Bazar Agent Banking Centre Agent: VILLAGE ASSOCIATION FOR SOCIAL DEVELOPMENT (VASD) Vill: Dholla, Union: Dholla, Upazilla: Shingair District: Manikganj Email: vasd1995@yahoo.com Mobile: 01912034642
3	MDB Mostail Bazar Agent Banking Centre Agent: M/S. Robin Traders Mostail Bazar, Joka, Union: 7no. khotta Para Union, Upazilla: Shahjahanpur, District: Bogura Email: mostailbazarmdbagent@gmail.com Mobile: 01716509522	11	MDB Kodomtala Agent Banking Centre Agent: Sarker Apparels Food & Trading Limited 65/3, KODOMTOLA, BASABO P.S: SABUJBAG, District: Dhaka Email: sarkercompanies@gmail.com Mobile: 01753655430
4	MDB Moshipur Bazar Agent Banking Centre Agent: M/S. Mozaddediya Entreprise Moshipur Bazar, Moshipur, Union: Garadho Union, Upazilla: Shahjadpur, District: Sirajganj Email: iqbalmipmdb@gmail.com Mobile: 01725487885	12	MDB Tearyganj Bazar Agent Banking Centre Agent: M.B Automobiles Vill: Puraton Tearyganj, Union: 19 No Tearyganj Union, Upazilla: Lakshmipur Sadar, District: Lakshmipur Email: masudur017@gmail.com Mobile: 01741882854
5	MDB Dhunot Bazar Agent Banking Centre Agent: M/S. Prapti Dairy Farm Dhunot Bazar, Dhunat Officer Para, Upazilla: Dhunat, District: Bogura Email: mdbdhunotbazar@gmail.com Mobile: 01755574168	13	MDB Jumarbari Bazar Agent Banking Centre Agent: Ogrozatra Private Limited Vill: Jumarbari, Union: 8 No Jumarbari Union Upazilla: Saghata, District: Gaibandha Email: jdarsns@gmail.com Mobile: 01799485217
6	MDB Torabganj Agent Banking Centre Agent: Coastal Association for Social Transformation (COAST) Trust Vill: Tarabganj, Union: 9 No.Tarabganj Union Upazilla: Kamalnagar, District: Laxmipur Email: iinfo@coastbd.org Mobile: 01711529792	14	MDB Oddirgola Bazar Agent Banking Centre Agent: MASTER & SONS Vill: Bujorgadhama, Union: 2 No. Sabgram Union Upazilla: Bogura Sadar, District: Bogura Email: alronpublicschool@gmail.com Mobile: 01740929769
7	MDB Guzia Bazar Agent Banking Centre Agent: Deshbondhu Solar and Electronics Vill: Guzia, Union: 8 no Shibganj Sadar Union Upazilla: Shibganj, District: Bogura Email: amdzahanggiralam259@gmail.com Mobile: 01957786427	15	MDB Sonahata Bazar Agent Banking Centre Agent: M/S Forid Traders Vill: Sonahata Bazar, Union: Nimgachi Upazilla: Dhunot, District: Bogura Email: fi847922@gmail.com Mobile: 01781372544
8	MDB Lobonchora Agent Banking Centre Agent: M/S Zahid Enterprise 48/01 Lobonchora Nodir Tir, Upazilla: Khulna Sadar, District: Khulna Email: zahident1979@gmail.com Mobile: 01711874955	16	MDB Narayanpur Bazar Agent Banking Centre Agent: M/S K.H Enterprise Vill: Narayanpur, Union: Narayanpur Union Upazilla: Belabo, District: Narshingdi Email: khenterprise75@gmail.com Mobile: 01712922140

Agent Banking Centres

Sl.	Name of Agent	Sl.	Name of Agent
17	MDB Lemubari Notun Hat Agent Banking Centre Agent: Mehjabin Traders Vill: Lemubari Notun Hat, Balirtek Road, Union: Betila-Mitora, Upazilla: Manikganj Sadar District: Manikganj Email: sumonahmed270@gmail.com Mobile: 01715743856	25	MDB Chander Char Bazar Agent Banking Centre Agent: Ma Enterprise Vill: Chander Char Bazar, Union: Umedpur Upazilla: Shibchor, District: Madaripur Email: fi847922@gmail.com Mobile: 01781372544
18	18. MDB Amtoli Bazar Agent Banking Centre Agent: Deshbondhu Solar and Electronics Vill: Amtoli, Union: 8 no Shibganj Sadar Union Upazilla: Shibganj, District: Bogura Email: amdzahanggiralam259@gmail.com Mobile: 01957786427	26	MDB Shibchar Bazar Agent Banking Centre Agent: Wali Enterprise Vill: Shibchor Bazar, Union: Nimgachi Upazilla: Shibchor, District: Madaripur Email: fi847922@gmail.com Mobile: 01781372544
19	MDB Shinger chor Agent Banking Centre Agent: Raju Poultry Firm Vill: Shingher Chor, Union: Belfulia Upazilla: Rupsha, District: Khulna Email: eee.rayhan@gmail.com Mobile: 01711840936	27	MDB Hosen Market Agent Banking Centre Agent: M/S Shiza Enterprise 58 Shajuddin Sorker Road, Hosen Market, Tongi, Gazipur Email: msshizaenterprise@gmail.com Mobile: 01719180681
20	.MDB Rahimnagar Agent Banking Centre Agent: Raju Poultry Firm Vill: Rahimnagar, Union: Noihati Upazilla: Rupsha, District: Khulna Email: eee.rayhan@gmail.com Mobile: 01711840936	28	MDB Kalma Bazar Agent Banking Centre Agent: Z. R Corporation 01 No. Kalma Bazar, Savar, Dhaka. Email: abuzafor.prime@gmail.com Mobile: 01700711549
21	MDB Churkhai Bazar Agent Banking Centre Agent: M/S Shikder Fisheries Vill: Churkhai Bazar, Union: 12 No. vhabkhali Upazilla: Kotwali, District: Mymensing Email: ahadullah7@gmail.com Mobile: 0161224839	29	MDB Siddique Bazar Agent Banking Centre Agent: Sowrov Traders 37 Siddique Bazar Thana: Bongshal, District: Dhaka Email: sowrovtraders@gmail.com Mobile: 01911340868
22	MDB Shamvuganj Bazar Agent Banking Centre Agent: M/S Shikder Fisheries Vill: Shamvuganj Bazar, Union: Shamvuganj Upazilla: Mymensing Sadar, District: Mymensing Email: ahadullah7@gmail.com Mobile: 0161224839	30	MDB Kundugram Agent Banking Centre Agent: Tonoya Traders Vill: Kundugram, Union: Kundugram Upazilla: Adamdighi, District: Bogura Email: tahmid111rahaman@gmail.com Mobile: 01711504559, 01302310170
23	MDB Malumghat Bazar Agent Banking Centre Agent: BASTOB-Initiative For People's Self-Development Vill: Malumghat Bazar, Union: Dulahazra Upazilla: Chokoria, District: Cox's Bazar Email: bastobbangladesh@gmail.com Mobile: 01713004009	31	MDB Kashore Agent Banking Centre Agent: Gazi Agro Farm Vill: Kashore, Union: Habirbari Upazilla: Valuka, District: Mymensingh Email: Mobile: 01715100594, 01915436863
24	MDB Fotehpur Bazar Agent Banking Centre Agent: Janani Traders Vill: Fotehpur Bazar, Union: Chandhor Upazilla: Shingair, District: Manikganj Email: delowarm52@gmail.com Mobile: 01771519880	32	MDB Chaksree Bazar Agent Banking Centre Agent: Maysha Enterprise Vill: Chaksree Bazar, Union: Dakkhin Khanpur Upazilla: Bagerhat Sadar, District: Bagerhat Email: midlandbankskmiron2019@gmail.com Mobile: 01717745512, 01934142682

Agent Banking Centres

Sl.	Name of Agent	Sl.	Name of Agent
33	MDB Chandrapara Bazar Agent Banking Centre Agent: Yes Engineering & Technology Vill: Chandrapara Bazar, Union: Chandrapara Upazilla: Sadarpur, District: Faridpur Email: infopftrade@gmail.com Mobile: 01832363937	40	MDB Atapara Bazar Agent Banking Centre Agent: R N Enterprise Vill: Atapara Bazar, Union: Sonarai Upazilla: Gabtoli, District: Bogura Email: rnenterprise1975@gmail.com Mobile: 01790944109, 01713749404
34	MDB Shahorail Bazar Agent Banking Centre Agent: Bhai Bhai Garage Vill: Shahorail Bazar, Union: Shaesta Upazilla: Singair, District: Manikganj Email: fahad.alom14@gmail.com Mobile: 01715114516	41	MDB Baliyahati Bazar Agent Banking Centre Agent: Mahi Enterprise Vill: Baliyahati Bazar, Union: Chandra Upazilla: Bhanga, District: Faridpur Email: ah_masud85@yahoo.com Mobile: 01747908267
35	MDB Olipura Bazar Agent Banking Centre Agent: Mohima Printing Shilpa Unit Vill: Kazhordi, Olipura Bazar, Union: Sadipur Upazilla: Sonargaon, District: Narayanganj Email: nurulhaquemiah350@gmail.com Mobile: 01710876938	42	MDB Mohimaganj Bazar Agent Banking Centre Agent: M/S. Bornomala Vill: Mohimaganj Bazar, Union: Mohimaganj Upazilla: Gobindaganj, District: Gaibandha Email: manjur.habib@gmail.com Mobile: 01711411653
36	MDB Nama Genda Bazar Agent Banking Centre Agent: Bismillah Hardware Vill: Nama Genda Bazar, Union: Savar Sadar, Upazilla: Savar, District: Dhaka Email: Mobile: 01749466936	43	MDB Paril Bazar Agent Banking Centre Agent: M/S. Roni Enterprise Vill: Paril Bazar, Union: Boldhara Upazilla: Singair, District: Manikganj Email: mdamin.ruhul1960@gmail.com Mobile: 01716617730
37	MDB Jhaturdia Bazar Agent Banking Centre Agent: Mandol Hardware Vill: Jhaturdia Bazar, Union: Kaichail Upazilla: Nagarkanda District: Faridpur Email: alokmandol1981@gmail.com Mobile: 01735997389	44	MDB Sonadanga Agent Banking Centre Agent: Population Crisis Control & Mass Education Committee House: 180, Road: 12, Sonadanga Khulna City Corporation, Thana: Sonadanga, District: Khulna Email: ed@pccandmec.com Mobile: 01728299999
38	MDB ECB Chattar Agent Banking Centre Agent: Tracer Service Limited 134/3, Matikata, ECB Chattar Road Thana: Dhaka Cantonment, District: Dhaka Email: tracer.com.bd@gmail.com Mobile: 01780161150	45	MDB Altafnagar Bazar Agent Banking Centre Agent: Zahanara Agro International Vill: Altafnagar Bazar, Union: Altafnagar Upazilla: Dupchachia, District: Bogura Email: sawnirvorbogra@gmail.com Mobile: 01726496800
39	MDB Kagail Bazar Agent Banking Centre Agent: Durjoy Medical Store Vill: Kagail Bazar, Union: Kagail Upazilla: Gabtoli District: Bogura Email: durjoy2080@gmail.com Mobile: 01717623083	46	MDB Rameshwarpur Bazar Agent Banking Centre Agent: M/S. Easrat Koushik Traders Vill: Rameshwarpur Bazar, Union: Pirgacha Upazilla: Gabtoli District: Bogura Email: israfilhossan7120@gmail.com Mobile: 01729404801, 01868244694

ATM/Fast Track

Sl.	ATM/Fast Track Name	ATM/Fast Track Address	Supervisory bank branch name
1	Onsite ATM-Agrabad Branch	As-Salam Tower (1st Floor), 57, Agrabad C/A, Chattogram	Agrabad Branch
2	Onsite ATM-CDA Avenue Branch	EVE's Centre (1st floor) A 1/47 P, East Nasirabad, Panchlaish, Chattogram	CDA Avenue Branch
3	Onsite ATM-Chowdhuryhat Branch	Abdul Rashid Market (1st & 2nd floor) Chowdhuryhat , Hat Hajari, Chattogram	Chowdhuryhat Branch
4	Onsite ATM-Dalal Bazar Branch	Montaz patwary Mansion (1st floor), Lakshmipur Sadar, Lakshmipur	Dalal Bazar Branch
5	Onsite ATM-Sompara Bazar Branch	Islam Plaza (1st & 2nd Floor), School Road, Sompara Bazar, Chatkhil, Noakhali	Sompara Bazar
6	Onsite ATM-Aganagar Branch	Maksuda Garden City (2nd Floor), Aganagar, South Keranigonj, Dhaka	Aganagar Branch
7	Onsite ATM-Dhanmondi Branch	Taj Lili Green (1st Floor), House# 751(Old), 51(New), Satmasjid Road, Dhanmondi, Dhaka	Dhanmondi Branch
8	Onsite ATM-Gulshan Branch	NB Tower, Level-5, 40/7 North Avenue, Gulshan-2, Dhaka-1212	Gulshan Branch
9	Onsite ATM-Hemayetpur Branch	Diamond Tower (1st Floor), Hemayetpur, Singair Road, Savar, Dhaka	Hemayetpur Branch
10	Onsite ATM-Kamarpara Branch	JomJom Tower, Kamarpara School Road, Turag, Dhaka	Kamarpara Branch
11	Onsite ATM-Maligram Branch	Vashra, Maligram, Deora, Bhanga, Faridpur	Maligram Branch
12	Onsite ATM-Mirpur Branch	Hyperion Rose, Holding No-61/1-2, Block-B, Road No-4, Ward No-2,Section-12, Pallabi, Dhaka	Mirpur Branch
13	Onsite ATM-Mirzapur Bazar Branch	Mannan Plaza (1st Floor), Mirzapur Bazar, Bhawal, Mirzapur Sadar, Gazipur	Mirzapur Bazar Branch
14	Onsite ATM-Narayanganj Branch	55/A, Ground Floor, Tanbazar, Narayanganj.	Narayanganj Branch
15	Onsite ATM-Narshingdi Branch	Helal Tower, First & second floor, 211 Shahid Shorwadi Park Road, Narshingdi	Narshingdi Branch
16	Onsite ATM-Panchar Branch	Dia-Moni Plaza (1st Floor), Panchar, Shibchar, Madaripur	Panchar Branch
17	Onsite ATM-Panchrukhi Branch	Panchrukhi Bazar, Araihajar, Narayanganj	Panchrukhi Branch
18	Onsite ATM-Paragram Branch	West Paragram Bazar, Nawabganj, Dhaka (Right side of Singair Road)	Paragram Branch
19	Onsite ATM-Banani Branch	Plot No.106, Road No.11, Banani, Dhaka	Banani Branch
20	Onsite ATM-Uttara Branch	ABC Heritage (Ground Floor), Plot 2 & 4, Sector 3, Jashimuddin Avenue, Uttara Model Town, Dhaka	Uttara Branch
21	Onsite ATM-Valuka Branch	Jamirdia, Masterbari, Valuka, Mymensingh	Valuka Branch
22	Onsite ATM-Zirabo Branch	Razzak Commercial Complex, Zirabo, Ashulia, Savar, Dhaka	Zirabo Branch
23	Onsite ATM-Foyla Bazar Branch	98/1 Haji Market, Bara Nawabpur, Faylabazar, Ujalkur, Rampal, Bagerhat	Foyla Bazar Branch
24	Onsite ATM-Khulna Branch	Tayamun Centre (1st Floor), 181/1 Jessore Road, Khulna	Khulna Branch
25	Onsite ATM-Bogra Branch	Amicus Plaza, 1st floor, Shahid Abdul Jabbar Sarak, Joleshwaritola, Bogura	Bogra Branch
26	Onsite ATM-Mokamtola Branch	Majeda Plaza (1st floor), Talukdar Market, Mokamtola, Shibganj, Bogura	Mokamtola Branch
27	Onsite ATM-Sylhet Branch	M.S Tower (1st Floor), Mirboxtola, Chowhatta, Sylhe	Sylhet Branch
28	Offsite ATM-Amanat Shah	Hazrat Amanat Shah Spining Mills Ltd., Vatara, Panchdona, Narshingdi	Narshingdi Branch
29	Offsite ATM-Amtranet Savar	Amtranet Limited, Kasba Tower, Rajashon Industrial Area, Savar, Dhaka	Hemayetpur Branch
30	Offsite ATM-Amtranet Tongi	Amtranet- Maa Tower, KBM Road, Tonji Industrial Area, Gazipur	Uttara Branch
31	Onsite ATM-Rajshai Branch	Rahamania Tower, Holding-57,58 & 60, Ganok Para, Station Road, Ward-12, P.S.-Boalia, Dist- Rajshahi	Rajshahi Branch
32	Onsite ATM-Islampur Branch	Emon Tower, Holding-61, Islampur Road, Ward-36, P.S.-Kotowali, Dist- Dhaka	Islampur Branch
33	Dilkusha Corporate Branch NCR ATM	Chini Shilpa Bhaban, 3 Dilkusha, Motijheel C/A,Dhaka- 1000.	Dilkusha Corporate Branch
34	Banking Booth, Madhabdi NCR ATM	Madhabdi Pouroshava Building, Narsingdi.	Narshingdi Branch
35	Shashongacha Branch NCR ATM	Meem Tower (1st Floor), Shashongacha, Adarsha Sadar, Thana: Kotowali Model, Cumilla	Shashongacha Branch
36	Bheramara Branch NCR ATM	Godown Moor, Bheramara Highway, Kushtia	Bheramara Branch
37	Dosh Mile Branch NCR ATM	Hossain Monzil, East Sadipur, Doshmile, Kaharol, Dinajpur-5200	Dosh Mile Branch
38	Lakshmipur Sub Branch NCR ATM	R.S Tower, Hospital Road, Lakshmipur Sadar, Lakshmipur.	Lakshmipur Sub Branch



Head Office: N.B. Tower (Level: 6 to 9), 40/7 North Avenue, Gulshan 2, Dhaka 1212, Bangladesh
PABX: (+88) 09666 410 999, Fax: (+88) 02 883 7735, SWIFT: MDBLBDDH
Email: info@midlandbankbd.net, Web: www.midlandbankbd.net
Contact Centre: 16596, (+88) 096 170 16596, (+88) 096 110 16596