

# ANNUAL REPORT | 2020



# Letter of Transmittal

March 31, 2021

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, 2020**

We are pleased to enclose a copy of the Bank's Annual Report 2020, together with the Audited Financial Statements for the year ended December 31, 2020 for your kind information and record.

Thank you.

Sincerely,



Khalid Mohammad Sharif FCS  
Company Secretary



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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.

In the year 2020, MDB launched its Islami Banking Window "MDB Saalam" on 23 April 2020 after getting approval from Bangladesh Bank and within the short time break Deposit stood at BDT 995.47 million, Investment stood at BDT 808.96 million and aggregated total assets stood at BDT 1,155.92 million. Therefore, the Islami Banking Window of the Bank registered net operating profit of BDT 284,453 at the end of 31 December 2020.

On the other hand, Off-shore Banking Unit (OBU) after getting approval from Bangladesh Bank launched of its operation on 20 June 2020 and as of 31 December 2020 total disbursed amount of loans stood at USD 11.61 million equivalent to BDT 984.89 million out of bill purchase and discounting facilities. During the period, OBU borrowed USD 11.00 million equivalent to BDT 932.80 million from Midland on-shore (DBU-Treasury). It is noteworthy to mention that from the very outset of launching, the OBU gathered business momentum and as on 31 December 2020, its operating profit reported to USD 32,448.00 equivalent to BDT 2.75 million.

MDB is presenting its 2020 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 2020 has seen that deposit accounts increased to 170,734 from 140,105 in 2019, loans/investments accounts increased to 4,468 from 4,099, net profit after tax grew by 17.75% to BDT 656.36 million from BDT 557.41 million in 2019 and total assets rose by 19.34% to BDT 63,145.97 million from BDT 52,911.16 million in 2019. Total deposits increased by 14.09% to BDT 45,067.57 million from BDT 39,500.76 million in 2019 and the loan portfolio increased by 23.11% to BDT 39,086.67 million from BDT 31,749.64 million in 2019. By and large, this was most successful on our part to post return on equities (ROE) rose to 8.96% from 8.24% in 2019, return on assets (ROA) increased to 1.13% from 1.05% in 2019 and earnings per share (EPS) also rose to BDT 1.15 against BDT 0.98 in 2019. At the year-end of 2020, shareholders' equity stood increased by 8.18% to BDT 7,613.97 million from BDT 7,038.36 million as at the balance sheet date. Bank's Capital to Risk Weighted Asset Ratio (CRAR) reduced to 17.44% against 21.13% in 2019 which stayed much above minimum required ceiling of 12.50% as per Basel-iii accord. Total deposits customer-base of MDB grew to 128,226 against 100,006 accounts in 2019 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 681 MSME entrepreneurs were extended BDT 5,924 million in loan as of 2020. 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, 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

<b>Name of the company:</b>	<b>Authorized capital:</b>	<b>Chairman:</b>
Midland Bank Limited (MDB)	BDT 10,000 million	Mrs. Nilufer Zafarullah
<b>Legal form:</b>	<b>Paid up capital:</b>	<b>Vice Chairman:</b>
Public Limited Company	BDT 5,696.70 million	Mr. Md. Shamsuzzaman
<b>Registered office:</b>	<b>Total Capital (Tier-i &amp; ii):</b>	<b>Managing Director &amp; CEO:</b>
N.B. Tower (Level 6 to 9), 40/7 North Avenue, Gulshan-2, Dhaka-1212	BDT 7,987.70 million	Mr. Md. Ahsan-uz Zaman
<b>Date of incorporation:</b>	<b>Total assets:</b>	<b>Deputy Managing Director:</b>
March 20, 2013	BDT 63,145.97 million	Mr. Md. Zahid Hossain
<b>Company registration:</b>	<b>Statutory reserves</b>	<b>Chief Risk Officer (CRO):</b>
C-108070/13	BDT 1,183.37 million	Mr. Md. Zahid Hossain
<b>Bangladesh Bank permission:</b>	<b>Capital to Risk Weighted Asset Ratio (CRAR):</b>	<b>Chief Financial Officer (CFO):</b>
BRPD (P-3)745(67)/2013-1665 April 09, 2013	17.44%	Mr. Md. Zahirul Islam, FCA
<b>Formal inauguration:</b>	<b>Earnings per share (EPS):</b>	<b>Company Secretary:</b>
June 20, 2013	BDT 1.15	Mr. Khalid Mohammad Sharif FCS
<b>Core banking activities:</b>	<b>Net asset value per share (NAV):</b>	<b>Head of Internal Control &amp; Compliance:</b>
All types of commercial banking activities (both conventional and islamic), Money market operations, Financial intermediary services and any related financial services	BDT 13.37	Mr. Mohammad Syejuddin Ahmmed
<b>Delivery channels:</b>	<b>Total Manpower:</b>	<b>Statutory Auditors:</b>
Branch-34, Sub-branch-07, Agent banking centre-66, Collection booth-07, ATM-44, Real-Time Online Banking, Internet Banking, SMS/Alert Banking, Debit/ Credit/ Prepaid Card with global access, Shared network across the country.	Employee: 650 (including 196 contractual)	A Qasem & Co. Chartered Accountants (Member firm of ECOVIS Bangladesh)
<b>Contact Centre:</b>	<b>Website:</b>	<b>Accounting Year-end:</b>
16596 (Short Code), (+88) 09617016596 and (+88) 09611016596	www.midlandbankbd.net	December 31

## Credit Rating: Credit Rating Agency of Bangladesh Limited (CRAB)

<b>Long Term</b>	<b>A2</b>	Bank's long term rating is "A2" which 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.
<b>Short Term</b>	<b>ST-2</b>	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.
<b>Outlook Status</b>	<b>Stable</b>	Bank's outlook status is "Stable" which 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 2020

Customers:	2020	2019
Total deposit accounts	170,734	135,998
Total advances and loans/investment accounts	4,468	4,107
Deposits	BDT 45,067.57 M	BDT 39,500.76 M
Interest paid to customers	BDT 2,748.19 M	BDT 2,983.90 M
Loans & advances/investments	BDT 39,086.67 M	BDT 31,749.64 M
Interest/profit on loans/investments	BDT 3,160.18 M	BDT 4,259.90 M
Investment in government securities	BDT 13,552.62 M	BDT 11,412.58 M
Income from investments	BDT 1,565.25 M	BDT 649.62 M

Shareholders:		
Profit after tax	BDT 656.36 M	BDT 557.40 M
Total assets	BDT 63,145.97 M	BDT 52,911.16 M
Shareholders' equity	BDT 7,613.97 M	BDT 7,038.36 M
Earnings per share (EPS)	BDT 1.15	BDT 0.98
Dividend payout	7.50% cash	6% cash

Employees:		
Total regular headcount	454	436
Total contractual headcount	196	196
Total staff cost	BDT 608.41 M	BDT 547.92 M
Operating profit	BDT 1,217.83 M	BDT 1,268.52 M
Talent development training hours	1,200 hrs (approx.)	4,700 hrs (approx.)
Per employee operating profit	2.68 M	2.91 M
Per employee profit after tax	1.45 M	1.28 M

Government Institutions:		
Tax paid to Government	BDT 931.00 M	BDT 937.00 M
Tax collected on behalf of government	BDT 480.00 M	BDT 489.00 M
Excise duty collected on behalf of government	BDT 74.00 M	BDT 57.00 M

Business partners:		
Commission, exchange & fees	BDT 276.58 M	BDT 321.05 M
Payment to service providers	BDT 438 M	BDT 407 M
No. of correspondent banks (RMA)	122	122
Business partnership signed	73 Deals	22 Deals

Community:		
CSR/Donation	BDT 12.5 M	BDT 2.5 M
Internet customers (midland online)	22,575	6,216
Refinance to SME, Agri, Women and green finance	152.27 M	161.78 M
Utility bill collection	8,670 M	7,641 M
Call received by call centre	69,696	53,946
Service points	01	01
SMS alert a/c	107,472	86,680

**Deposits grew**  
to BDT 45,067.57 M  
from BDT 39,500.76 M  
(14.09% ahead)

**Loans &  
Advances grew** to  
BDT 39,086.67 M from  
BDT 31,749.64 M  
(23.11% ahead)

**Total Assets  
grew** to BDT 63,145.97  
M from BDT 52,911.16 M  
(19.34% ahead)

## Performance Dashboard 2020

Volume Growth

**Profit after tax  
increased** to BDT  
656.36 M from BDT  
557.40 M (17.75%  
ahead)

**Operating profit  
Reduced** to BDT  
1,217.83 M from 1,268.52  
M (decreased by  
4.00%)

**Earnings Per  
Share** (EPS) increased  
to BDT 1.15 from BDT  
0.98 (17.35% ahead)

**Shareholders' Equity** grew to BDT 7,613.97 M from BDT 7,038.36 M (8.18% ahead)

**Return on Equity (ROE)** increased to 8.96% from 8.24% (Up by 0.72%)

**Return on Asset (ROA)** increased to 1.13% from 1.05% (Up by 0.08%)

**Capital to Risk Weighted Assets Ratio (CRAR)** decreased to 17.44% from 21.13% (3.69% behind)

**Net Assets Value per share** grew to BDT 13.37 from 12.36 (Up by 1.01%)

**NPL Ratio** reduced to 1.16% from 2.64% (decreased by 1.48%)

## Performance Dashboard 2020

Volume Growth



## Vision & Mission



### Vision

We very earnestly intend to be one of the most preferred financial service providers in all respects, where trust and confidence that our stakeholders specially our depositors reposed on us shall remain high on our agenda with impeccable commitment.

### Mission

We, in our everyday journey forward, nurture and practice the following values supporting our mission:

- To remain relentless in our efforts to ensure quality service to our wide base of clienteles.
- Our corporate slogan stipulated as inclusive growth will be the guiding force in delivering our services across different segments of our socio-economic actors.
- To be a tech-savvy financial institution with focus on adoption of cutting-edge fin-tech.
- We want to remain on the learning curve and always endeavor to adapt with the changes as coming to the fore.
- To create exemplary benchmark of compliance on all regulatory and prudential issues related to core areas of our banking operations as well as on the aspect of corporate governance.
- To create incremental value worth of the precious investments made by our respected shareholders.
- To prove ourselves a socially responsible corporate entity with renewed focus on sustainable growth.
- To ensure maximum extent of transparency and disclosures on all financial and non-financial matters thereby ensuring our accountability on best efforts basis.



# Corporate Values



## Customer Centric Approach

- Our growth paradigm is definitely embedded with our constituents/customers.
- Upgradation of our professional efficiency is never ending/continuous process.
- Delivering not only financial services rather providing of financial solution(s) is our strength.

## Quality

- No compromise on quality of service and always remain vigilant to meet customer expectation(s).
- Adoption of innovative measures / thinking out of the box is our strategic direction.
- Believing in team spirit and coherently work among divisions to deliver fastest service.
- We value sustainability over profitability.

## Mutual Respect

- We strongly believe in quality of our treatment and any kind of discrimination is beyond our periphery.
- We reward achievers and at the same time inspire who falls behind to win in future.

## Integrity

- Integrity is in core of the bank and under no circumstances, Midland Bank remains ethical with respect to treating internal and external customers.
- We welcome and value every single customer irrespective their business volume.

## Building the Future

- We believe in sustainable growth with a view to our part of consideration to present a better tomorrow for our posterity.
- We believe in green practice and commitment bound to make its reflection in our practices.
- We believe in fraternity of relationships with all in our interactions as a financial intermediary.



## Strategic Goals

### Will remain the same like previous year

Strategic goals by definition is fixed from the long term perspectives where direction is fixed based on where we are and where we intend to reach. In formulation of our strategic goals we give renewed focus on sustainability factor and firmly believe in consolidated growth and thereby building up sound institutional foundation. We firmly believe that sound institutional foundation helps to grow with resilience enabling us to tackle the consequences of predictable and unpredictable headwinds in our path of journey. Our strategic goals underpinning the factors as enunciated below will get overriding importance.

### Capital Strength

We always want to remain steadfast to reinforce capital base of the bank as capital itself infuses strength to weather any predictable or unpredictable adverse situation that may arise at any point of time. The adverse situation may originate from externalities or internally in our operational processes but in all situations we intend to take preemptive measures towards restraining the capital erosion. As a matter of policy priority we emphasis on generation capital out of our own financial performance towards providing sound and sustainable shape of our core capital base.

### Optimization of profitability

We want to explore all available avenues towards expansion of our business portfolio with determination not to compromise with the quality of risk assets with the motto that the profit centers of today should not turn out to be a losing one tomorrow. At the same time, we prioritize optimization of our profitability through the best possible utilization of our limited resources by ensuring maximum extent of cost efficiency in all our operational areas and cost will not turn out to be sunk cost rather today's cost components to be proved as worthy investment for tomorrow.

### Risk Mitigation

In common parlance, banking is the business of risk. In this case we always prefer to address the risk issues with all professional zeal is to identification, measurement and controlling of risks in the right perspective. In this endeavor, we always intend to make best possible trade off within risk and return as we don't want to be a risk averse rather want to be a good risk taker with a view to produce quality credit portfolio.

### Innovative Banking

In the face of emerging competitive scenario, we are required to make strategic adjustment in our mainstream operations and in this case innovative approach is only the better option to curve our position as a good competitor in the steeply competitive market environment.

### Business Diversification

We believe concentration risk is a critically important factor to address as it poses sometimes a risk factor of high magnitude. So in course of our doing business we always intend to mitigate the concentration risk by diversification of our core business portfolio across the borrowers, groups, businesses and sectors at large, by defining our risk appetites on different frontiers.

### Formation of Human Capital

We strongly believe human capital is no less important than monetary capital so we prioritize to build up sound professional manpower considering our present and emerging requirements. We also attach importance on motivational aspects to exact best possible performance output by unleashing the potentialities of employees on our pay roll.



## Customer Charter

- We have a commitment to the customers to build long-term beneficial relationship based on mutual respect, pursuit of excellence and integrity.
- We appreciate customers' needs and demands in the right perspective and remain constantly well aware of their needs of services and our ability to deliver.
- 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 for customers' comfort and put a grievance redress system in place to mitigate their complaints.
- If there is any disagreement, we step forward to seek a speedy and equitable solutions 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 of 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 2020

- 16-Jan-2020 ▶ Midland Bank formally inaugurates it's relocated Hemayetpur Branch at Hemayetpur, savar
- 19-Jan-2020 ▶ Midland Bank opens Shashongacha Branch at Cumilla
- 23-Jan-2020 ▶ 3rd Anniversary of MDB Agent Banking Division
- 2-Feb-2020 ▶ Midland Bank opens Bheramara Branch at Kushtia
- 9-Feb-2020 ▶ Midland Bank opens Doshmile Branch at Dinajpur
- 1-Mar-2020 ▶ Branch Manager's conference 2020 of Midland Bank Held
- 18-Mar-2020 ▶ Midland Bank formally inaugurate Mujib Corner
- 19-Mar-2020 ▶ Midland Bank holds rally and cut cake to mark Bangabandhu's Birth Centenary.
- 19-Apr-2020 ▶ MDB saalam, midland bank's islami banking platform launched
- 23-Apr-2020 ▶ Mdb Saalam, Midland's Islami Banking Window launched
- 20-Jun-2020 ▶ Midland Bank's 7th Anniversary
- 23-Jul-2020 ▶ Midland Bank Limited re-appointed its MD & CEO
- 24-Sep-2020 ▶ Midland Bank Limited elected it's Chairman and Vice Chairman
- 30-Nov-2020 ▶ Midland Bank Limited gets new DMD
- 31-Dec-2020 ▶ Midland Bank formally opens 07 new Branch and Sub-Branches

# MDB Financial Performance and Ratios

## Five Years Overview

Financial Highlights	In BDT Million					
	2016	2017	2018	2019	2020	% Changes in 2020 Over 2019
Income Statement:						
Interest income	2,178.91	2,816.99	3,760.22	4,259.09	3,160.18	(25.80%)
Interest expenses	1,600.58	2,042.08	2,547.46	2,983.90	2,748.19	(7.90%)
Net interest income	578.32	774.91	1,212.76	1,275.19	411.99	(67.69%)
Investment income	1,166.79	963.67	630.10	649.62	1,565.25	140.95%
Commission, exchange and brokerage	133.30	242.54	321.08	321.05	276.58	(13.85%)
Other operating income	31.77	50.23	68.10	65.02	66.31	1.98%
Total Operating income	1,910.18	2,031.35	2,232.04	2,310.88	2,320.13	0.40%
Operating expenses	830.54	835.57	990.53	1,042.36	1,102.30	5.75%
Profit before provision and tax	1,079.64	1,195.78	1,241.51	1,268.52	1,217.83	(4.00%)
Provision for loans, off-balance sheet exposure and others	110.01	160.49	135.23	217.18	257.86	18.73%
Profit after provision before tax	969.63	1,035.28	1,106.29	1,051.35	959.97	(8.69%)
Provision for tax	301.22	343.45	446.01	493.94	303.61	(38.53%)
Profit after tax	668.41	691.83	660.28	557.41	656.36	17.75%
Balance Sheet:						
Authorized capital	10,000	10,000	10,000	10,000	10,000	0.00%
Paid-up capital	4,320	4,795	5,275	5,697	5,697	0.00%
Total shareholders' equity	5,399	5,852	6,497	7,038	7,614	8.18%
Deposits	26,676	34,240	35,592	39,501	45,068	14.09%
Loans and advances	21,045	27,296	31,075	31,750	39,087	23.11%
Investments	5,973	5,777	6,726	12,710	14,633	15.13%
Fixed assets	236	199	283	259	660	154.83%
Earning assets	32,208	37,859	41,368	47,026	55,919	18.91%
Total assets	35,352	41,949	45,751	52,911	63,146	19.34%
Total liabilities	29,953	36,097	39,254	45,873	55,532	21.06%
Total Off-balance sheet exposure	3,605	5,067	4,884	5,979	9,249	54.69%
Capital Surplus/(Deficit), (A-B)	650	1,408	2,148	2,952	3,140	6.38%
Tier I Capital Ratio	22.18%	19.98%	18.05%	19.70%	15.97%	1.68%
Tier II Capital Ratio	1.12%	1.05%	1.28%	1.43%	1.47%	0.15%
Capital to Risk Weighted Asset Ratio (CRAR)	23.30%	21.03%	19.99%	21.13%	17.44%	1.83%
Foreign Exchange Business:						
Import	7,535	8,366.70	7,643.40	13,496.90	7,664.60	(43.21%)
Export	2,989	5,002.00	5,749.40	7,430.30	7,847.10	5.61%
Inward Remittance-wages & others	228	618.50	2,154.60	3,247.50	3,409.00	4.97%
Capital Measure:						
Risk Weighted Assets (RWA)	23,210	29,213	35,656	35,624	45,800	28.57%
Core Capital (Tier-i)	5,149	5,836	6,491	7,018	7,313	4.20%

# MDB Financial Performance and Ratios

## Five Years Overview

Financial Highlights	In BDT Million					
	2016	2017	2018	2019	2020	% Changes in 2020 Over 2019
Supplementary Capital (Tier-ii)	259	307	461	509	675	32.61%
Total Capital held (T-i + T-ii)	5,408	6,148	6,952	7,527	7,988	6.12%
Required Capital (10% of RWA, Or 4,000 million which is higher)	4,000	4,000	4,264	4,453	4,580	28.57%
Capital Surplus/(Deficit), (A-B)	1,408	2,148	2,678	3,074	3,407.70	(26.38%)
Tier-i Capital Ratio	22.18%	19.98%	18.05%	19.70%	15.97%	3.73%
Tier-ii Capital Ratio	1.12%	1.05%	1.28%	1.43%	1.47%	(0.04%)
Capital to Risk Weighted Asset Ratio (CRAR)	23.30%	21.03%	19.99%	21.13%	17.44%	3.69%
<b>Credit Quality:</b>						
Non-performing loans (NPLs)	144	458	359	838	453	-45.94%
NPL to total loans and advances	0.68%	1.68%	1.15%	2.64%	1.16%	1.48%
Provision for unclassified loans	222	256	419	455	750	64.84%
Provision for classified loans	72	185	148	286	195	(31.82%)
Provision for Off-balance sheet exposure	36	51	42	54	85	57.41%
Provision for other assets and diminution in Investments	-	0.13	17.18	48	72	50.00%
<b>Share Information:</b>						
No. of Shares outstanding (In Million)	432	479.52	527.47	569.67	569.67	0.00%
No. of Shareholders	34	37	40	40	41	2.50%
Earnings per share (EPS), (BDT)	1.55	1.31	1.26	0.98	1.15	17.35%
Net Assets Value Per Share (BDT)	12.40	11.09	12.32	12.36	13.37	8.17%
<b>Profitability &amp; Performance Ratio:</b>						
Net Interest Margin (NIM)	5.06%	3.78%	4.44%	4.29%	2.41%	(1.88%)
Advance to Deposit Ratio	78.89%	79.72%	87.31%	81.64%	82.01%	0.37%
Cost to income Ratio	43.48%	41.13%	44.38%	45.11%	47.51%	2.40%
Cost of fund on average deposits	6.62%	6.33%	7.38%	7.71%	6.14%	(1.57%)
Return on average assets (ROA)	2.26%	1.65%	1.51%	1.05%	1.13%	0.08%
Return on shareholders' equity (ROE)	12.77%	12.30%	10.75%	8.24%	8.96%	0.72%
<b>Liquidity Ratio:</b>						
Cash Reserve Ratio (CRR)	7.30%	7.62%	5.63%	6.67%	4.42%	(2.25%)
Statutory Liquidity Ratio (SLR)	23.67%	17.48%	20.64%	35.18%	13.04%	(22.14%)
Liquidity Coverage Ratio (LCR)	418.80%	249.28%	171.70%	163.59%	147.51%	(16.08%)
Net Stable Funding Ratio	122.21%	128.05%	113.18%	109.99%	114.81%	4.82%
Leverage Ratio	13.86%	13.02%	13.61%	12.62%	10.85%	(1.77%)
<b>Other information:</b>						
No. of Branches	21	24	30	33	34	3.03%
No. of Sub-branches	-	-	-	-	7	100.00%
No. of ATM	23	26	32	37	43	16.22%
Agent Banking Centers (ABC)	-	-	-	44	60	36.36%
No. of employees including contractual staff of 196 in 2019 and 202 in 2020)	375	503	571	632	651	3.01%
Number RMA	64	112	121	121	122	0.83%
No. of NOSTRO Accounts (Five Major currency)	12	12	12	15	15	0.00%



## The Sponsor Shareholders

SL	Name	Designation	Percentage of Shareholding
1	Mr. Kazi Zafarullah	Sponsor Shareholder	0.02%
2	Mrs. Nilufer Zafarullah	Sponsor Shareholder	2.25%
3	Mr. Kazi Omar Zafar	Sponsor Shareholder	2.25%
4	Ms. Anushka Mehreen Zafar	Sponsor Shareholder	2.25%
5	Mr. Kazi Raihan Zafar	Sponsor Shareholder	2.25%
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 (Deceased) (Share transmitted)	Sponsor Shareholder	-
12	Mr. Nazib Ahmed	Sponsor Shareholder	0.25%
13	Mrs. Israt Ahmed	Sponsor Shareholder	0.25%
14	Dr. Fahmida Haque	Sponsor Shareholder	0.25%
15	Mrs. Ela Haque (Deceased)	Sponsor Shareholder	0.25%
16	Mr. Niranjana Chandra Saha (Deceased)	Sponsor Shareholder	0.25%
17	Mrs. Salina Maksuda	Sponsor Shareholder	0.25%
18	Mr. Basudev Saha	Sponsor Shareholder	0.25%
19	Reedisha Knitex Ltd. (Rep. by: Mr. Rezaul Karim)	Sponsor Shareholder	5.00%
20	Mondol Fabrics Ltd. (Rep. by: Mr. Abdul Momin Mondol)	Sponsor Shareholder	5.00%
21	Liberty Knitwear Ltd. (Rep. by: Mr. Md. Samsuzzaman)	Sponsor Shareholder	5.25%
22	That's It Sportswear Ltd. (Rep. by: Mr. Md. Kamal Hossain)	Sponsor Shareholder	5.00%
23	Refat Garments Ltd. (Rep. by: Mrs. Shahnaj Parveen)	Sponsor Shareholder	5.00%
24	Hazrat Amanat Shah Spinning Mills Ltd. (Rep. by: Mrs. Lutfia Begum)	Sponsor Shareholder	5.00%
25	Garment Export Village Ltd. (Rep. by: Mr. A.K.M. Badiul Alam)	Sponsor Shareholder	5.00%
26	Beq Knit Ltd. (Rep. by: Mr. Hafizur Rahman Sarkar)	Sponsor Shareholder	4.75%
27	Badsha Textiles Ltd. (Divested)	Sponsor Shareholder	-
28	Master Abul Kashem	Sponsor Shareholder	4.63%
29	Mr. Mohammed Jamal Ullah	Sponsor Shareholder	4.02%
30	Al-haj Mohammed Issa Badsha	Sponsor Shareholder	0.21%
31	Mr. Ahsan Khan Chowdhury	Sponsor Shareholder	5.00%
32	Mr. Md. Wahid Miah	Sponsor Shareholder	5.00%
33	Mother Steel Limited (Rep. by: Mrs. Nigar Sultana Daizy)	Shareholder	0.37%
34	Azan Limited (Rep. by: Mrs. Salma Issa)	Shareholder	0.37%
35	Ms. Muttaffin Issa	Shareholder	0.21%
36	Ms. Moomtahina Issa	Shareholder	4.21%
37	Mrs. Shahnaz Jamal	Shareholder	0.31%
38	Mr. Walid Mohammed Shamuel	Shareholder	0.35%
39	Mrs. Fariha Nousheen	Shareholder	0.31%
40	Popular Pharmaceuticals Ltd. (Rep. by Dr. Mostafizur Rahman)	Shareholder	5.00%
41	Mrs. Rasheda Zaman	Shareholder	0.34%
42	Ms. Khandaker Sabrina Zaman	Shareholder	0.80%
43	Mr. Khandaker Rashed-S-Zaman	Shareholder	1.60%
	<b>Total</b>		<b>100%</b>



# The Board of **Directors & Committees**

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**Mrs. Nilufer Zafarullah**  
Chairman

Mrs. Nilufer Zafarullah is the Chairman of Midland Bank Ltd. An Architect by professions Mrs. Zafarullah has contributed to education and development sector for over 28 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 Sri Lanka 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.



**Mr. Md. Shamsuzzaman**  
Vice Chairman

Mr. Md. Shamsuzzaman, is the Vice Chairman of Midland Bank Ltd. He is the nominee director from Liberty Knitwear. Mr Shamsuzzaman is a prominent industrialist & holds Directorship in multiple profitable ventures like Liberty Knitwear Ltd., Orient Chem-tex Ltd. Micro Fiber Ltd. Midland Knitwear Ltd., A-One Polar Ltd., Tangon Garments Ltd. and Turbingen Chemicals (BD) Ltd.

In his previous term with MDB, Mr. Shamsuzzaman acted as the Chairman of Risk Management Committee as well as Member of the Audit Committee of the Bank. He is a Textile Engineer and active in many community development and social service programs.



**Mr. Master Abul Kashem**  
Director

Mr. Master Abul Kashem is the Founding Director of Midland Bank Ltd. He is also a member of the Executive Committee of the bank. He has over 26 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 an Ex-member of the Executive Committee of Bangladesh Ship Breakers and Recyclers Association. 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., Ex-President of Shitalpur High School and Shitalpur Gouchia Madrasha, Shitakunda, Chittagong.



**Dr. Kazi Shahidullah**  
Director

Dr. Kazi Shahidullah is a Sponsor Director and a member of the Audit Committee of Midland Bank Limited. Dr. Shahidullah, currently the Chairman of the University Grants Commission (UGC) of Bangladesh, is a well-known academic and Ex-Professor of History at University of Dhaka. He was previously Vice-Chancellor of National University from 2009 to 2013. Professor Shahidullah holds an M.A. degree from the University of British Columbia and a Ph.D from the University of Western Australia.

He is an active member of the community and a proponent of higher education. Dr Kazi Shahidullah also served as the Chairman of Board Audit Committee in several occasion.



**Mr. Kazi Omar Zafar**  
Director

Mr. Kazi Omar Zafar is a Sponsor Director and a member of the Executive Committee of Midland Bank Limited. 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 20 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 his formative business years he also ran the concern, Reliance Textile Industries, after which he went back to Greece and then shortly returned to Bangladesh as consultant for Chinese firms; whereby he successfully implemented Bangladesh's first large scale Chinese G to G investment in the Fertilizer sector.

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 is a donor trustee of Begum Zebunnessa and Kazi Mahabubullah Jono Kallayan Trust.



**Mr. Kazi Raihan Zafar**  
Director

Mr. Kazi Raihan Zafar is a Sponsor Director of Midland Bank Ltd. 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). Simultaneously, Mr. Zafar is working with various foreign JV partners for the LNG business and for future energy infrastructure business in Bangladesh. In addition to his relentless thrive for setting up & operating successful ventures, Mr. Zafar is compassionate about social responsibility and contributes to philanthropic services for the underprivileged women and children, has affiliation with a number of social groups and donor trustee of Begum Zebunnessa and Kazi Mahabubullah Jono Kallayan Trust.



**Ms. Anushka Mehreen Zafar**  
Director

Ms. Anushka Mehreen Zafar is a Sponsor Director of Midland Bank Ltd. She has an M.A. in Health Communication from Emerson College, Boston, USA. After completing her post-graduation, she returned to Bangladesh and worked in different Non-Government Organization and contributed in the Health sector of the country. Ms. Anushka Mehreen Zafar has considerable social affiliations. 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 Jono Kallayan Trust. Ms. Anushka Mehreen Zafar is a member at Audit Committee of the Board.



**Mr. Mohammed Jamal Ullah**  
Director

Mr. Mohammed Jamal Ullah is one of the Sponsor Directors 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 Boat 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 40 years. He is also the Chairman of the Board of Trustees of Southeast University Trust. He is engaged in many social and philanthropic activities. Mr. Rezaul Karim has been elected Vice President of Bangladesh Textile Mills Association (BTMA) for 2021-2023.



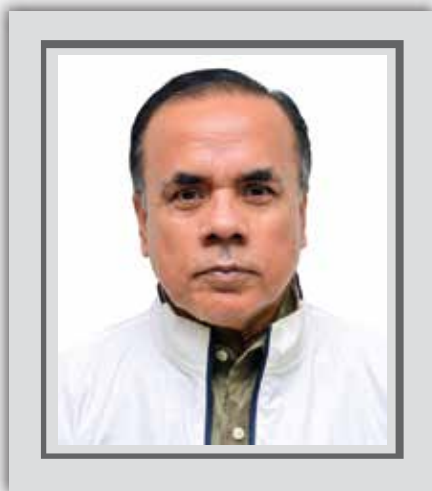
**Mr. Ahsan Khan Chowdhury**  
Director

Mr. Ahsan Khan Chowdhury is the Founding Director of Midland Bank Ltd. He is also a member of the Executive Committee and Nomination & Remuneration committee. He is also holds the position of Chairman of Risk Management Committee of the Bank. 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, went to USA for higher studies and completed graduation 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.

After winning the hearts of millions in Bangladesh, Mr. Chowdhury focused on export market. 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. As a stepping stone, his company has successfully installed its production facility in India and Nepal and emerge as the first Bangladeshi Multinational company with production facilities in different parts of the world.

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.



**Mr. A.K.M. Badiul Alam**  
Director

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 and Nomination & Remuneration committee of the Board of Directors of the Bank. On completion of post-Graduation with Honors in Management from University of Dhaka, Mr. A.K.M. Badiul Alam chosen “Business” as his profession. In 1984, he established a small textile weaving unit, 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. Under the leadership of Mr Alam, AMTRANET GROUP has become a one of the prominent RMG Exporter of Bangladesh.

His initiatives have created employment to many unemployed and made unskilled workers to valuable workforce who are now rendering their labor and efforts for development of the national economy. Besides RMG Manufacturing and exporting, Mr. Alam has also undertaken initiatives to establish companies relating to Electricity generation and Oil refinery. He has also involved with the Medical service, Technical education, local and international standard basic educational institutions.

For extra ordinary performance in RMG Export, Mr. Alam has been awarded CIP status by the Ministry of Commerce, Government of Peoples Republic of Bangladesh. Mr. Alam also served as Director of BGMEA in 2019-2021 session.



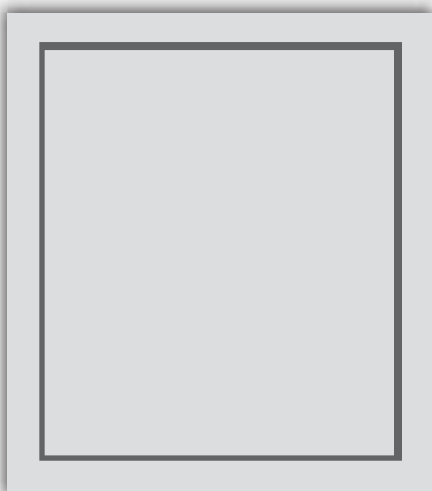
**Mrs. Shahnaj Parveen**  
Director

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.



**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.



**Mrs. Lutfu Begum**  
Director

Mrs. Lutfu 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.





**Mr. Abdul Momin Mondol, M.P.**  
Director

Mr. Abdul Momin Mondol is a member of the Board of Directors as Nominee Director of Mondol Fabrics Limited. He is also a member of Executive Committee of Midland Bank Limited. He is a well-known personality in the RMG sector in Bangladesh for more than 20 years. He is one of the members of the 12th Bangladesh National Parliament from Bangladesh Awami League from his constituency Sirajganj-5. He was an elected Director of BGMEA during 2011-2012 session.

Presently Mr. Abdul Momin Mondol is the Managing Director of Mondol Group, which is a well reputed and renowned business conglomerate in Bangladesh. Mondol Group is engaged in export business all around the globe for more than 25 years and earned excellence. Mondol Group consists of various sister concern along with a prominent garments accessories manufacturing unit and a member of the Dhaka Stock Exchange namely Mondol Securities Ltd. He has been nominated 4 times as CIP by the Government of the People Republic of Bangladesh. For his contribution to the export of the country, different entities of Mondol Group consecutively awarded with National Export Trophy and other recognitions by the Government. Mr. Abdul Momin Mondol is known as a philanthropist and prominent personality in his locality and to the entire business community.



**Mr. Hafizur Rahman Sarker**  
Director

Mr. Hafizur Rahman Sarker is a Member of the Board of Directors and Risk Management Committee of the Board of Midland Bank Limited. He represents Beq Knit Limited in the Board. Mr. Sarker is a renowned industrialist in Bangladesh who started his career in 1988 having more than 31 years' of experience in the Garments, Textiles and IT sectors. He is also 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.



**Dr. Mostafizur Rahman**  
Director

Dr. Mostafizur Rahman is a member of the Board of Directors of Midland Bank Ltd. He is acknowledged as a role-model for his excellence in providing complete healthcare services in Bangladesh for the last 37 years. He is the founder of Popular Group that engaged in Diagnostic services, Pharmaceuticals Manufacturing, Hospital Services and Medical Education. Currently, he is the Managing Director of the companies within the Group. In June 1983, Dr Rahman established Popular Diagnostic Center, where technologically advanced and highly sophisticated medical instruments are used and patients are getting accurate medical diagnosis. He established Popular Pharmaceuticals Limited in 2005 which has created new wonder in the country's pharmaceuticals sector by adding innovative technologies in its manufacturing operations within a very short span of time.

In 2009, he established most modern "Popular Specialized Hospital Limited" with a vision of delivering world-class hospital services to the patients. Afterwards in 2010, he opened another chapter in the history of Popular Group by establishing Popular Medical College and Hospital Ltd. to create good physicians for providing updated health services to the people of the country. His amiable friendly behavior in personal life; his honesty, concentration and persistence in business and above all, his excellent personality attracts all. He is also engaged with different social welfare-oriented works besides giving healthcare services.



**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 member of the Executive Committee and Nomination & Remuneration committee. 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 the Chairman 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 Director role 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.



**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	Mr. 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
7	Mr. Abdul Momin Mondol M.P.	Member

## The Audit Committee

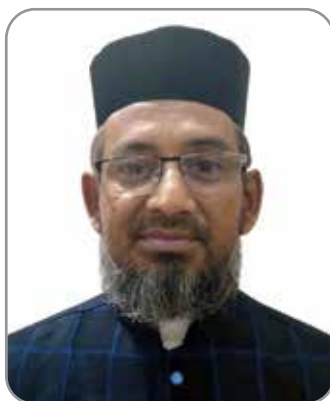
Sl.	Name	Designation
1	Mr. Nazim Uddin Chowdhury (Independent Director)	Chairman
2	Dr. Kazi Shahidullah	Member
3	Ms. Anushka Mehreen Zafar	Member
4	Mrs. Lutfu Begum	Member
5	Mr. Md. Kamal Hossain	Member

## 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

(Note: The Board of Directors of MDB appointed Mr. Nazim Uddin Chowdhury, Independent Director as Chairman of the Audit Committee in its 109th meeting held on 28th March 2021 in place of Dr. Kazi Shahidullah keeping all the committee members unchanged)

## 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 Madrasah Education Board and Islamic University, Kushtia. He is one of the authors of the Madrasah 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.



# Management Committees

## Senior Management Team

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

## Investment Committee (IC)

1.	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Member
3.	Mr. Mohd. Javed Tarek Khan Head of Institutional Banking Division	Member
4.	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
5.	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
6.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
7.	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
8.	Mr. Nazmul Ahsan Head of Treasury & Market Risk (Front)	Member

## Asset Liability Committee (ALCO)

1.	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Member
3.	Mr. Mohd. Javed Tarek Khan Head of Institutional Banking Division	Member
4.	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
5.	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
6.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
7.	Mr. Nazmul Ahsan Head of Treasury & Market Risk (Front)	Member Secretary

## Risk Management Committee (RMC)

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



## Credit Committee

1.	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Member
3.	Mr. Mohd. Javed Tarek Khan Head of Institutional Banking Division	Member
4.	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
5.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
6.	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member Secretary
7.	Mr. Nazmul Ahsan Head of Treasury & Market Risk (Front)	Member

## Anti-Money Laundering Compliance Committee (AMLC)

1.	Mr. Md. Zahid Hossain Deputy Managing Director, CRO & CAMLCO	Chairman
2.	Mr. Khondkar Towfique Hossain Head of International Division & NRB & DCAMLCO	Member
3.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
4.	Mr. Md. Nazmul Huda Sarkar Head of Information Technology Division & CTO	Member
5.	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member
6.	Mr. Ashraful Alam Acting Head of Central Operations and Service Delivery	Member
7.	Mr. Fazal Abdullah Acting Head of Anti Money Laundering Division	Member Secretary

## Social Media and Administration Review Committee (SMAR)

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

## Management Committees

## ICT Steering Committee

1.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Chairman
2.	Mr. Md. Nazmul Huda Sarkar Head of Information Technology Division & CTO	Member Secretary
3.	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member
4.	Mr. Ashraful Alam Head of Central Operations & Service Delivery Department	Member
5.	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
6.	Mr. Md. Asraful Alam Head of Legal Division	Member

## ICT Security Committee

1.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Chairman
2.	Mr. Md. Nazmul Huda Sarkar Head of Information Technology Division & CTO	Member Secretary
3.	Mr. Ashraful Alam Acting Head of Central Operations and Service Delivery	Member
4.	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
5.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member

## Sustainable Finance Committee

1.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Chairman
2.	Mr. Mohd. Javed Tarek Khan Head of Institutional Banking Division	Member
3.	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
4.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
5.	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
6.	Mr. Md. Nazmul Huda Sarkar Head of Information Technology Division & CTO	Member
7.	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member

## Management Committees

8.	Mr. Tapash Chakraborty Head of Human Resources Management Division	Member
9.	Mr. A.K.M. Ashiqur Rahman Head of Credit Administration Division	Member
10.	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
11.	Mr. Md. Abed-Ur-Rahman Head of Cards	Member
12.	Mr. Nakul Chandra Debnath Head of General Services Division	Member
13.	Mr. Md. Humayoun Kabir Risk Management Division	Member
14.	Mr. Mohammed Rashadul Anwar Head of Public Relations Division	Member
15.	Mr. Sayed Abul Imran Member of Sustainable Finance Unit	Member Secretary

### ICT Risk Management Committee

1.	Mr. Md. Zahid Hossain Deputy Managing Director & Chief Risk Officer	Chairman
2.	Mr. Mohd. Javed Tarek Khan Head of Institutional Banking Division	Member
3.	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
4.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
5.	Mr. Md. Nazmul Huda Sarkar Head of Information Technology Division & CTO	Member Secretary
6.	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
7.	Mr. Md. Humayoun Kabir Risk Management Division	Member

### Integrity Building Committee (IBC)

1.	Mr. Mohd. Javed Tarek Khan Head of Institutional 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 Acting Head of Anti Money Laundering Division	Member
6.	Mr. Ashraful Alam Acting Head of Central Operations and Service Delivery	Member Secretary

### Purchase Committee (PC)

1.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	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 & CTO	Member
4.	Mr. Mostafa Sarwar Head of Credit Risk Management Division	Member
5.	Mr. Nakul Chandra Debnath Head of General Services Division	Member Secretary

### Branch Expansion and Interior Decoration Committee

1.	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
3.	Mr. Nakul Chandra Debnath Head of General Services Division	Member Secretary
4.	Mr. Mohammed Rashadul Anwar Head of Public Relations Division	Member

### Innovation Committee

1.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Chairman
2.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member Secretary
3.	Mr. Md. Nazmul Huda Sarkar Head of Information Technology Division & CTO	Member
4.	Mr. Md. Shaiful Alam Chowdhury Head of Agrabad Branch	Member
5.	Mr. Faisal Ahmed Head of Gulshan Branch	Member
6.	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
7.	Mr. Kudrat-E-Khoda Md. Samiul Karim Head of Rajshahi Branch	Member

## Islamic Banking Roll-out Committee (IBRC)

1.	Mr. Md. Ahsan-uz Zaman Managing Director and CEO	Chairman
2.	Mr. Md. Zahid Hossain Deputy Managing Director & CRO	Member
3.	Mr. Md. Zahirul Islam, FCA Head of Financial Administration Division & CFO	Member
4.	Mr. Khondkar Towfique Hossain Head of International Division & NRB	Member
5.	Mr. Md. Ridwanul Hoque Head of Retail Distribution Division	Member
6.	Mr. Md. Nazmul Huda Sarkar Head of Information Technology Division & CTO	Member
7.	Mr. Mohammad Syejuddin Ahmmed Head of Internal Control & Compliance Division	Member
8.	Mr. Nazmul Ahsan Head of Treasury & Market Risk (Front)	Member
9.	Mr. Syed Saquibuzzaman Islami Banking Department	Member



## From the Desk of the Chairman

Honorable Shareholders, Partners and Colleagues,

Assalamu Alaikum,

It is indeed a great pleasure and privilege for me to present you the Annual Report together with all relevant financial statements for the year 2020 reflecting performance of the bank.

At the very outset, I recall with the debt of gratitude for contribution of the Bankers of our country who fought during the covid-19 pandemic as front line service provider. They served their clients as well as general people, businesses and the economy as a whole with courage, dutifulness and selflessness. When all of us were at home with our families at the initial stages of coronavirus outbreak during April/May 2020, the bankers went out for their work to serve their sacred duty along with other front liners risking their own lives as well as families. The employees of Midland Bank also served with highest morale during the pandemic. All of our Branches were opened from Sunday to Thursday during the government declared holidays.

Coronavirus pandemic is not only tragically costed a large number of human lives but also inflicted huge output losses throughout the world which is still continuing. Global growth has been projected to be shrunk by 4.9 percent in 2020 which is anticipated to be recovered by a growth of 5.4 percent in 2021. Globally oil price sharply dropped to a historical low during the first half of 2020 is now showing a rising trend. Despite a significant drop in global real GDP growth, headline inflation has been seen to increase in many countries due to disruption of production and supply chains. As a result, there is a significant uncertainty regarding global inflation.

As we all know that the world has experienced unprecedented fallout in global output due to coronavirus pandemic which has been recognized as the worst since the Great Depression of 1930s. In the age of globalization, Bangladesh also suffered substantial economic losses for lockdown/holidays which resulted in reduced production in every sector, fall in export especially in RMG, net losses in output,

From the Desk of the Chairman

and reduction of income and overall consumer demand. However, our RMG sector managed to pick up the growth in the later months of 2020. Implementation of various stimulus packages and flexible expansionary monetary policy took back the economy to its normal pace by end of the year.

Adopting effective and coordinated measures to protect the substantial population through vaccination and other protective measures in 2021 will boost the economic activities of the country which will ultimately result in growth of our export and other economic indicators in coming years. Sustained growth in inward remittances will also add comfort to country's overall balance of payment. In the backdrop of stable political outlook, execution of stimulus packages, significantly improved power and energy situation, completion of mega projects and a good number of newly erected Special Economic Zones, we may anticipate a rapid economic growth prospect in near future.

GDP growth of Bangladesh went down to 5.24% % from its targeted 8.20% in the financial year 2019-2020. The Government and Bangladesh Bank are expecting that local and global economy will recover within short cycle of time. Moreover, it is also expected that market demand in exporting destinations of our country will also return to normal by next year. The successful and timely implementation of the stimulus packages taken by Bangladesh Bank will positively contribute to boost economic activities. Liquidity enhancing policy measures taken so far including reduction of CRR, purchase of Government Securities from banks and FIs, the introduction of long-term repo facilities up to 360-day and refinance schemes helped to inject liquidity in the money market. Overall surplus liquidity of banks substantially increased throughout the year 2020 mostly supported by Bangladesh Bank's various policy measures and increased flow of inward remittance, though a lion's share of this surplus liquidity held by the banks remained in the form of government securities.

Bangladesh Bank's ongoing expansionary policy measures particularly buying foreign currency from the market helped restoring normalcy in both money and foreign exchange markets, stabilizing the call money rate within the corridor of repo and reverse repo rates and keeping the Taka-USD exchange rate competitive. Despite rising concerns from few economists and stakeholders, both lending and deposit interest rates are seen to be declining trends after interest rate capping single digit came into effect since 1st April 2020.

In near future Non Performing Loans (NPLs) is going to be a burning issue in the banking sector as deferral of loan classification ended on 31st December 2020, with a relaxation to extend the remaining tenure of the term loan up to 50% . Our management will take prudent decisions in this regard as guided by our Board of Directors. Midland Bank has been maintaining adequate provision and therefore, is not bearing any significant risk in NPLs in 2021. In some rescheduled account we are maintain full provisioning like classified account so that any such future burden could be taken care-off properly.

During 2020, the Bank registered operating profit of BDT 1,217.83 million and posted net profit after tax at BDT 656.36 million. The Bank earned distributable profit of BDT 458.25 million, up from BDT 348.17 million in 2019. Total deposit rose by 14.09% to BDT 45,067.57 million from BDT 39,500.76 million in 2019. Loans and advances increased by 23.11 percent to BDT 39,086.67 million from 31,749.64 million in 2019. However, amount of fee based income decreased from previous year due to reduced forex transaction due to impact of Covid-19 pandemic and it had earned BDT 276.58 million in 2020 compared to BDT 321.05 million in 2019. Shareholders' equity rose to BDT 7,613.97 million from BDT 7,038.36 million, with an increase of 8.18% . Unlike many of our peer competitors, we were well-capitalized, deposit funded and liquid. MDB's capital management framework was intended to ensure best capital composition in relation to business growth. Bank's Capital to Risk Weighted Assets Ratio (CRAR) stood at 17.44% against minimum requirement of 12.50% including 2.50% conservation buffer as per Basel III accord. Return on Assets (ROA) and Return of Equity (ROE) improved from previous year and stood at 1.13% and 8.96% , respectively. In a volatile scenario of Non-Performing Loans (NPLs) in the banking industry of Bangladesh, MDB could able to maintain its Non-Performing Loans (NPLs) in slightly over 1% (1.16%), compared to an industry average of above 10.00%.

At the end of 2020, our number of branches stood at 34 (thirty-four) including 19 (nineteen) rural branches, 15 (fifteen) urban branches, 7 (seven) sub branches and 60 Agent Banking Centers covering strategically important locations of the country. The Bank ramified its service network by setting 43 (forty-three) ATM Booths, 7 (seven) Bill Collection Centers and ensure customers access to over 2,500 ATMs through Q-Cash.

We are pleased to introduce Islami Banking Window (IBW) branded as "MDB Salam" in April 2020 which is serving individuals who wish to do banking under shariah principles. By the grace of Allah, we managed to generate profit in the maiden year in this segment. It is mentionable that we have also got license for the Offshore Banking Unit (OBU) in 2020 and launched in June 2020, which helped us to provide customers with various FCY funding facilities and both IBW and OBU also gained profit in its first year.



As a forward looking bank, our policy towards investment in information technology platform has paid off during the pandemic. Banking from home, our customers remained protected by using our robust digital banking platform – ‘Midland Online’. From opening digital account to all sorts of fund transfer and bill payments are now accessible through internet and more advanced features are in progress for our digital customers for saving their valuable time and getting instant services without going to any of our branches. Currently, we are among the first ranking banks of the country in terms of Digital banking facilities.

We are dealing money laundering issues very cautiously by taking of preemptive measures to restrain any attempts of money laundering and terrorist financing. Our Board of Directors gives utmost importance on corporate governance as one of the pillars of a successful and sound institution. As a part of social commitment, MDB carries CSR activities and donation program for noble causes.

MDB has received the necessary approval from Bangladesh Bank for Initial Public Offering (IPO) to raise 7 (Seven) crore shares @ BDT 10 each under fixed price method, i.e. BDT 70,00,00,000 (Seventy Crore) subject to consent of the Bangladesh Securities and Exchange Commission (BSEC).

Finally, I would like to express my sincere gratitude to all of our regulators specially Bangladesh Bank for their relentless guidance, support and supervision. May Allah remain be with us and shows the path to more success in coming days.



**Nilufer Zafarullah**  
Chairman

# Report of the Audit Committee of the Board of Directors

## Introduction

The Board Audit Committee (BAC) of Midland Bank Limited is one of the prime sub-committees of the Board of Directors and is a vital point for enabling effective corporate governance and establishing effective oversight on the performance, quality, independence and objectivity of the audit activities. The Audit Committee acts as the core administrator of the Bank for protecting and safeguarding stakeholders' interests. The Audit Committee owns the capstone responsibility of engaging in systematic and continuous reviews, monitoring and evaluating organizational performance against evolving regulatory requirements, evaluating comprehensive policies, processes, and procedures, and ensuring non-negotiable compliance with laws and regulations. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to

- The integrity of the Bank's financial statements and internal control systems (including the implementation and effectiveness of internal control over financial reporting);
- The performance of the internal audit activities;
- The annual independent audit of the Bank's financial statements, engagement with independent auditors, and evaluation of independent auditors' qualifications, independence and performance;
- The compliance by the Bank concerning legal and regulatory requirements;
- The implementation and effectiveness of the Bank's disclosure controls and procedures;
- The evaluation of enterprise risk issues and
- The fulfillment and discharge of other responsibilities set out herein.

The Audit Committee's role is one of oversight and monitoring, and in carrying out this responsibility, the Committee may rely on the management, the independent auditor and any adviser/s the Committee might engage, provided its reliance is reasonable and dependable.

## 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 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

The composition of the Board Audit Committee (BAC) of MDB as on 31st December 2020 along with the educational qualification of the members furnished below:

SL No.	Name	Status with the Bank	Status with the Committee	Educational Qualification
01.	Dr. Kazi Shahidullah	Director	Chairman	Ph.D (University of Western Australia)
02.	Ms. Anushka Mehren Zafar	Director	Member	B.F.A. (Parsons School of Design, New York, USA)
03.	Mr. Md. Kamal Hossain	Director	Member	MBA (Independent University, Bangladesh)
04.	Mrs. Lutfa Begum	Director	Member	Secondary School Certificate
05.	Mr. Nazim Uddin Chowdhury	Independent Director	Member	MA (University of Ulster, Northern Ireland, UK)

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

(Note: The Board of Directors of MDB appointed Mr. Nazim Uddin Chowdhury, Independent Director as Chairman of the Audit Committee in its 109th meeting held on 28th March 2021 in place of Dr. Kazi Shahidullah keeping all the above committee members unchanged)

## Participation of non-members:

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

## Access to the Committee

On any matter within the Committee's Charter, the Head of Internal Control & Compliance Division and Head of Audit And Inspection Department have direct access to the Audit Committee.

## Report of the Audit Committee

## 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 No. BSEC/CMRRCD/2006-158/207/Admin/80 issued by BSEC on June 03, 2018, and other best practices on corporate governance guidelines and standards. Leading roles and responsibilities of BAC of MDB are highlighted below in a 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 a 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 management's corrective measures regarding fraud-forgery reports, deficiency in internal control, or other similar issues detected by internal and external auditors and inspectors of the regulators and inform the Board regularly.

### b) Financial Reporting

- Oversee the financial reporting process and check whether the Annual Financial Statements reflect the concrete and complete information and determine whether they are 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.
- Monitor the choice of accounting policies and principles.
- Review along with management, the quarterly, half-yearly, and annual financial statements before submission to the Board for approval.
- Review management's discussion and analysis before disclosing in the annual report.
- Review statement of all related party transactions submitted by the management.

### c) Internal Audit

- Monitor/ evaluate whether internal audit functions are conducted independently from the management.
- Review the internal audit activities and organizational structure and ensure that no unjustified restrictions or limitations are made on the internal audit process.
- Review and assess the annual internal audit plan and approve the same.
- Monitor Internal Audit and compliance process to ensure that it is adequately resourced and 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 the internal audit/monitoring as and when necessary without management being present to discuss any issues arising from the internal audits.

### d) External Audit

- Evaluate 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:
  - Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed, and time required for effective audit.
  - They were assessing their independence and objectivity annually, 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 after the audit at the reporting stage.
- Review the management letters or letter of control weakness issued by statutory auditors and recommendations made by them for removing the irregularities, if any, detected are duly acted upon by the management in running the Bank's affairs.

#### 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 every quarter 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 the Internal and External Auditor of the Bank to the Board on need basis.
- Supervise other assignments delegated by the Board and evaluates its performance regularly.

### Meetings of the BAC

Bangladesh Bank suggested banks to hold at least four meetings in a year. In the year 2020, the BAC of MDB managed to hold 04 (four) meetings and had detailed discussions and review sessions 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 them accordingly.

#### Major areas focused by BAC in 2020 meetings:

- Recommendation regarding appointment/re-appointment of External Auditor(s) of the Bank for the period up to 8th Annual General Meeting.
- Review and recommend for approval of ICCD activity plan for the year-2020.
- 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 2019 and up to June 2020.
- 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 financial statements of 2019 and unaudited quarterly, half-yearly financial statements of 2020.
- Review of annual integrated health report-2019.
- Review of the Management Committee (MANCOM) certificate 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 the 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, 2020. Since most of the computation is system-based, the possibility of manipulation is almost absent. The Committee has selected International Accounting Standards (IAS), 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 guidelines.

### Priorities for the year ahead

The Committee expects to continue to ensure they reflect the mitigation of evolving risks in 2021 by focusing on the integrity of financial controls, risk governance and controls, cyber security infrastructure, digitalization, automation, customer data security, and true risk-based audit approach. The Committee expects its internal audit standards to be more effective and efficient for identifying risks in the Bank.

### Acknowledgments

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.



What a year 2020 has been, perhaps one that changed our lives for the foreseeable future, as the SARS-COV-2 pandemic, known as Covid 19, brought the world to a standstill. It has been humbling and it forced us to re-think, re-size and re-tool but we never shut our doors even during pandemic public holidays and remained beside our customers, Alhamdulillah, 24/7. It was most gratifying that despite the enormity of the challenges we faced, we further strengthened our strong base and expanded our business offerings with launch of major business initiatives like Islami Banking under 'Midland Bank Saalam' and Off-shore Banking, during the height of the lockdown. In such backdrop, it is a pleasure and honour for me to present the performance and financials of the Bank for the year 2020. At the very beginning of the year, we were preparing to absorb the interest income loss due to regulatory guideline capping lending rates. Unbeknownst and with suddenness, the country and the banking sector encountered the threat of the pandemic that started from March 2020 with the consequent shutdown of economic activities as the virus spread across the country and the world. It was daunting to continue banking services during the early stage of the Covid 19 outbreak. However, by the Grace of Almighty, we were able to operate our Branches and Head Office complex without interruption albeit at limited scale, by adopting stringent Covid 19 health safety measures.

During the Government declared holidays, our customers were immensely benefitted by using our robust online banking application - "midland online", the digital banking platform which

has inter transferability with three different mobile financial services, bKash, Nagad and Rocket. During 2020, our retail customer relationships increased by 30%, reaching 128,226 by December 2020. The major strength of our retail customer base is our robust digital banking platform. Digital banking users of the Bank increased many fold during the pandemic and we believe there-in lies the potential to flourish and expand virtually.

In terms of profitability, we did better during the pandemic, registering an operating profit of BDT 1,217.83 million and earning a Net Profit after tax of BDT 656.36 million. I feel grateful and pleased to report that, with the blessings of Almighty Allah, we were able to generate profit in the first year of operation of MDB Saalam, our Islamic banking window; and MDB Off-shore Banking Unit (OBU), which I mentioned at the outset.

As I close this introduction, I must recognise my fellow colleagues' contribution who served our Bank putting their life at risk, to take care of customers' needs during the Government Holiday period of the pandemic. As infection and hospitalisation was spiking, our service was not disrupted for a single working day. We feel blessed and most grateful to Almighty Allah and I pray for forgiveness, mercy and relief.

## Economic Environment

Vaccination initiatives have raised hopes for a turnaround at the end of 2021. However, new variants of the virus and potential for new wave of Covid 19 pose concerns. The global growth contraction during 2020 is estimated at negative 3.50%. But strong recovery is projected across the countries depending on access to medical interventions, effectiveness of policy support and exposure to cross-country spillovers. In 2021, global economy is projected to grow 5.50%, as per the IMF. Bangladesh's GDP grew by 5.24% during 2019-2020 raising the per capita income by US\$ 155 to US\$ 2,064. Being an optimist, I would like to mention, actual growth in Bangladesh is expected to be higher than the previous year. However, the Government's expectation to achieve 8.20% growth rate in



2020-2021 would be challenging. Nevertheless, coordinated and effective measures towards recovery of economic activities and bringing a significant population under vaccination, would certainly accelerate our country towards the desired economic growth.

Bangladesh Bank's liquidity enhancing policy measures and adoption of several refinancing schemes helped inject sufficient liquidity in the money market. Monthly surplus liquidity stood at BDT 2,096.20 billion, of which monthly surplus reserves (reserves with Bangladesh Bank after maintenance of CRR) was BDT 447.82 billion. Our Bank rationalises the deposit and lending rate as per market to keep up healthy growth.

## Business Strategy

We always preferred to be a follower rather than first mover in terms of deposit hunting in 2020. In the recent past when some of the Banks offered excessively higher rates to build their liability portfolio rapidly, we didn't move aggressively. Later in the year, our decision proved to be appropriate. During 2020, we concentrated on consolidation of our existing business without increasing the cost. We are ensuring highest effort to book top notch institutional customers in the changing market environment. By the end of 2021, our asset and liability portfolio would grow significantly. The number of Branches reached 34, amongst which 15 are urban and 19 are rural. Our Sub-branch network reached 7. Agent Banking Centres (ABC) increased to 60 by the end of 2020. Number of customers reached 128,226 at the end of 2020. 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. We have plan to further expand our service network through opening of Sub-branches and ABCs in 2021. Our Islami Banking Window generated operating profit of BDT 0.28 million in the first year of operation. Off-shore Banking Unit also generated operating profit of BDT 2.75 million in the first year of operation facilitating our export and import customers.

The Bank is in the process of raising BDT 700.00 million, through Initial Public Offering (IPO), from the capital market for which Bangladesh Bank approval has already been obtained. While the Bank is strongly capitalised with a capital adequacy rating of 17.44% and currently does not need additional capital to run its present business operation, the capital raising is being done to further strengthen the capital base and to partially fulfill the Bank's licensing condition set by our regulator. Submission of the IPO application to BSEC has been deferred due the severity of Covid-19 and once it eases, it will be submitted. A unique feature of our IPO will be that BDT 35.00 million will be offered to our staff, to reward them, with a two-year lock-in period, thereby creating history being the first employee owned Bank in the financial sector in Bangladesh.

## Performance

Midland Bank recorded negative growth of BDT 731.38 million in core business profit before provision and tax, due to impact of single digit interest rate, i.e. 9% fixed by regulator, effective since 1st April, 2020 and also impact of COVID-19 pandemic on overall export-import business during the period. Overall, 41.89% of our income came from core banking business in 2020 whereas it was 97.87 percent in 2019. However, we are happy to report that net profit after tax stood at BDT 656.36 million compared to BDT 557.40 million in 2019, i.e. 17.45% growth over 2019, indicating the strength of our business franchise. Total assets of the Bank stood at BDT 63,145.97 million up by 19.34% year-on-year. The Bank's loan portfolio and deposits maintained a balanced growth of 23.11% and 14.09% respectively, supported by a customer centric business model. At the close of the year, our loans and advances were BDT 39,086.67 million underpinned by our client acquisition strategy. Our credit lines comprise 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 1.16% compared to 2.64% of the previous year, which is again the lowest among the Banks of our generation. The Advance to Deposit ratio was maintained at 82.01% at the year-end while CASA contribution to total deposits was 31%, enabling the Bank to gain a competitive margin. Continuous focus on streamlining operations resulted in an improved cost to income ratio of 47.51% consolidating our bottom line. The key financial health indicators reflect a sound position with Capital to Risk Weighted Assets Ratio (CRAR) of 17.44% at the close of 2020, against regulatory requirement of 12.50 percent including 2.50% capital conservation buffer as per Basel III standard.

As per regulatory guideline, MDB meticulously implemented the lending rate capping at 9% effective from 1st April 2020. As a result, we lost BDT 122.10 million interest income per month since April 2020. By the grace of Allah, we managed to overcome the effect of rate capping and managed to close the year with an operating profit of BDT 1,217.83 million, compared to BDT 1,268.52 million in 2019. MDB management always operate in a compliant manner as usual taking the prudent guidance of the Honourable Board of Directors to address all the challenges we faced during 2020.

In the seventh year of operation, MDB has gained resilience to absorb any sudden shock of deposit outflow by huge improvement in the deposit mix and also withstand NPL shock by keeping provisions at more than required level. The Management of MDB is conscious of the aftermath of covid-19 pandemic and shall act as per prudent guidance of the Board. At present, 44% of total deposit consists of

retail deposits including CASA and aggregate retail, CASA and other small deposits constitute 54.44% of our total deposits base.

### **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 respected customers for their trust on us to serve them with our products and services through our diversified delivery channels. I also convey my gratitude to our regulatory bodies who guided us and provided us with solutions in our endeavour to do better. I thank our Honourable Chairman for her vision, guidance and support extended to us for which I feel deeply indebted. I thank the Chairman of our Shariah Supervisory Council and all its members for the guidance and directives to make our Islami Banking window, MDB Saalam, Shairah compliant and also for the help extended to launch and offer Shariah banking to our customers. I thank our regulator Bangladesh Bank for their prudent guidance and our external auditor A Qasem & Co., Chartered Accountants for their meticulous audit work.

It is a pride and honour for me to be a part of the MDB family - a team committed to achieving excellence - who are most talented, professional and devoted. I express my gratitude to all employees of the Bank who worked tirelessly for the betterment of the institution and deliver quality service to meet the need of our customers to help them achieve their financial hopes and dreams.

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

Sincerely,



**Md. Ahsan-uz Zaman**  
Managing Director and CEO





# Directors' Report

# Directors' Report

Dear Stakeholders,

The Board of Directors welcome you all in the 8th 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, 2020. 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

The International Monetary Fund (IMF) forecasts global growth for 2021 to be 5.50%, which is 0.30% higher than its October 2020 prediction, moderating to 4.20% in 2022. The IMF also expects global trade to rebound this year, recording 8.10% growth, after falling 9.60% in last year.

The IMF further added that upgrade for 2021 reflected an increase in government spending to offset the worst effects of the pandemic and vaccination programmes that were being rolled out across richer nations. However, the strength of the projected economic recovery would vary significantly across countries, with advanced economies generally expected to recover faster. This is because of their expansive policy support and quicker access to vaccines relative to many developing countries.

The World Bank (WB) in its semi-annual report on the state of global economy published on January 2021 painted a rather much less optimistic outlook for the global economy than that of the IMF. It is in their view that although global economic output is recovering from the collapse triggered by Covid-19, it will remain well below pre-pandemic trends for a prolonged period, wiping out limited gains in poverty reduction and per capita income growth.

WB President Malpass acknowledged that stimulus programmes in major economies were aggravating social inequality and further added "Stimulus mechanisms are working to concentrate wealth at the top rather than adding wealth from the bottom up". But this is in general the main global trend in almost all economies; developed and developing. Also, a report published by the International Labour Organisation (ILO) in January 2021 finds that the ultra-rich have seen their wealth soar.

It also indicates the risk that a rise in Covid-19 infections, continued stagnant investment, or a major financial crisis produced by the escalation of debt could result in an even worse outcome. It also opined that world would face a "slow and challenging economic recovery". After a contraction of 4.30% global output in 2020, the WB expects an expansion in global output by 4.00% in 2021. World Bank report warns, global GDP may only expand 1.60% this year. Even the WB's most optimistic outlook of global economy, growing by 5.30%, remains below pre-pandemic projection and equivalent to US\$4.70 trillion output loss.

Focusing on the South Asia region, WB report said that Covid-19 pandemic had caused deep output losses and contributed to a sharp rise in poverty and unemployment in the region. Output in the region contracted by an estimated 6.70% in 2020 reflects the effects of pandemic and nationwide lockdowns, particularly in Bangladesh and India. The South Asia region is projected to grow by 3.30% in 2021 and 3.80% in 2022, which is substantially weaker than the growth during the decade leading up to the pandemic. Covid-19 is expected to impose long-term damage on growth prospects by depressing investment, eroding human capital, undermining productivity and depleting policy buffers.

As for Bangladesh in particular, WB report concludes that Bangladesh has been one of the fastest growing economies prior to the pandemic, the growth is estimated to be decelerated at 2.00% in 2019-20 and the economy is forecasted to grow by only 1.60% for the current fiscal year. However, it must be noted that the estimated and forecasted growth figures of the WB significantly differ from those provided by the government of Bangladesh for the same periods.

According to a report published by the South Asian Network on Economic Modelling (SANEM) the upper poverty rate in Bangladesh almost doubled to 42% in December 2020 from 21.60% in 2018 as a result of the Covid-19 pandemic. Also, the lower extreme poverty rate increased during the same period from 9.40% to 28.50%.

More alarmingly, the latest Global Risk Report of the World Economic Forum warns that many young people "entering the workforce in an employment ice age". The report further adds that youth disillusionment will become "critical threat to the world in the short term" because of the current generation's loss of faith in today's economic and political institutions.

## Bangladesh Economy

The Government has the 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 9.90% through acceleration of investment, especially in the private sector. In the context of our country, private sector plays a dominant role towards creating employment opportunities thereby boosting up per capita income which proved to be instrumental in transforming the country to a high income one by 2041.

The attainment of GDP growth rate was 5.24% against the target of 8.20% for the FY2020. This is undoubtedly appreciable since the world's richest economy attained a much lower GDP growth in the current COVID-19 pandemic. Inflation reached at 5.02% against target of 5.40%, Broad Money attained 14.20% against target of 15.60%, Reserve Money growth was 21.20% against target of 13.50%, Public sector credit growth was 18.60% compared to 44.40% target and Private sector credit growth was 8.40% against 14.80% for the FY2020.

Considering the COVID 19 pandemic as well as present economic scenario, Bangladesh Bank has brought a few changes in its major economic indicators for FY2021, i.e., GDP growth rate revised to 7.40% against 8.20% target, Broad Money growth revised to 15.00% against 15.60% target and Public sector credit growth revised to 31.70% against 44.40% target. However, the central bank kept the target of Inflation rate unchanged at 5.40%, Reserve Money growth rate at 13.50%, and Private sector credit growth rate at 14.80% for the FY2021.

The spread between the weighted average interest rate on advances and deposits of all Banks slightly decreased to 2.98% in December 2020 (Q4) from 3.00% in September 2020 (Q3). The weighted average call money rate in the inter-bank money market declined to 1.79% in December 2020 compared to 2.00% in November 2020.

Total merchandise commodity export during July-October, 2020 increased by 0.97% to USD 12,844.64 million compared to USD 12,721.25 July-October, 2019. On the other hand, custom based import during July-September, 2020 fell by 11.43% and stood at USD 12,686.50 million against USD 14,324.00 in the same quarter of the last fiscal year. Total receipts of workers' remittances during July-October, 2020 increased by 43.25% and stood at USD 8,825.64 million against USD 6,161.02 million in July-October, 2019. As a result current account balance was at USD 3534 million surplus during July-September, 2020 due to significant increase in workers' remittances inflow and low trade deficit. However, Gross Foreign Exchange Reserves of BB stood at USD 42,973.40 million at the end of December 2020, which was USD 41,269.22 million at the end of November 2020. This is a landmark in the history of Bangladesh.

## Review of Business

### Principal activities of the Bank

The principal activities of the Bank are to provide wide range of financial products (loans and deposits) and services that includes all kinds of Conventional and Islamic banking services to its customers. It offers commercial banking, consumer banking, trade services, cash management, treasury, cottage micro small and medium enterprises (CMSMEs), retail, debit/credit cards services and clearing services to its customers. These activities are conducted through its Branches, Sub- branches, Agent Banking Centers (ABCs), Islamic Windows and Alternative Delivery Channels (ATM booths, Internet Banking) in Bangladesh. MDB digital banking service is the Bank's flagship product to provide internet based banking solutions. MDB online banking provides a number of facilities such as paying utility bills, buying air tickets, paying bills of mobile phones, credit cards, and insurance premiums, tracking of accounts and even shopping from over 100 retailers. MDB digital banking service is integrated with bKash, ROCKET and NAGAD payment system as well. The Bank also provides Off-shore banking services through its Off-shore banking unit (OBU) and Islami banking services through its Islamic banking window (MDB Saalam).

### Strategic Plan

The strategic primacies and action plans of the Bank are summarized below:

- Diversify the credit portfolio into Corporate, MSME, Emerging Corporate & Special Program (EC&SP), Retail Business, Agriculture, Trade Financing, Project Financing and organizing Syndication deals.
- 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).
- Maintain adequate level of liquidity by minimizing Asset-Liability mismatch.

- Increase inward remittance through expansion of domestic networks for the beneficiaries through strategic alliances and introduce new products to attract NRB customers.
- Extend banking services to un-banked and under banked people for inclusive growth.
- Improve IT infrastructures for developing new IT based products and services.
- 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 resource management system to motivate and retain the workforce and transform them into human assets through appropriate and extensive training and learning culture.
- Strengthen internal control & compliance and monitor thereon.
- Introduce in-depth research for developing brand strategy to create an optimum brand value.
- Control of cost at every level of operations by ensuring budgetary goal.
- Improve internal governance through strengthening good corporate cultures, motivation, training and supervision as per KPIs in all levels of management.
- Expand CSR related activities and ensure the green banking activities.

The Bank has been working with emphasis on the above strategic priorities and lots of developments have also 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 2020, the number of branches stood at 34 (15 Urban Branches and 19 Rural Branches), 7 Sub Branches, 43 ATMs, 60 Agent Banking Centers (ABCs) and 7 Collection Centres covering commercially important locations across the country. The Management foresees to open 01 urban branch, 15 Sub-Branches, and 40 Agent Banking Centers under the Agent banking license in the forthcoming year 2021.

### Islamic Banking Window (MDB Saalam)

Two (2) Islamic banking windows (MDB Saalam) were launched on April 23, 2020 with the approval of Bangladesh Bank. Through the Islamic banking windows, the Bank extends all types of Islamic shariah compliant finances like lease, hire purchase shirkatul melk (HPSM), bai muazzal, household scheme, etc. and different types of deposits like mudaraba/manarah savings deposits, mudaraba/manarah term deposits, al-wadeeah current deposits, monthly/quarterly profit paying scheme, etc. Separate financial statements of Islamic banking windows are shown in Annexures G.

### Off-shore Banking Unit (OBU)

Off-shore banking unit (OBU), after getting approval from Bangladesh Bank, launched its operation on 20 June 2020. It is a separate business unit of the Bank, operates its business through a separate counter at Head Office, as governed under the rules and guidelines vide Bangladesh Bank's letter reference no. BRPD (P 3) 744 (101)/2010-4129 dated 10 November 2009 and a Policy for Off-shore banking operation issued by Bangladesh Bank through BRPD circular no. 02 dated 25 February 2019 and BRPD circular letter no. 09 dated 27 May 2019. It gives loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institution not resident in Bangladesh and Type-A (wholly foreign owned) units in EPZs in Bangladesh. It also gives long term loans to industrial units outside EPZs and Type-B and Type-C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of Bangladesh Investment Development Authority (BIDA) and Bangladesh Bank. Besides, this unit provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines. Separate financial statements of Off-shore banking unit have been disclosed in the annual report 2020.

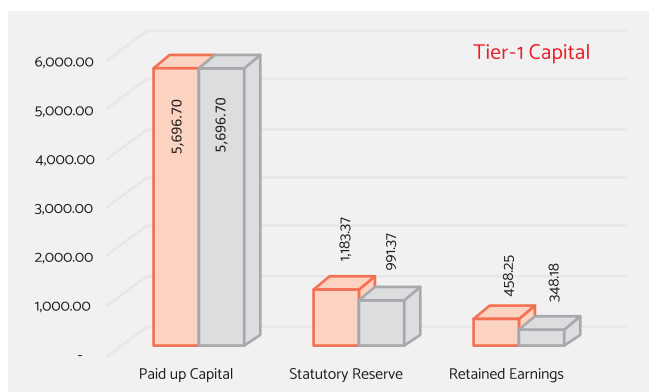
### Capital Strength (Capital to Risk Weighted Assets Ratio-CRAR)

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 7,614 million at the end of 2020 from BDT 7,038 million in 2019, i.e., 8.18% growth over 2019. The Capital to Risk Weighted Assets of the Bank increased to BDT 45,800.00 million from BDT 35,624.18 million in 2019. As a result, Capital to Risk Weighted Assets Ratio (CRAR) reported to 17.44% as on December 31, 2020, against the regulatory requirement of 12.50% under Basel-iii regime.

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

## Core Capital (Tier- 1)

Particulars	In BDT Million		% of Growth in 2020 over 2019
	December 2020	December 2019	
Paid-up Capital	5,696.70	5,696.70	0.00%
Statutory Reserve	1,183.36	991.37	19.37%
Retained Earnings	458.25	348.18	31.61%
Intangible Assets	(25.15)	(17.99)	39.80%
<b>Sub-Total (A)</b>	<b>7,313.16</b>	<b>7,018.26</b>	<b>4.20%</b>

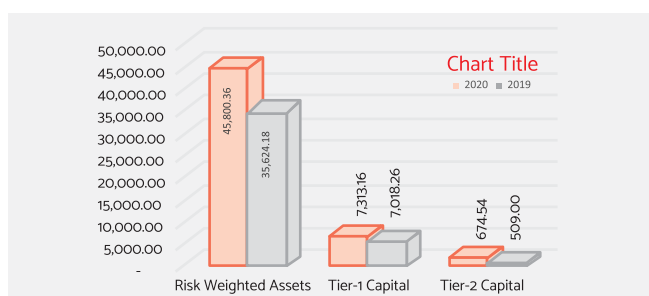


## Supplementary Capital (Tier- 2)

Particulars	In BDT Million		% of Growth in 2020 over 2019
	December 2020	December 2019	
General Provision	674.54	509.00	32.52%
Securities Revaluation Reserve	-	-	
<b>Sub-Total (B)</b>	<b>674.54</b>	<b>509.00</b>	<b>32.52%</b>
<b>Sub-Total (A)</b>	<b>7,987.70</b>	<b>7,527.26</b>	<b>6.12%</b>

## Capital to Risk Weighted Assets Ratio (CRAR):

Particulars	In BDT Million		% of Growth in 2020 over 2019
	December 2020	December 2019	
Total risk weighted assets	45,800.36	35,624.18	28.56%
Tier - I (Core) Capital Ratio	15.97%	19.70%	(3.73%)
Tier-II (Supplementary) Capital Ratio	1.47%	1.43%	0.04%
Capital to Risk Weighted Asset Ratio (CRAR) (Minimum Requirement is 12.50%)	<b>17.44%</b>	<b>21.13%</b>	<b>(3.69%)</b>





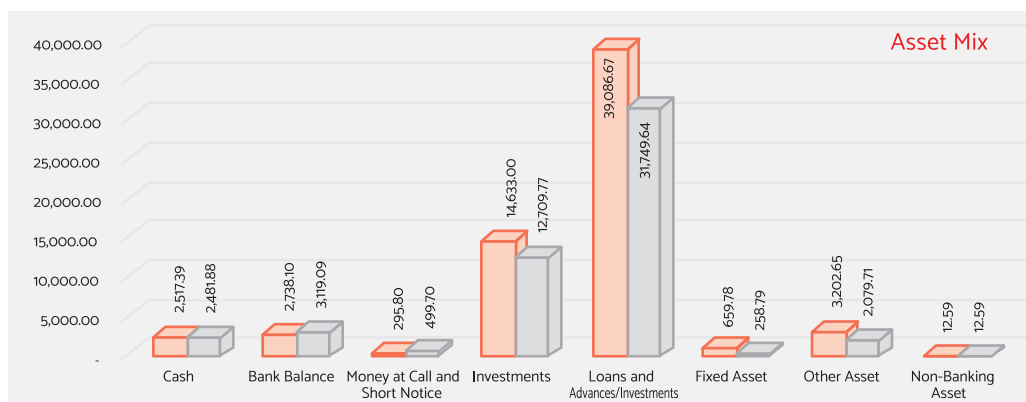
## Financial Performance Of MDB

### Balance Sheet

Particulars	In BDT Million		% of Growth in 2020 over 2019
	December 2020	December 2019	
Cash	2,517.39	2,481.88	1.43%
Balance with other Banks & FIs	2,738.10	3,119.09	(12.21%)
Money at call and short notice	295.80	499.70	(40.80%)
Investments	14,633.00	12,709.77	15.13%
Loans & Advances	39,086.67	31,749.64	23.11%
Fixed Assets	659.78	258.79	154.95%
Other Assets	3,202.65	2,079.71	54.00%
Non-banking Assets	12.58	12.58	0.00%
<b>Total Assets</b>	<b>63,145.97</b>	<b>52,911.16</b>	<b>19.34%</b>
Borrowings from other Banks, Financial Institutes and Agents	6,074.71	3,468.73	75.13%
Deposits and Other Accounts	45,067.57	39,500.76	14.09%
Other Liabilities	4,389.72	2,903.31	51.20%
Capital/Shareholders' Equity	7,613.97	7,038.36	8.18%
<b>Total Liabilities</b>	<b>63,145.97</b>	<b>52,911.16</b>	<b>19.34%</b>

### Assets

Total Assets of the Bank stood at BDT 63,146 million in 2020 compared to BDT 52,911 million in 2019, registering growth of 19.34% over 2019. During the year, Loans & Advances growth was 23.11% and Investment in Govt. Treasury bills/bonds and others increased by 15.13% over the previous year 2019. Fixed assets increased by 154.83% over 2019, due to recognition of lease rental assets as Fixed Assets by implementation of International Financial Reporting Standards (IFRS-16: Lease) to comply with Financial Reporting Act 2015. On the other hand, the growth of deposits was at 14.09% and growth of shareholders' equity was 8.18% against corresponding previous year 2019. The flow in assets was evident in the increase of Loans and Advances, 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 in accordance with Bangladesh Bank guideline. During the reporting year 2020, the economy observed that private sector credit growth was recorded at 8.40% in December 2020 which was lower than 9.83% of the same month of the previous year, whereas MDB credit growth was 23.11%.



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

- Cash in hand**

The balance stood at BDT 2,517 million in 2020 compared to BDT 2,482 million in 2019, i.e. 1.41% growth over 2019.

## • Balance with other Banks, Financial Institutions and Its Agents

The aggregate position of cash at Banks and NBFIs was BDT 2,738 million in 2020, compared to BDT 3,119 million in 2019. The balance decreased by 12.22% over 2019, due to encashment of matured placement fund with Banks and NBFIs for keeping ADR and wholesale borrowing limit in line with regulatory guideline.

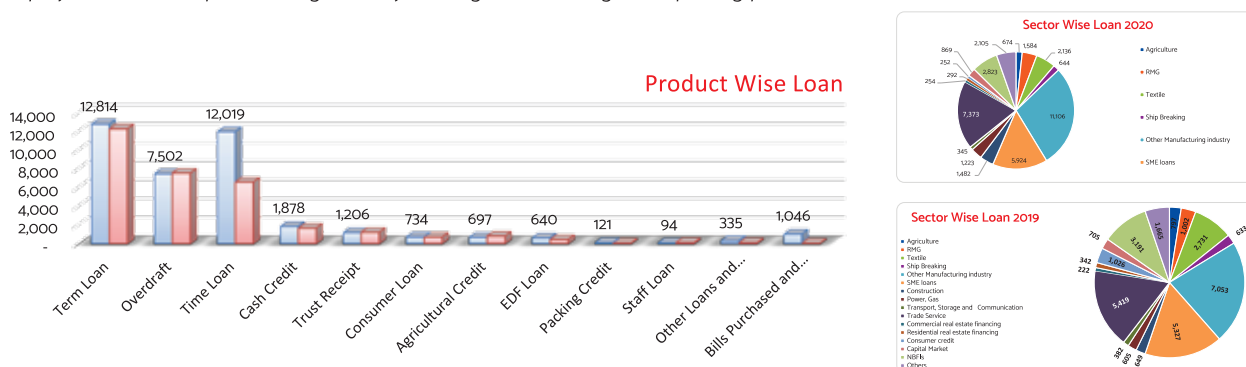
## • Investments

During the year ended on December 31, 2020, the investment increased by 15.13% to BDT 14,633 million from BDT 11,413 million in 2019. Bank's investment comprises of government securities of BDT 13,553 million and others investment of BDT 1,080 million (investment in debenture, corporate bond, etc.). Investment in government securities increased by BDT 2,140 million over 2019, due to investment in Treasury bills/bonds during the year.

## • Loans and Advances

Loans and Advances outstanding of the Bank amounted at BDT 39,087 million in 2020 compared to BDT 31,749 million in 2019, i.e. representing a growth of 23.11% over previous corresponding year. Yield on loans and advances decreased to 9.04% from 12.45% in 2019, due to decrease the lending rate in single digit, i.e. @ 9% effective from April 2020. Approval and disbursement of loans and advances were well managed. As a result, Bank's Non-performing Loans (NPLs) reduced to BDT 452.80 million from BDT 838.30 million in 2019, i.e., NPLs ratio decreased to 1.16% in 2020 from 2.64% in 2019.

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 remarkably decreased to 1.16% in 2020 from 2.64% in 2019. Based on contractual maturity terms 71% of the current loan portfolio will be matured less than one year and 29% 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 2020 increased to 82.01% from 81.64% in 2019, marking an efficient mobilization of fund and equity in the most liquid banking industry in Bangladesh during the reporting period.



## • Fixed Assets and Other Assets

The aggregate amount of written down value of fixed assets of the Bank stood at BDT 660 million in 2020, compared to BDT 259 million in 2019 (note # 8), demonstrating a growth of 154.83%, due to recognition of lease rental assets as Fixed Assets by implementation of International Financial Reporting Standards (IFRS-16: Lease) to comply with Financial Reporting Act 2015, while other assets comprise of advance income tax, advance office rent, accrued interest on investment, etc., (note # 9B) amounted to BDT 3,203 million in 2020, compared to BDT 2,080 million in 2019, showing a growth of 53.99%.

## • Non-Banking Assets

The Bank filed 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 ordered in favour of MDB 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 on 31 December 2016. The honorable court also ordered to charge unapplied interest until full 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 full loan amount of BDT 12.56 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 (note # 10).



- **Total liabilities other than shareholders' equity**

Total liabilities excluding shareholders' equity of the Bank registered growth of 21.06% with a total volume of BDT 55,532 million against BDT 45,873 million in 2019. Core Deposits of the Bank increased by 14.09% to BDT 45,067 million in 2020 from BDT 39,501 million in 2019.

- **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, etc. The borrowings were mainly used for Bank's liquidity and 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 2020, Borrowing of the Bank increased by 75.12% to BDT 6,075 million in 2020 from BDT 3,469 million in 2019.

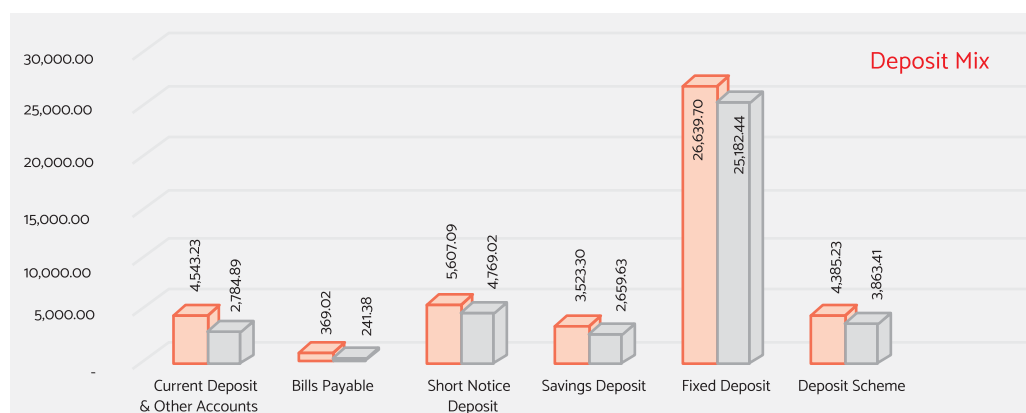
- **Deposits**

Customer Deposits are the core source of funding for commercial Banks. Being a new entrant as a fourth generation Bank in the industry, it was really challenging to scout the new customers. 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), Collection Centers, Islami Banking Services through all of our Branch Networks 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 not only improving 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 45,067 million in 2020 with a growth of 14.09% compared to BDT 39,501 million in 2019 (note # 12). Cost of deposit and cost of fund stood at 6.14% and 7.77% in 2020, respectively as against 7.71% and 9.03% in 2019, respectively. The strong customer-based deposits comprise of individual, corporation, small & medium size enterprises, NBFIs, government entities, NGOs, autonomous bodies and others.

During the financial year 2020, MDB's deposit blend was stable with No-cost and Low- cost Deposits at 31.16% of total Deposits, Fixed Deposits to total Deposits was at 59.11% and Scheme Deposits to total Deposits was at 9.73%. A wide range of liability products are now available at MDB to meet variant needs of deposit clients of which are:

Deposit Mix	Outstanding Amount (In BDT Million)		% of Growth in 2020 over 2019	Deposit Mix (%)	
	2020	2019		2020	2019
Current Deposits	4,543	2,785	63.12%	10.08%	7.05%
Bills Payables	369	241	53.11%	0.82%	0.61%
Short Notice Deposits	5,607	4,769	17.57%	12.44%	12.07%
Saving Deposits	3,523	2,660	32.44%	7.82%	6.73%
Fixed Deposits	26,640	25,183	5.79%	59.11%	63.75%
Scheme Deposits	4,385	3,863	13.51%	9.73%	9.78%
Total Deposits	45,067	39,501	14.09%	100.00%	100.00%



## • Shareholders' Equity

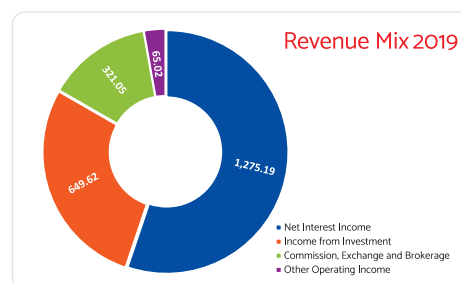
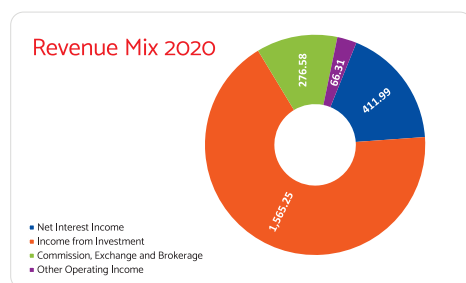
The shareholders' equity increased by BDT 576 million to BDT 7,614 million in 2020 compared to BDT 7,038 million in 2019, i.e., 8.18% growth over 2019. Statutory reserve was up by BDT 192 million to BDT 1,183 million in 2020 against BDT 991 million in 2018, i.e., 19.37% growth over 2019, while retained earnings rose by BDT 110 million to BDT 458 million in 2020, as against BDT 348 million in 2019, i.e., 31.61% growth over 2019. On the other hand, shareholders' equity growth rose to 8.18% over 2019 which helps the Bank 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 1,217.83 million in 2020 against BDT 1,268.52 million in 2019, representing negative growth of BDT 50.69 million, i.e. declined by 3.99% over 2019. However, net profit after tax increased by 17.75%, or BDT 98.95 million to BDT 656.36 million in 2020 from BDT 557.40 million in 2019. Significant growth of retained earnings during the period incurred due to the rise of notable earnings from tax exempted capital gain out of sale/ revaluation/ amortization of Treasury Bill/ Bonds and trading of shares. As a result, the upward turn of net profit after tax edged up the EPS to BDT 1.15 from BDT 0.98 in 2019 and corresponding ROA during the period rose to 1.13% from 1.05% in 2019 and ROE increased to 8.96% from 8.24% in 2019. Besides and NAV per share rose to BDT 13.37 against 12.36 in 2019, i.e. 8.18% over 2019. Details of net profit after tax given as under:

Particulars	BDT in Million		% of Growth in 2020 over 2019
	2020	2019	
Interest income	3,160.18	4,259.09	(25.80%)
Interest paid	(2,748.19)	(2,983.90)	(7.90%)
<b>Net interest income</b>	<b>411.99</b>	<b>1,275</b>	<b>(67.69%)</b>
Investment income from Dividend	1,565.25	649.62	140.95%
Commission, fees and brokerage, etc.	276.58	321.05	(13.85%)
Other operating income	66.31	65.02	1.98%
<b>Net operating income</b>	<b>2,320.13</b>	<b>2,310.88</b>	<b>0.40%</b>
Operating expenses	(1,102.30)	(1,042.36)	5.75%
<b>Net operating profit before provision and tax</b>	<b>1,217.83</b>	<b>1,268.52</b>	<b>(4.00%)</b>
Provision on Loans and Advances	(257.86)	(217.18)	18.73%
<b>Net Profit before tax</b>	<b>959.57</b>	<b>1,051.34</b>	<b>(8.69%)</b>
Provision for corporate tax	(303.61)	(493.94)	(38.53%)
<b>Net Profit after tax</b>	<b>656.36</b>	<b>557.40</b>	<b>17.75%</b>



### • Income

The interest income on loans and advances significantly decreased by BDT 1,098.91 million to BDT 3,160.18 million in 2020 against BDT 4,259.09 million in 2019, i.e., 25.80% negative growth over 2019, the reasons of which as identified are largely the impact of implementation of single digit interest rate of 9% effective from 1st April'20, interest rate of treasury placement to Banks & NBFIs also came down to 3% from 10% in the same period of previous year. Bank's earnings from commission, exchange & brokerage also decreased by BDT 44.47 million to BDT 276.58 million in 2020 against BDT 321.05 million in 2019, i.e., 13.85% negative growth over 2019, due to harshly impacted by COVID-19 pandemic during the reporting period. The growth of income was mainly driven from tax exempted capital gain out of sale/revaluation/amortization of Treasury Bill/Bonds and trading of shares as well as efficiently utilization of fund.

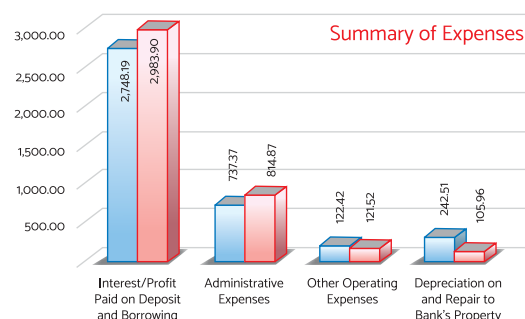
- **Expenses:**

Interest paid on deposits and borrowings decreased by BDT 235.71 million to BDT 2,748.19 million from BDT 2,983.90 million in 2019, i.e. decreased by 7.90% over 2019, due to lowering the deposits and borrowing rates during the year. As a result, cost of deposits reduced to 6.14% from 7.71% in 2019. Operating expenses of the Bank increased to BDT 1,102.30 million in 2020 compared to BDT 1,042.36 million in 2019, i.e. increased by 5.75% over 2019, due to increasing branch networks and expansion of business activities during the year as well as materially impacted the amortization cost of right to use assets for rental/leasehold premises of the Bank by implementation of International Financial Reporting Standard (IFRS 16-Lease) in compliance with Bangladesh Financial Reporting Act 2015.

- **Summary of Operating Expenses**

Particulars	In BDT Million		% of Growth in 2020 over 2019
	2020	2019	
<b>Administrative expenses (A):</b>	<b>737.37</b>	<b>814.87</b>	<b>(9.51%)</b>
Salary and allowances	592.13	531.36	11.44%
Rent, tax, insurance, electricity, etc.	75.32	219.34	(65.66%)
Postage, stamp, telecommunication, etc.	17.72	13.06	35.68%
Printing, Stationery, Advertisement, etc.	33.74	31.67	6.54%
Managing Director's salary & allowances	16.28	16.56	(1.69%)
Director's fees	1.18	1.46	(19.18%)
Others	1.00	1.42	(29.58%)
<b>Depreciation, Repairs and Other Expenses (B)</b>	<b>364.93</b>	<b>227.48</b>	<b>60.44%</b>
Depreciation, amortization and repairs	242.51	105.96	128.87%
Other operating expenses	122.42	121.52	0.74%
<b>Total Expenditures (A+B)</b>	<b>1,102.30</b>	<b>1,042.35</b>	<b>5.75%</b>

By and large, Bank's administrative expenses remained steady during 2020 and other operational costs were in control during the reporting period. During the year, salary & allowances increased by 11.49%, postage, stamp, telecommunication, etc., increased by 35.79% because of expansion of service delivery channels and branch networks (1 Branch, 6 Sub-branches, 17 Agent Banking Centers and 6 ATMs launched during the year). On the other hand, Rent, tax, insurance, electricity, etc., reduced by 65.66% during the year, due to amortization cost for right of use assets for rental/leasehold premises of the Bank moved to depreciation/amortization head for implication of International Financial Reporting Standard (IFRS-16: Lease) in compliance with Financial Reporting Act 2015. However, a prudent management of expenses and cost-control are our relentless concern and commitment to fair expenses are put into practice 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	2020	2019	% of Growth in 2020 over 2019
Number of regular employee (contractual employees in 2020 and 2019 were 202 and 195, respectively)	454	436	4.13 %
<b>In BDT Million</b>			
Net operating income per employee	5.11	5.30	(-3.58%)
Operating expenses per employee	2.43	2.39	1.67%
Net operating profit before provision and tax per employee	2.68	2.91	(7.90%)
Net profit after tax per employee	1.45	1.28	13.28%

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

General provision against UCLs (Standard & SMA) was BDT 589.64 million in 2020 against BDT 454.51 million in 2019 (note # 13.01). General provision increased by BDT 135.13 million over the last same corresponding year, due to increase of loans portfolio to BDT 39,087 million from BDT 31,750 million as well as an additional amount of BDT 500 million kept as part of our strategic effort to tighten our belt to face the likely threat of further loan classification, following the withdrawal of regulatory deferral policy for non-classification of loans irrespective of repayment performances until December 31, 2020. The Bank also maintained general provision against off-balance sheet exposures of BDT 84.90 million in 2020, compared to BDT 54.48 million in 2019 (note # 13.02) in compliance with regulatory guidelines. General provision is considered as Tier- ii capital of the Bank which acts as a safeguard against future default and supports 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 2020, Bank's specific provision was BDT 194.56 million compared to BDT 286.50 million in 2019 (note # 13.01). Specific provision decreased by BDT 91.94 million, due to recovery/regularization of BDT 386 million of non-performing loans (NPLs) during the year and also deferring classification of loans and advances irrespective of repayment performance until December 31, 2020 in compliance with Bangladesh Bank guideline. As a result, Bank's NPLs reduced to 1.16% from 2.64% in 2019.

- **Provision for investment in Shares/Debentures**

General provision against investment in Shares/Debentures was BDT 68.11 million in 2020 compared to BDT 44.73 million in 2019. The provision increased by BDT 23.38 million over the same corresponding year, due to increases in the overdue of Treasury investment during the year, as such additional provision has been kept for regulatory compliance.

- **Special General provision COVID-19 against Unclassified Loans (UCL)**

In order to strengthen the financial base and increasing shock absorbing capacity of Banks, BB instructed to keep 1.00% Special General Provision COVID-19 on all unclassified loans including SMA loans. As such, we have to keep BDT 160.09 million as special general provision COVID-19. This provisioning amount has to be kept in a separate head in the Balance Sheet and cannot be transferred to income account until further instruction is issued by BB in this regard.

- **Net Profit Before Tax**

After making appropriate provision against loans and advances, net profit before provision of tax stood at BDT 959.97 million in 2020 compared to BDT 1,051.35 million in 2019, representing a negative growth of 8.69% over 2019. This was due to the impact of single digit interest rate fixed at 9% by regulator effective from 1st April, 2020. Commission & exchange income has also decreased by 13.85% over 2019, due to the impact of COVID-19 pandemic on import-export business of the Bank.

- **Net Profit After Tax**

As per Income Tax Ordinance 1984 and Finance Act 2020, the Bank has to make adequate provision of current tax and deferred tax. As such, we have made a provision of BDT 303.61 million in 2020 against BDT 493.94 million in 2019. After taking appropriate provision of tax, net profit after tax stood at BDT 656.36 million in 2020, compared to BDT 557.41 million in 2019, representing 17.75% growth over 2019. The significant growth in net profit after tax during the period is largely due to an increase in the volume of tax exempted earnings, capital gain from our treasury bill/bonds, trading of shares and the impact of BB's policy of concessional specific provisioning requirement for the accounts classified as SS from earlier 20% to 5% and for DF from earlier 50% to 20% in the cottage and small loan segment. Bangladesh Bank's policy of deferral of further classification irrespective of repayment performance has also positively impacted our bottom-line net profitability.

- **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% 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 has kept adequate statutory reserve as guided by Bank Company Act and the accumulated amount of statutory reserve at the end of 2020 stood at BDT 1,183.37 million, compared to BDT 991.37 million in 2019, i.e. 19.37% growth over 2019.

- **Key Financial Ratios of the Bank**

Particulars	In BDT Million	
	2020	2019
ROE-Return on average equity	8.96%	8.24%
ROA-Return on average assets	1.13%	1.05%
Cost to income ratio	47.51%	45.11%
Capital to Risk Weighted Assets Ratio (CRAR)	17.44%	21.13%
Advance Deposit Ratio (AD Ratio)	82.01%	81.64%
Non-Performing Loans (NPLs) Ratio	1.16%	2.64%
Earnings per share (EPS) in BDT	1.15	0.98
Net Asset Value per Share (NAV) in BDT	13.37	12.36

- **Appropriation of Profit**

Profit after Tax (PAT) stood at BDT 656.36 million at the end of the FY 2020, compared to BDT 557.40 million in the FY2019. Profit available for distribution among the shareholders is BDT 458.25 million after a mandatory transfer to statutory reserve of BDT 191.99 million, i.e., 20% on profit before tax and BDT 12.50 million for Corporate Social Responsibility (CSR). The Board of Directors in its 109th meeting held on March 28, 2021 recommended 8.00% cash dividend for the financial year 2020 which will be reviewed and approved by the shareholders in its next 8th Annual General Meeting (AGM).

- **Summary of appropriation of profit**

Particulars	In BDT Million	
	2020	2019
Profit after tax (PAT)	656.36	557.41
Retained earnings brought forward from previous year	6.38	3.54
To be appropriated	662.74	560.95
Transfer to statutory reserve	(191.99)	(210.27)
Transfer to CSR	(12.50)	(2.50)
Distributable profit for the financial year	458.25	348.18
Paid up capital	5,696.70	5,696.70
Dividend Payout Ratio (6% cash dividend paid for the FY 2019)	8.04%	6.11%

## Human Resources

Human Resource Management Division has an aim to contribute to building strong, dedicated, skilled and professional Human Resource base for the Bank and to develop the people who are involved in profitability curve and sustainable growth of the Bank. We believe everyone has a latent talent. We thrive to find out the underlying talent of the employees and help them utilize their talent properly towards achieving individual development and organizational goals. This Bank has established a performance driven culture to expedite the utmost efforts 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 an attitude driven talent acquisition process. We do not merely offer a job to employees but are highly conscious to offer them a bright career path and make them confident to be the best fit in their next role. The main motto of Human Resource 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 for organizations 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 to nurture our people in order to build them as future leaders of the Bank. Also, we have created an enabling working environment to attract, develop and retain quality manpower to ensure overall development of the Bank. We appreciate the employees' creativity and innovation in improving the work process of the Bank. Employees will be provided the work life balance, respect and caring attitude within the organization which 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 16 (Sixteen) 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 raise them 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 important to build a robust risk management culture in Banks and Financial Institutions as they 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	32,112	18,693	5,114	55,919
Non-interest earning assets	2,420	2,299	2,509	7,227
<b>Total assets</b>	<b>34,532</b>	<b>20,992</b>	<b>7,623</b>	<b>63,146</b>
Interest bearing liabilities	32,792	13,735	1,152	47,678
Non-Interest bearing liabilities	3,702	1,109	3,043	7,854
<b>Total liabilities</b>	<b>36,494</b>	<b>14,844</b>	<b>4,195</b>	<b>55,532</b>
<b>Maturity Gap</b>	<b>(1,962)</b>	<b>6,148</b>	<b>3,428</b>	<b>7,614</b>

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, scrutinizing negative impacts of the corporations on environment and taking necessary mitigating measures there against during financing and also financing 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.

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 focuses on training of employees, strengthening its screening system and ensuring that policies and procedures are effective and always up-to-date. MDB is firmly determined not to let money launderers and terrorists or perpetrators use it as their tool to launder money or finance terrorist activity in any possible way.

## Corporate Social Responsibility (CSR)

The Bank is very much active to the cause of society in meeting its obligations to the less privileged people. 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, Midland Bank donated to Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust for establishing Bangabandhu Corner, Bangabandhu Chair and for Celebrating Mujib Barsha. Considering the pandemic situation, the Bank donated to Prime Minister's Relief Fund for sourcing/procurement of Personal Protective Equipment (PPE), Coronavirus Testing Kit and Respiratory equipment supplying for health care purpose. Considering flood, Bank donated to "Prime Minister's Relief Fund" for flood affected people of the country for emergency healthcare. The Bank has also distributed bicycles among the female school going students in the country and handed over blankets among the winter affected poor people in the rural area of the country. The Bank conducted various CSR activities during the year 2020 (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 lead by example to ensure that 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 were appointed by the shareholders for auditing the financial statements of the Bank and providing their independent opinion on the preparation of financial statements in accordance with applicable rules and regulations and international accounting standards that reflect 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 work place, enhancing the market place, supporting the community and fortifying the environment. As a socially conscious and responsible corporate body, MDB is committed to the improvement of 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 2020 (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 are shown in note # 31. The Managing Director & CEO was paid salaries and allowances as per approval of the Board of Directors as well as Bangladesh Bank as shown in 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 preparing financial statements including relevant schedules as per regulation. 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 IFRS/IAS

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, International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS) 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 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 these risks. The Board of Directors also approve effective internal control system that requires 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, International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) 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 International Accounting Standards (IAS-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. IAS-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 settled.

## 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, 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 affects the business and develops 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 duly 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 being deducted from bills and issue Pay Order/Account Transfer in favor of the eligible vendors/beneficiaries. MDB is keen to build a strong business relationship with its vendors and service providers. Hence, the Bank has not faced any litigation from any customer or stakeholder since its inception.

## Shareholders' Value

The Board of Directors is fully committed to accredit 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 2020. During the year, earning per share (EPS) stood at BDT 1.15 against BDT 0.98 in 2019, Return on Equity (ROE) at 8.96% against 8.24% in 2019, Return on Average Assets (ROA) stood at 1.13%, against 1.05% in 2019 and Net Assets Value Per Share (NAV) stood at BDT 13.37 compared to BDT 12.36 in 2019, i.e., growth of 8.18% over 2019.

## Meeting of the Board of Directors

The Board of Directors holds meetings on a 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 of the agenda to all Directors well ahead of the scheduled date for meeting. In 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 2020, a total of 12 meetings of the Board of Directors were held.

## Appointment of Auditors

A Qasem & Co., Chartered Accountants had conducted the audit of the Bank for the financial year 2020. They have completed 2nd term (2nd year). As such, they are eligible for re-appointment for conducting audit for the FY 2021 (3rd term) as per guidelines of Bangladesh Bank. The Board of Directors in its 109th Meeting held on March 28, 2021 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 2021. Shareholders of the Bank will approve the re-appointment of A Qasem & Co., Chartered Accountants in its 8th AGM to conduct the audit of the Bank for the FY2021.

## Annual General Meeting (AGM)

The schedule of 8th Annual General Meeting (AGM) of the Bank is to be decided later. The Directors' Report along with the financial statements of the Bank was approved at the 109th Board meeting held on March 28, 2021 to be placed before the shareholders of the Bank in the 8th AGM for review and approval.

## Outlook of Financial Year 2021

The Management of MDB is conscious of the aftermath of the withdrawal of policy for deferral of further classification irrespective of repayment performance which ended on December 31, 2020 and single digit 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 December 31, 2020. However, MDB has gained resilience to absorb any sudden shock of deposit outflow by huge improvement in the deposit mix. At present, 54.44% of total deposit consists of individual deposits, retail and small 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.

In pursuit of its business growth, the Bank will invariably adhere to good corporate governance practice, appropriate risk management policies, prudent credit policies and practices in order to upkeep sustainable long-term growth and profitability of the Bank for the benefit of all stakeholders. The Bank confidently looks forward to continue sharing its success in delivering greater shareholders' value in the upcoming year 2021.

## Acknowledgements

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 clientele as without their support, patronization and inspiration it would not have been possible for us to make progress/headway whatever extent 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 handwork, 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 Insha-Allah by the grace of the Almighty and by virtue of the dedicated effort of our professional management team we will surely succeed to reach our cherished destination that is to turn Midland Bank into the one of the finest financial institutions with resilient financial footing with sound fundamentals.

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 these. 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 level 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 2020 is given below:

In BDT million

Particulars of Capital Fund	2020	2019	% of Growth over 2019
Paid up capital	5,696.70	5,696.70	-
Statutory reserve	1,183.37	991.37	19.37%
Retained earnings	458.25	348.18	31.61%
<b>Sub-total</b>	<b>7,338.32</b>	<b>7,036.25</b>	<b>4.29%</b>
Deduction from Tier-I (core capital): Intangible assets	(25.15)	(17.99)	39.80%
<b>Total Tier - I (core) capital</b>	<b>7,313.17</b>	<b>7,018.26</b>	<b>4.20%</b>
General provision including Off-balance sheet items	674.54	509.00	32.52%
Revaluation reserve on investment in securities	-	-	-
<b>Total Tier - II (supplementary) capital</b>	<b>674.54</b>	<b>509.00</b>	<b>32.52%</b>
<b>Total capital (Tier I + II)</b>	<b>7,987.71</b>	<b>7,527.26</b>	<b>6.12%</b>
<b>Total risk weighted assets</b>	<b>45,800.36</b>	<b>35,624.18</b>	<b>28.57%</b>
Tier - I (core) capital ratio	15.97%	19.70%	(3.73%)
Tier-II (supplementary) capital ratio	1.47%	1.43%	0.04%
<b>Capital to Risk Weighted Asset Ratio-CRAR (Regulatory requirement is 12.50%)</b>	<b>17.44%</b>	<b>21.13%</b>	<b>(3.69%)</b>

## Statement of value added and it's distribution

In BDT million

Particulars	Value added in 2020	Value added in 2019	% of Growth over 2019
Income from banking services	5,068.32	5,294.78	(4.28%)
Less: Cost of services & supplies	(3,017.96)	(3,390.83)	(11.00%)
<b>Value added by banking services</b>	<b>2,050.36</b>	<b>1,903.95</b>	<b>7.69%</b>

In BDT million

Non-banking income	-	-	-
Less: Provision for loans, Off-balance sheet exposure and CSR	(270.36)	(219.68)	23.07%
<b>Total</b>	<b>1,780.00</b>	<b>1,684.27</b>	<b>5.68%</b>
<b>Distribution of value addition:</b>			
Payment to employees as salaries & allowances	608.41	547.92	11.04%
Payment to equity providers of capital as dividend and reserve	191.99	210.23	8.68%
Payment to Government as income tax	269.99	507.42	(46.79%)
<b>Sub-Total (A)</b>	<b>1,070.39</b>	<b>1,265.57</b>	<b>(15.42%)</b>
<b>Expansion and Growth:</b>			
Retained profit	451.87	344.64	31.11%
Depreciation	224.12	87.55	155.99%
Deferred taxation	33.62	(13.49)	(349.22%)
<b>Sub-Total (B)</b>	<b>709.61</b>	<b>418.70</b>	<b>69.48%</b>
<b>Grand Total (A+B)</b>	<b>1,780.00</b>	<b>1,684.27</b>	<b>5.68%</b>

### 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. Shareholder/Equity providers are always conscious about their return on capital invested. As a commercial Bank, Midland Bank Limited (MDB) is deeply concerned for delivery the value to all of our Shareholders/Equity providers. During the reporting year 2020, the economic value added of MDB are as under:

In BDT million

Particulars	Value added in 2020	Value added in 2019	% of Growth over 2019
Shareholders' equity	7,613.97	7,038.36	8.18%
Add: Accumulated provision for Loans & Advances and Off-balance sheet exposure	1,029.19	795.50	29.38%
<b>Total shareholders' equity</b>	<b>8,643.16</b>	<b>7,833.86</b>	<b>10.33%</b>
<b>Average shareholders' equity</b>	<b>8,238.51</b>	<b>7,464.64</b>	<b>110.37%</b>
<b>Earnings:</b>			
Profit after tax	656.36	557.41	17.75%
Add: provision for Loans & Advances and Off-balance sheet exposure	257.86	217.18	18.73%
Less: Loans written off during the year	-	-	-
<b>Earning for the year (A)</b>	<b>914.22</b>	<b>774.59</b>	<b>18.03%</b>
Average cost of equity (based on weighted average rate of Shanchay Patra issued by Government of Bangladesh) plus 1% risk premium.	9.35%	9.35%	-
Cost of average equity (8,238.51*9.35% including 1% risk premium) (B)	770.30	697.94	10.37%
<b>Economic value added (A-B)</b>	<b>143.92</b>	<b>76.65</b>	<b>87.78%</b>

# Performance overview by different divisions/departments

## INSTITUTIONAL BANKING DIVISION

Institutional Banking Division (IBD), one of the major contributors to the Bank's earning and portfolio base, continuing its journey of excellence through professionalism and satisfied customer base. IBD is divided into 9 (nine) functional units including a "Structured Finance Unit" & "Corporate Liability Unit" based in Dhaka and Chittagong, and SME division to ensure comprehensive banking solution to its corporate and SME clients. IBD employees are highly qualified, dynamic, customer centric, excellent team players, and capable of promptly executing any business idea into action. The division, at all times, maintains good corporate governance and complies with all regulatory guidelines without fail.

The year 2020, poses extreme challenges to overall economy due to fallout of unprecedented COVID-19 pandemic, where Banking sector belongs to one of the adversely affected sectors in Bangladesh. For the first time in history, the country went through the longest lockdown that started from end of March to June '20 and the record economic slowdown accompanied by public panic regarding uncertain health consequences. Under this distressful situation coupled with continued economic downturn, IBD extended its best effort to cope up and rendered quality services to its customers, with a view to keeping the economy running.

### Challenges

Year 2020 abounds with challenges, it encompasses challenge for survival, restoring faith to employees and stakeholders, maintaining earning at sustainable level, adjusting with most vulnerable market situation as well as adapting with regulatory directives circulated by central Bank time to time. Among the wide of range of challenges faced, some promising ones are enlisted as under:

1. The pandemic caused mass mortality and fear of spread out, led to shut down of majority of the business entities and organizations except for selective entities involved in emergency health services, law enforcement authorities and Banks. It was immensely challenging to ensure banking services during the peak of pandemic and manage workforce accordingly. IBD officials managed to attend office on roster basis to ensure seamless corporate transactions as demanded by clients albeit, potential health risk and grave concern of the family members.
2. COVID-19 led to sub-optimal investment in the country, both local and foreign. During the lockdown, financial activities were almost nil except for fund transactions. Moreover, due to closing of international borders, trade was adversely effected. COVID-19 hit almost every industry and form of business which, left the Banking industry with minimum earning opportunity.
3. IBD officials had to cut short the physical visit to customers and virtual platform remained the option for attending meeting and other interactive sessions. To minimize customer's presence in the Bank's premises, Bank has to ensure uninterrupted online services.
4. High risk of investment forced IBD undertake high degree of vigilance to keep NPL low in the face of looming market risk throughout the year and the competition became fiercer for banks.
5. The volatility in Bank's liquidity position, ranging liquidity crisis to excess liquidity at the end of the year, required prudent fund management and delicate disbursement plan
6. Selection of clients for GOB declared stimulus package and allocation fund accordingly for disbursement.
7. Challenge of recovery of outstanding loans and interest accrued thereon.

### Strategy to outperform the Challenges

We firmly believe that challenges are part and parcel of our job and new opportunities are created amid challenges only. To tackle the impact of COVID-19 was, off course the biggest challenge of the year. IBD executed its part of the job and formulated strategy to safeguard its client base by mobilizing working capital financing under GOB declared stimulus package. As part of the strategy, we did our best to figure out safest investment avenues rather jumping into risky investments given, the market vulnerability. Selective fund disbursements took place across the fiscal year favoring MIEZL under IPFF II financing, working capital financing favoring Raj Lanka Power Company Ltd., UniMed UniHealth Pharmaceuticals Ltd. to name a few. Fierce competition lead to cross selling of IBD products and paramount focus on robust IT system and to make it available to customers free of cost as added service. Keeping that in mind, we offered Midland Cash Management (MCM), as new edition of MDB's online transaction to help our clients with bulk corporate transactions at its convenience, which is user friendly, safe and free of cost.

Due to government imposed cap on lending rate, we diligently negotiated with corporate depositors to bring down the cost of fund without compromising business relationship. IBD is in continuous pursuit of alternative low cost funding and has been successful to be



enlisted as financial intermediary in number of financing schemes like IPFF II, LTFF, UBSP, FBKEIP etc. To get access to foreign funding, an ESRM policy have been developed in line with IFC performance standard which will be incorporated in MDB's credit policy shortly.

We made strategic integrated move towards achieving target and projected disbursement land scape to keep Bank's AD ratio under control. At the end of the year, when the market turned out to be quite liquid, IBD came up with special financing proposition with lower rate working capital facility for prime borrowers with a view to augment revenue out of its unutilized fund. IBD disbursed in total BDT 292 crore within December under the financing proposition.

IBD remained vigilant over the year to keep NPL low even amid COVID-19 and could keep it as low as 1.16% that is well below the market standard.

Our Bank Kept its eye open to enter into any arrangement, either with regulators or league of Banks/FIs that really created a difference at IBD's service level. Inclusion of e-payment module of VAT Online Project enables the account-holders of Midland Bank to pay their VAT online under the e-payment system of NBR. IBD through its Structured Finance Unit, offered customized financial solution to wide range of clients and also focused on fee based earning apart from regular earning avenues.

### Fight against Covid-19

IBD extended its all-out effort to fight back COVID-19 and to minimize the impact as much as possible. All the officials of the division attended office on roaster basis to confirm seamless services to the corporate client's even during the dreadful period of lockdown and at the same time adopted highest precautionary measures to avoid infection. IBD also integrated home office to the regular roaster duty thus, ensured utmost support to the clients on and off office. We promoted our Midland online platform to facilitate wide range of transactions and encouraged customers to be habituated to online transactions while avoiding POS, branches and any other places of physical gathering.

IBD adhered to all relevant circulars issued by Bangladesh Bank and disbursed BDT 174.88 crore as working capital stimulus package to the Covid-19 affected clients without prejudice. We further put into practice the BRPD circular regarding loan classification and additional provisioning requirement for large loans. Owing to opportune fund mobilization strategy to credit worthy clients and strong grip on NPL, IBD ended up with a healthy portfolio growth with steady revenue to close the year.

### Historic performance

In spite of the precarious market condition, IBD continued a steady growth of overall portfolio base with mentionable 29.15% in institutional loan & advances and 2.65% on liability side. As a result, total IBD loan and advances in 2020 stood at BDT 3368.6 crore as opposed to BDT 2608.26 crore total loan & advances and IBD liability balance was BDT 677 crore out of total Bank's liability of BDT 5553.20 crore. As such, in the year 2020, IBD constitutes 86.18% and 12.31% of the total Bank's loan & advances and liability base, respectively. Like previous years, our performance is accompanied by low NPL registered as 1.16% this year.

### IBD performance at a glance:

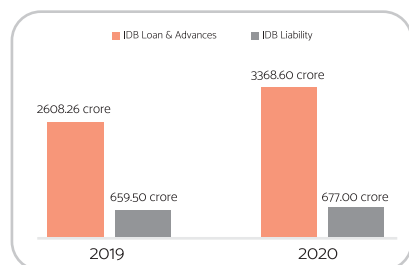


Chart 1: IBD portfolio position in 2020, in comparison with 2019

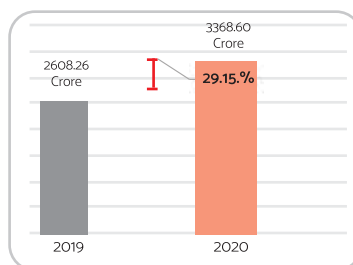


Chart 2: Growth of IBD loan & advances in 2020

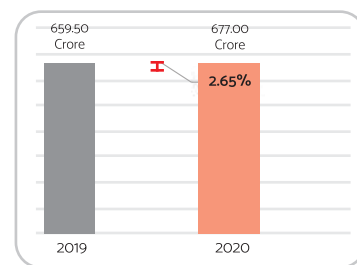


Chart 3: Growth of IBD liability in 2020

### Achievements of SFU

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 achievements in 2020 of SFU are presented below:

- Performed agency role for syndicated project of Meghna Industrial Economic Zone under IPFF II (BDT 395 crore), preference share of Envoy Textiles Ltd. (BDT 800 M), syndicated term loan of Kushiya Auto Bricks Ltd. (BDT 59.45 crore) and IPA role under commercial paper issued by Energypac Engineering Ltd. (BDT 1500 M),

- Lead arranger for commercial paper of ACI Limited (BDT 1500 M)
- Financed Meghna Industrial Economic Zone Ltd. with BDT 91.74 crore from credit line of IDA under IPFF II.
- Contributed with necessary collaboration for development of ESRM policy for the Bank. Once implemented, this will help MDB to access low cost funding from multilateral development organizations.

#### Latest addition in product basket

This year, OBU financing and MDB Salam have been added to the IBD product basket. OBU enabled access to low cost foreign fund to be injected in IBD's portfolio which amounts to USD 8,387,242 in 2020 and is likely to increase. MDB Salam, MDB's Islamic wing has launched conventional as well as customized Shariah compliant products that offers as a choice of financing to the customers who have appetite for Shariah products. In this year, IBD asset portfolio reached to BDT 79.76 crore under MDB Salam and is counting.

#### Way forward

The strategic moves adopted in the year '20 shall create precedence for IBD to carry on its operational excellence in days to come. The overall economy is expected to improve soon and IBD is all set to harness the best possible benefit out of it by leveraging on its exemplary actions during the critical time. It is understood that operating at par with its historical track record will not be easy as market is likely to be more competitive down the line. However, IBD is determined to keep up its level of performance by way of delivering value added services through hard work, dedication and service differentiation. Alongside, IBD will remain vigilant and resilient enough against any abrupt change in its financial ecosystem. To stick to the Bank's priority towards sustainable growth, IBD shall be zero tolerant to any breach of regulatory compliance as always.

### RETAIL DISTRIBUTION DIVISION

Retail Distribution Division (RDD) has achieved a steady growth throughout the year of 2020. A total of 34 Branches, 7 Sub Branches, 60 Agent Banking Centers and 7 Banking Collection Booth are upholding the MDB brand and retail banking presence across the country. In 2020, MDB opened one more Branch (Fatullah) along with 5 Sub Branches with attached ATM Booths, 1 Collection Booth (Mokamtola) and 14 more Agent Banking Centres to reach out new geographical locations across the country and add value to its local people.

Banking sector has seen more challenging situations in the year 2020 due to COVID-19 epidemics. Despite the challenges, MDB has been able to uphold its commitment to increase the deposit and loan products of the bank through trustworthy customer base, flawless services and commitment. The number of customers have grown by more than twenty-five percent in the year 2020.

#### Product Development

The Banking sector is becoming more strategically focused and technologically advanced to respond to consumer's 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 of 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 launching innovative products. The best approach for Banks is to flourish technology driven market of deposit and customer base as well as to launch innovative low cost deposit products. Due to rise in pandemic situation in 2020, MDB has introduced paperless accounts along with innovation in digital platform. Besides, MDB SAALAM has been included in the Bank's portfolio this year. Some of the most popular products developed by MDB in the year 2020 are as follows:

- MDB e-Saver Account (paperless Account as customer does not require to fill up any form)
- MDB Digital FDR Account (customers of MDB can open using midland online or MDB Apps from anywhere and anytime without any signature or without any paper submission)
- MDB Digital Monthly Savings Scheme (customers can open this scheme using midland online or MDB Apps.)
- MDB Digital Family Support Scheme Account.

#### MDB Saalam Deposit Products:

- |   |   |
|---|---|
| a. MDB Saalam e-Saver                     | b. MDB Saalam Corporate Payroll Package |
| c. MDB Saalam Digital Monthly Scheme      | d. MDB Saalam Digital Term Deposit      |
| e. MDB Saalam Probashi Savings Account    | f. MDB Saalam Digital Savings Account   |
| g. MDB Saalam Digital Hajj Savings Scheme | h. MDB Saalam Savings Account           |

#### Value Added Services

In MDB, we put customers' need on top. Every product and service have been designed to serve the purpose of customer. In 2020, a totally new situation arose due to pandemic where, demand of need based value added services (VAS) was observed. So, considering

the market trend and industry outlook, MDB focused on those value added services. Besides BKash, the bank has tied up with NAGAD and ROCKET and has become one of the few banks that are facilitating customers with all three established mobile financial services(MFS). Our credit and prepaid card holders are able to register midland online from anywhere, anytime. MDB MCM (Midland Cash Management) has been developed as the latest addition in the achievement of MDB. By using MCM, any corporate body can transfer (push and pull) funds from one bank account to another. Now, corporate clients can pay VAT using midland online VAT payment system. During the end of 2020, MDB Student File Service had been designed by collaboration with International Division where selected ADs (Authorized Dealer) have been nominated as student file contact point, process flow and required documentation.

### **The Future of Retail Distribution Division**

Retail Distribution Division (RDD) will strive to achieve sustainable growth with a vision to become market leader at near future by establishing a compliance and performance based culture, satisfying the client requirement with excellence. RDD plans to expand the Bank's business and service network under the latest technological advancements to serve its customers with satisfaction and simultaneously, provide a secured banking platform that will make Midland Bank Limited as their preferred banking partner.

### **MSME FINANCING**

Micro, small and medium sized enterprise, apart from agricultural sector one of the biggest employers 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 potential of this sector, MDB bestows top priority to develop SME sector through extending short term financing to wide range of manufacturing and service based enterprise. To support and harness of the best out 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.

Bangladesh Bank envisaged priority in segments like women entrepreneurship, micro enterprise, cottage industries, under privileged groups, 3 rd gender, ethnic groups etc. with refinancing opportunity at lower rate of interest. MDB disbursed loan of Tk. 58.55 crore to the women entrepreneur during the year 2020 which is an outstanding achievement for the Bank.

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. This financing scheme aligns with MDB's strategy to operate in diverse geographical locations as majority of the branches are set in rural areas where Agent Banking Centres have also been established to serve potential clients in the remote areas.

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

### **Agricultural Credit**

Agriculture is the mainstay of the economy of Bangladesh which contributes a major portion of GDP and importance of this sector cannot be ignored. Now various agribusinesses have emerged under different sub-sectors and are contributing even in the sphere of export earnings. Generically agriculture sector comprise of crops, horticulture, livestock and forestry with crop sub-sector being the predominant.

In view of the imminence importance of agriculture sector, Midland Bank allowed more than 2.5% of its portfolio to crop sector at convenient rate through Non-government organization as per BB set target. Besides, substantial credit facilities have also been allowed to non-crop sectors like pisciculture, livestock etc. MDB also plans to deliver Agri credit facility through their own distribution channel. For the fiscal Year 2019-2020 (based on July to June), MDB's disbursement target in agri lending was Tk. 60.00 crore. MDB achieved its target for the financial year 2019-2020 by 104.42% & Special Agriculture Credit at 4% concessional Interest Rate by 100%.

### **INTERNATIONAL DIVISION**

International Trade is one of the challenging areas of banking operations yielding higher income for a bank. 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 16 NOSTRO accounts in the major international currencies and maintaining 122 RMA with reputed Banks. International Division strives towards establishing new business streams constantly to facilitate the bank's growing FX and trade businesses.

## **Performance overview by different divisions/departments**

### Foreign Trade Services

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

MDB's import volume was USD90.38 million in the year 2020. The banks import business facilitation consists of items like capital machinery, industrial raw materials, consumer goods, etc. On the other hand, MDB's export volume was USD92.54 million in the year 2020. The banks export business facilitation consists of ready-made garments, frozen foods, jute products, still scrap 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 2020 stood at USD40.17 million. 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.

### Offshore Banking

With a view to catering the banking requirements of non-resident customers, Midland Bank has established Offshore Banking Division in 2020. OBU acts as a unique solution for the banks around the globe to carry out international banking business which involves foreign currency denominated assets and liabilities taking the advantages of low or non-existent taxes/levies and higher return on investment.

## TREASURY DIVISION

### Market Outlook 2020

Year 2020 was a year of volatility and challenges for Treasury wholesale market because of the ongoing pandemic. Money market liquidity experienced severe compression and instability during the first half of the year. Commercial Banks had to take support from Bangladesh Bank in the form of Repurchase Agreement (Repo) and Assured Liquidity Support (ALS) during the period. However, in the second half of the year Local money was very liquid, due to low demand for funds from the private sector and less expenditure by the government. Current account deficit increased further compared to same period of previous year. Yield of government Bill-Bond rate experienced downward movement due to- excess liquidity, low demand for funds from the private sector, and lower rate expectation. USDBDT market became extremely stable due to the tremendous growth in inward remittance through banking channel. Also the declined volume of trade payment, due to movement barriers, decreased the demand of foreign currency further. Bangladesh Bank bought aprx. \$5.5 billion from the Interbank in the year 2020 to keep the exchange rate stable. Foreign Exchange Reserve reached \$42.97 billion at the end of the year.

### 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 Division have five separate desks:



**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 products available in market, including- Call Money, Term Money, Swap, ALS, 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 is 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.

#### **Midland Bank Treasury Performance in 2020**

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 2020, total foreign exchange transaction volume was \$8,640.34 million compared to \$7,932.78 million in 2019, posting a transaction growth of 8.92%. Also, Midland Bank treasury was very active in secondary bond trading. Total secondary bond market transaction turnover by Midland Bank in 2020 was Tk. 46,114.93 million which was almost 5% of entire market.

#### **Treasury Priorities in 2021**

- Enhancing the capabilities of corporate sales desk to tap foreign exchange business and enhance cross currency selling capabilities.
- Exploring new opportunities and provide tailored solution to customer by offering new derivative products.
- Managing balance sheet with specific focus, considering low interest rate movement and business requirements.
- Automating Treasury activities by introducing Treasury Module in the bank.
- Providing more focus in secondary equity market.

#### **Market Projection for 2021**

Market outlook always correlates with money growth, expected inflation, private sector credit growth, benchmark rate and level of government borrowing. Local Currency may depreciate in the end of 2021, followed by resuming of economy, increased volume of trade and tourism, and payments for mega projects. Price control on interest rate and the ongoing pandemic 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 robust growth of sales of National Savings Certificate and decrease in government borrowing from banking system, bond rate had a massive fall this year. This is expected to move upwards by the end of the coming year. Also, despite the lower deposit rate there is a handsome deposit growth in banking system. All these factors is expected to 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**

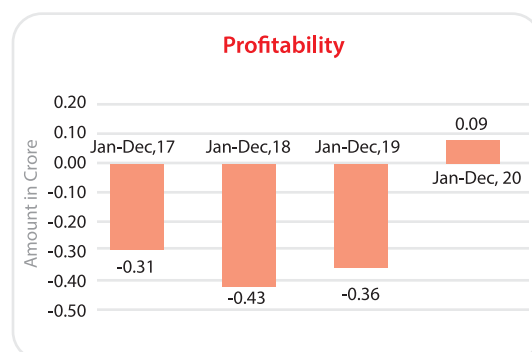
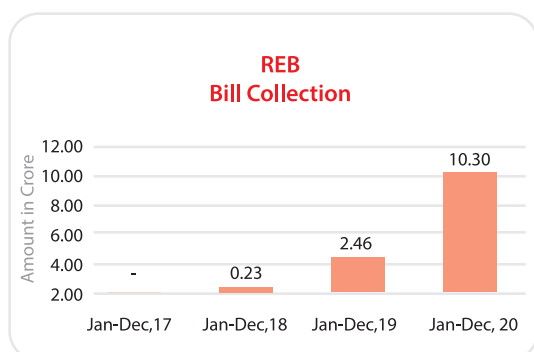
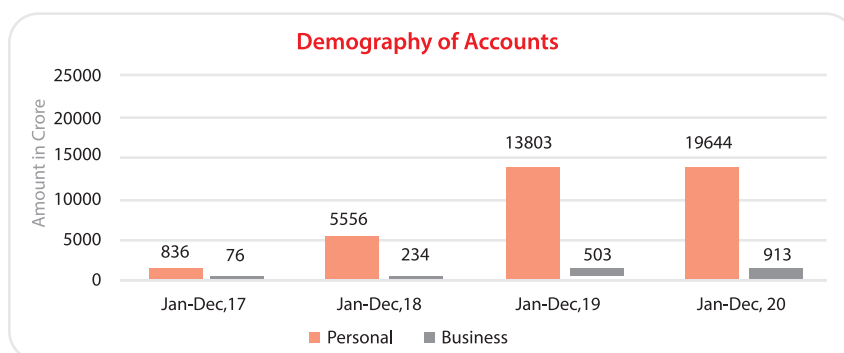
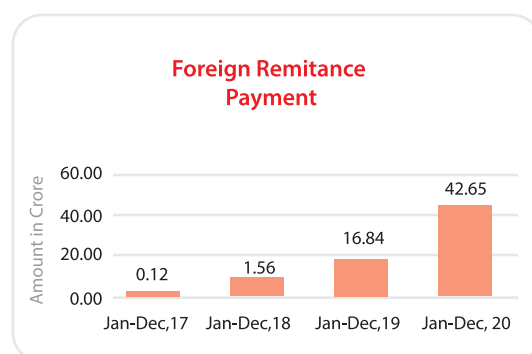
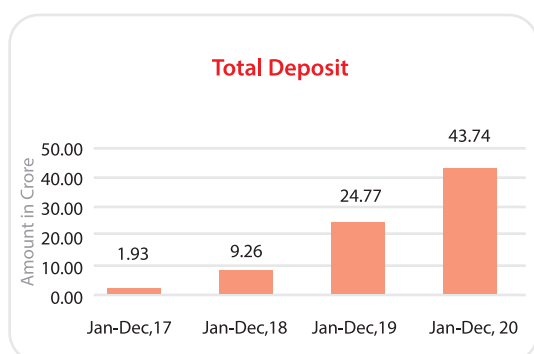
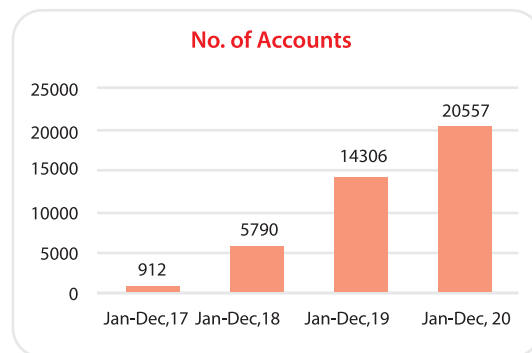
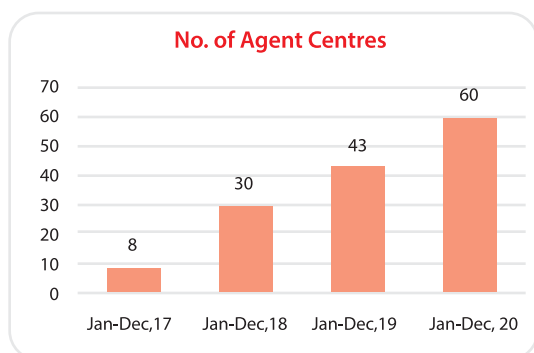
Midland Bank Limited started the year 2020 with 43 (forty-three) Agent Banking Centres across the country. By December 2020, 17 (seventeen) new Agent Banking Centres had been established in different parts of the country taking the total number of Agent Banking Centres to 60 (sixty). As usual, Midland Bank Limited preferred those areas in establishing new Agent Banking Centers where modern banking facilities are unavailable. This approach brought results also. During this COVID-19 situation, when banking industry faced tough challenges, MDB Agent Banking has grown up significantly in different indexes.

Bangladesh was hit by COVID-19 in March 2020. Due to its impact, a country wide lockdown came into effect and forced all organizations to shut down. To keep up the financial sector, GOB took initiative to keep open bank branches on limited scale. To comply with this initiative, Agent Banking Centres remained operative on limited scale too. When the whole country became standstill due to this impact, Agent Banking Centres were vibrant with their presence even in the remote corner of the country. As a result, indexes like deposit, foreign remittance, REB Bill collection have grown up. Moreover, sincerity in service delivery during this time also played a vital role in advancing MDB Agent Banking Services.

Moreover, it is mentionable that during this pandemic, MDB Agent Banking Division entered into cumulative profit figure totaling to around BDT 9.00 lac as on December 30, 2020.

#### **Performance overview by different divisions/departments**

Since inception, the growth of MDB Agent Banking is highlighted through below graphs:



## Performance overview by different divisions/departments



## MDB CARDS

### MDB 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 NPSB, 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 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 through NPSB, BEFTN and midland online without visiting a branch.

### NEW INITIATIVES

#### Introducing Midland online self-registration process for prepaid and credit card customers

Midland Bank has introduced self-registration process for the customer who has only Prepaid and/or Credit Card but no saving account. Earlier our customers were able to register in midland online only with account numbers. Now, all of our Prepaid and Credit Cardholders shall be able to register in midland online by his/her own.

#### Introducing card transaction e-alert

Midland Bank has introduced a transaction alert via Email when a transaction made on your MDB VISA card. For keeping the transaction record, e-alert is very important and subsequently it is a security measure to prevent fraudulent activities conducted on MDB Card by unauthorized parties.

#### Introducing payment receive for prepaid card through BEFTN, NPSB

Midland bank has introduced Payment received channels for Prepaid Card Customers. Cardholder now can pay the bill and top-up through NPSB, BEFTN without visiting a branch.

### UPCOMING FACILITIES

#### Loyalty point redemption and gift card through midland online

Midland bank is arranging loyalty point redemption programs for MDB Visa Credit Cardholders. When a customer makes any purchase or transaction using the MDB credit that time MDB reward points will be added to customers account and they can easily redeem those rewards points through various merchants by using MDB online platform. The integration process of this loyalty program is upcoming.

#### ATM fund transfer

Life is hard, but banking doesn't have to be. Midland bank has taken initiatives of fund transfer facility for MDB Cardholders through MDB ATM. Very soon MDB customers will get fund transfer facility (MDB to other banks) through ATM. This service of ATM Fund Transfer shall be available 24x7, 365 days a year.

#### Agreement signing with new payment scheme

Midland bank (MDB) has recently signed a partnership agreement with UnionPay International, the largest card payment scheme provider in the world in terms of number of cards under issuance. Under the agreement, MDB will issue UnionPay debit and credit cards (both contact and contactless) very soon.

### Performance overview by different divisions/departments

## INFORMATION TECHNOLOGY DIVISION

Information Technology in Banks has greatly contributed to improving operational efficiency, transparency, speed and accuracy in banking transactions. The customers are benefited by getting a number of options for doing banking through a different delivery channels at their convenience.

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.

Last year was the toughest situation for the banks to provide banking services to the customers attributed to COVID-19 pandemic. Understanding the changed scenario, MDB has already started initiatives for digitalization of its services with a focus to offer simple but secured banking to its customers. At the new normal situation, Midland Bank Limited (MDB) has digitized banking services for both individual and corporate customers that allow customers to do contactless banking without visiting any branch/sub-branch/agents. Further to that, 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 corporate customers with digital currency, we have introduced new product Midland Cash Management (MCM) using which the customer can manage banking needs from anywhere maintaining proper authorization against a transaction. Moreover, we have tied up with leading mobile wallet service in the country, to transfer/receive money from/to customer's bank account. In addition, we have allowed our customers to manage his/her cards transaction through midland online. The new features added value with our current features getting account statement, maintain inter & intra bank fund transfer, pay utility and credit card bills.

### 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](mailto: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 2020

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 exclusively and professionally address customer complaint, MDB developed Customer Services & Complaint Management (CS&CM) Cell 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. There is also an email address like [customer.complain@midlandbankbd.net](mailto:customer.complain@midlandbankbd.net) through which customers can send their complaints on our services instantly. CS&CM functions mainly are such as ethical principles of customer service development, code of conduct formulation, service standard enactment, customer charter development, customer awareness building, root cause analysis of any complaint, reporting to the concerned authority and corrective measures taking against complaints.

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.

## Performance overview by different divisions/departments

## HUMAN RESOURCES MANAGEMENT DIVISION

With our strong believe that employees are critical to the ongoing success of the Bank, Human Resources Management Division (HRMD) strives to encourage and optimize its employees' performance on a continual basis. We aim for building competent, skilled and professional human capital base for the Bank. We believe that everyone has a latent talent, and for that we try to find out the underlying talent of our employees and help them to utilize it properly towards achieving individual development goals as well as the organizational goals. Our vision is to be the employer of choice in the financial industry, where the employees will work with pride and pleasure. Our goal is to assist the Bank in achieving its strategic mission, while ensuring its employees are engaged and motivated to help the organization succeed. We always support and uphold the Bank's vision by fostering a positive and engaging work environment while identifying and responding to the changing needs of our diverse community. The Bank emphasizes on attitude driven talent acquisition process as we do not offer merely a job for our employees but a career to make them best fit of the next role.

The Management team of the Bank with their talents and skills have now been working for business excellence with new pledge based on professionalism, team work and strong bondage of interpersonal relationship maintaining compliance with good governance. The financial sector with increased global, regional and local competition coupled with socio-economic sensitivity has created enormous challenges for organizations like private commercial Banks. To cope up with the new challenges, our strategic approach is to make our people tech-savvy, along with promoting a healthy working environment to attract, develop and retain quality manpower, ensuring the Bank reaches its goal.

Midland Bank Limited's Senior Management Committee Team has shown complete adherence to successfully drifting the Bank within the turmoil of coronavirus outbreak at the outset of 2020. Mutual respect, sympathy, and affection have protected us from this catastrophe and uncertainty. We kept in mind that the coronavirus aftermath will be deadlier than that had been experienced during wartime. There is no alternative to cooperation and wholehearted support in this distressing time. We used flexible and transparent HRM practices with the aim of employee performance development aligned with organizational sustainability. We took unprecedented measures to keep our employees safe and ensured that the organization survives. We kept whereabouts of all of our employees' health thus ensuring day-off for the employee those feeling sick, advising them for the virus test if showing symptoms and also ensuring that quarantine has been maintained before joining back to the workplace. Thus keeping up to the promised expectations, as a fourth generation Bank we have maintained profitability and efficiency without reduction of any headcount and remuneration.

Reflect, Reboot, Recommit and Rethink has been our post-pandemic approach in order for the organization and its employees to have a smooth recovery in the way of business & in the way of working. Reflect has pointed out strategies that has worked, that has been learned, and what has been missed during the Covid response. Reboot has assisted in realigning the HR function and people's operation with the most pressing business and human resource priorities. Recommit has focused on the human resource's wellbeing (physical, psychological & financial concerns)-at home and in the workplace. Under the Rethink strategy, we have been working with our business units for identifying the experiences from the Covid responses so that they can be leveraged for accelerating the future of work. Adhering to these actions, the Bank has been able to successfully bridge the crisis response.

We appreciate our 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.

## CREDIT ADMINISTRATION DIVISION

Credit Administration Division (CAD) is involved in setting and encouraging the values of credit discipline across various transactions and processes of MDB. The values not only addresses the requirements of risk possession and accountabilities but also lead the organization to have an organized approach to the enforcement of credit administration in line with laws and regulations issued by the regulators as well as MDB.

CAD was established in 2014 with the accountability of executing all post approval activities of loans and advances sanctioned through CRMD and branches. The division then transformed its operation in centralized module since March 2015 and expanded the arena of its responsibility in both pre and post sanction activities relating loans and advances. The pre-sanction activities include the valuation and vetting of property documents through third party enlisted surveyors and law firms respectively. The post sanction activities include documentations, limit loading, transactions, monitoring, reporting and finally closing of loans accounts for institutional and retail customers. To minimize the credit risk as well as residual risk, CAD has played an important role by means of its consisting units. The key functions of CAD are provided in the following:

- valuation of land through third party enlisted surveyors with presence of CAD's representative

- vetting of property documents through third party enlisted law firms
- collection of CIB Report
- issuance of sanction advices to the clients
- safeguard proper documentation
- preservation of property and security documents
- e limit loading and execution of special transactions
- collection of quarterly visit report related to stock, receivable and payables of various accounts
- monitoring of the loan portfolio
- preparation of quarterly CL report along with provision calculation
- reporting (internal & regulators)
- ensuring compliance of audit observations

## LEGAL DIVISION

Business and Law are very much interconnected as any sort of business enterprise operates within the legal regime of the host country. Accordingly, a financial Institution must abide by all the rules and regulations of the country in terms of business operations and internal governance to be recognized as compliant. Legal Division of Midland Bank is entrusted to ensure the legal compliance of the bank through legal support to all departments and branches and maintaining liaison with external Lawyers and different regulatory authorities such as Bangladesh Bank, Land Record & Survey Department, Tax authority, Ministry of Finance, Judiciary, Anti-Corruption Commission, CID, Police, and Central Intelligence Cell etc.

The major responsibilities of MDB's legal 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 MDB's panel lawyers on behalf of bank to the stakeholders as per the requirements of management
- Taking initiatives 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 outsourced Agreement in line with BRPD circular No.02 dated 19/01/2015
- Drafting of Lease Agreement and vetting of property documents purchased for ATM Booth
- Maintaining Liaison with Retainer / Panel lawyer for smooth conduction of the suits / cases / writs / appeals / revisions and providing them all kinds of logistic and documentary support for proper execution of the respective cases
- Providing up to date report regarding conducting cases as per requirements of internal and external authorities
- Mitigating 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 suspicious and irregular transactions and activities and investigation of different cases
- Providing legal supports to different branches and departments of the bank as per requirement and preservation of case / suit related documents

## ANTI-MONEY LAUNDERING DIVISION

Since the beginning of COVID-19 outbreak and all the turmoil caused by this virus, Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) has taken measures to identify challenges, good practices and policy responses to new threats and trends arising from this crisis. It goes without saying that criminals are exploiting the upheaval generated by the crisis and adapting their new modus operandi. Various fraud and scam schemes and other crimes have been reported in our country, while Law Enforcement Authorities and Regulators struggle to promptly respond to emerging risks.

Money Laundering (ML) and Terrorist Financing (TF) are worldwide concern, obvious in almost every part of the globe. Emerging sophisticated techniques of moving illicit money are compelling the financial intermediaries to make their compliance program more rigorous. Midland Bank, as a compliant Bank, is determined not to let money launderers and terrorists or perpetrators to use the Bank as a channel for Money Laundering or Terrorist Financing in any possible way. As a responsible Corporate Citizen, MDB Board of Directors treats non-compliance of AML & CFT measures with "Zero Tolerance". MDB has been equipped itself by deploying robust and extensive Policy Guidelines, imparting comprehensive training of human resources to build human capital and gradually moving into embracing world class technology tools to protect the Bank and make the business more sustainable.



## Highlights 2020

- The Central Compliance Committee (CCC), consisting of 07 (Seven) Members, met 02 (two) times during the year, discussed AML & CFT measures and provided guidance to stakeholders
- Under the supervision of the Chief Anti Money Laundering Compliance Officer (CAMLCO) and CCC, AML Division of MDB discharged their responsibilities throughout the year
- Like every year, the Managing Director & CEO issued his statement of commitment regarding strategy, action plan, compliance and consequence of non-compliance in January
- Revised the Trade Based Money Laundering Policy Guidelines in accordance with the guidelines issued by BFIU
- Arranged 06 (Six) training programs via Zoom to create awareness on AML & CFT among the officials of Branch.
- AML Division (AMLD) synchronized with Information Technology Division in developing a searching tool similar to “Acuity” named “MDB Sanction Screening” for checking UNSCRs & Local Sanction Lists before opening/activating of any new account. Finally launched the Automated Sanction Screening Tool which will play a vital role in transaction monitoring system to ensure control and facilitate offsite monitoring.
- AMLD submitted numbers of Suspicious Transaction Report (STR) and Suspicious Activity Report (SAR) to BFIU.
- Designed a new format for Half Yearly Self-Assessment Report (SAR) in Bangla in line with the compliance of Annexure Ga of BFIU Circular-26 dated 16-06-2020.
- Introduced new Account Opening Forms, KYC Profile Form & KYC of Beneficiary Owner
- Simplified e-KYC implemented & Regular e-KYC is in progress for implementation for onboarding of our customers

## Outlook 2021

Mitigation of pandemic-enabled vulnerabilities is a challenge for the year 2021. However, several factors are coming together to help tackle this unprecedented era of financial crime. Using a mix of intelligence from the financial sector community, known vulnerabilities and risks, monitoring of known red flags, and using recommended additional measures, MDB can get through this difficult period hopefully.

MDB shall continue its endeavor in such fight in 2021 with a strategy and program to:

- Ensure communication with Branches to check practical implementation of Bank's ML & TF Risk Management Policy Guidelines approved by the Board of Directors
- Update the ML & TF Risk Management Policy Guidelines in line with the compliance BFIU Circulars/Circular Letters, Guidelines & Money Laundering Prevention Rules
- Conduct 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
- Arrange a BAMLCO conference for all BAMLCO's of the Bank to keep them updated in relation to AML & CFT issues
- Develop short questionnaire on AML & CFT for the Participants of Training Program of the Bank.
- Monitor 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.
- Apply a rigorous Risk-Based approach (RBA) to cope up with the pandemic

## INTERNAL CONTROL & COMPLIANCE DIVISION

An effective internal control and compliance system is essential to underpin effective risk management practices and to ensure the smooth performance of the Bank. Internal Control and Compliance Division of any Bank acts as the watchdog of the Bank's established internal controls and compliances. Internal Control & Compliance Division (ICCD) of MDB is continuously working independently to provide reasonable assurance regarding the achievement of various internal controls' objectives. The core focus of MDB other than the financial goal is to establish a vibrant compliance culture in the Bank, ensuring engagement all officials of corporate hierarchy and hence, ICCD has been entrusted with maximum 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 ensures compliance with laws and regulations, policies, and procedures issued by both the bank Board/Management and the regulators.

The principal objectives of internal control include the following:

- Operations objectives: Attainment of the Bank's mission and vision
- Reporting objectives: Timely, accurate, and comprehensive reporting – both financial and non-financial and internal and external
- Compliance objectives: Conducting activities and taking specific actions as per applicable laws and regulations

### Activity status of ICCD of MDB in 2020

- ICCD revised the Risk-Based Audit checklist for both Branches and Head Office Divisions in 2020 to cope up with the changed risk environment and in line with updated manuals, policies, circulars of Bank, and related Bangladesh Bank and other regulatory bodies' instructions. Based on these checklists, a risk-based Audit was performed on Branches and Divisions/Departments throughout the year.
- Special Audit at 4 (four) newly opened Branches during 2020 was conducted as directed by MD and CEO.
- Special inspections on Anti Money Laundering activities of all Branches were conducted along with 3 (Three) Branches on second time.
- To comply with the provision of Bangladesh Bank's "Guideline on ICT Security for Banks and Non-Bank Financial Institutions, May 2015" ICCD conducted Information System (IS) Audits on all the Branches.
- As per the instruction of Bangladesh Bank, ICCD conducted an Audit daily reporting of Foreign Exchange Transactions of 2020 in the Online Foreign Exchange Transaction Monitoring System of Bangladesh Bank.
- After commencing of Agent Banking business, the Bank has opened 60 centers so far. While auditing the Agent Banking division, ICCD also visited 4 Agent Banking centers in 2020.
- As per the instruction of Bangladesh Bank, ICCD prepared a health report of the Bank based on the financial position of 31.12.2020, and the report was approved by the Board of Directors afterward and submitted to Bangladesh Bank.
- ICCD coordinated Bangladesh Bank's inspection team/s whenever various units/branches were audited by the regulatory authority and ensured timely submission of the compliance report of BB Inspection in different areas, e.g., comprehensive Inspection at Divisions and Branches etc.

### Significant works in 2020

Annual Audit and Inspection	30 Branches
Branch AML Audit	30 Branches (3 Branches for second time)
Branch IS/ICT audit	30 Branches
Surprise Visit	3 Branches
Head office Annual Audit and Inspection	21 Divisions/Departments.
Special Inspection of new branches	4 new Branches
Internal Audit and Inspection report review and compliance monitoring	87 times
Bangladesh Bank and other regulator's inspection report and compliance	49 times
Compliance of regulatory changes summarized report placement	4 quarters
Regular Review tasks	Review of QOR, LDCL, Self-assessment report, various statements like loans and advances, Online GL transactions etc.

### Bangladesh Bank Inspection Statistics

Bangladesh Bank inspection team conducted a total number of 13 inspections on 09 divisions/departments/units of the head office and 4 branches during the year 2020 which includes 5 Comprehensive Inspections, 1 SME Branch Comprehensive Inspections, 1 surprise cash verification, 6 Core Risk Inspections.

### Plan for 2021

Like every year, ICCD plans to perform its yearly activity in light of 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 35 Branches, including one proposed newly opened Branch.
- Perform AML, ICT/IS Audit on all 34 Branches, including an extra 10% AML audit as per BFIU Circular – 19 dated 17.09.2017 & BFIU Circular – 26 dated 16.06.2020.
- Perform Audit and Inspection of all 21 head office divisions/departments.
- Perform Audit on 6 Agent Banking Centers as 10% of agent centers as per BIFU Circular – 19 dated 17.09.2017 & BIFU Circular – 26 dated 16.06.2020.
- Pay Surprise Visit to the Branches when directed by the management/Internal Control Team.

### Performance overview by different divisions/departments



- Perform special Audit on one newly opened Branch when new Branch will be opened.
- Monitor and review the QOR, LDCL, and Self-Assessment Report on AML and send report accordingly.
- Perform monitoring activities as per Standard Operating Procedures (SOP) of ICCD.
- Ensure compliance of Bangladesh Bank Inspection Reports, External and Internal Audit and Inspection reports etc.
- Ensure compliance with Regulatory Changes.
- Automate significant portion of ICCD activities in view of establishing stronger, more effective and more efficient internal control as well as reduction of time and cost.

### Internal Control and Compliance Risk Management

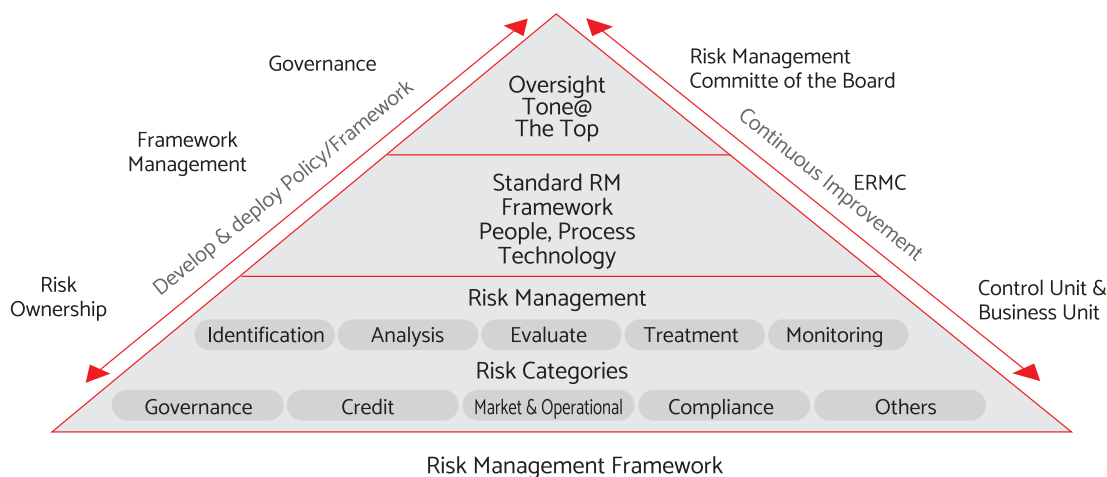
As per the core risk guideline of Bangladesh Bank, ICCD is acknowledged as one of the critical Risk Management organs of the Bank. To mitigate its operational risks and identify various malpractices prevailing in operational activities, the division has formulated a robust and resourceful policy guideline that ensures that the Bank demonstrates compliance and conformity with the Central Bank and other regulatory bodies' relevant regulations. Besides, they ensure that corrective action plans are implemented within the set deadlines, and they also ensure proper corporate discipline and awareness. During the year 2020, ICCD successfully conducted a comprehensive Inspection on all divisions and Branches according to its approved activity plan and submitted findings 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 whistleblower and plays an active role in taking precautionary measures for risk mitigation and making the institution even more compliant on prudential and regulatory issues.

### Risk Management

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.



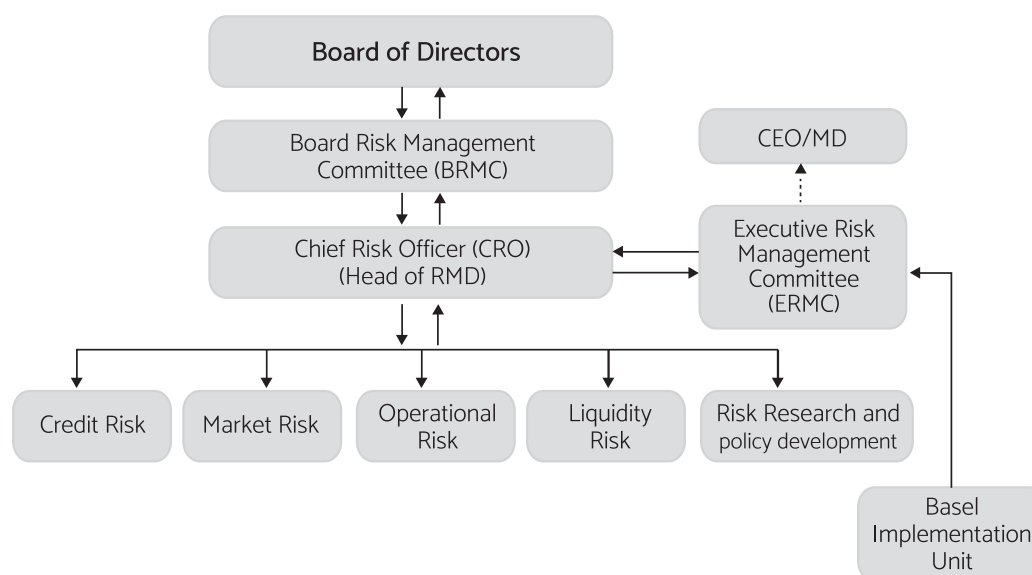
The risk landscape in the current business environment is changing dynamically with the dimensions of Cyber security, Information Security & Business Continuity, Data Privacy and Large Deal Execution figuring prominently in the risk charts of most organizations. To effectively mitigate these risks, we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

### Performance overview by different divisions/departments

## 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 2020 (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 2020 (in Number)
Number of Member of RMC	13
Number of RMC Meeting	07

### 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.

## Performance overview by different divisions/departments

## 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 and 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;

## Performance overview by different divisions/departments

### **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 and Social Risk Rating (ESRR) and Environmental Due Diligence (EDD) of the eligible customers in the light of ESRM 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.

## **Performance overview by different divisions/departments**

## 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.

## Performance overview by different divisions/departments



### **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 particular 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 ASSETS MANAGEMENT DIVISION**

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 (SAMD) 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.: 1.16%. 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.





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## 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<sup>st</sup> December 2020. 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 bank. 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 conditions 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:

- The bank has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The bank 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;
- Proper books and records have been kept by the bank as required under the Companies Act, 1994, the Securities Laws and other relevant laws;
- The governance of the bank is highly satisfactory.

Place: Dhaka  
Dated: 19 April 2021



  
For K. M. HASAN & CO.  
Chartered Accountants

Partner  
Md. Shahidul Islam FCA

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An Independent Member Firm of McMillan Woods International

# 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 21.05% of the total Directors.

## Composition of Board of Directors

The Board of Directors comprises of twenty Directors as on 31 December 2020 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. Mahbulul 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 20 members including Managing Director and CEO. There are 02 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. For full compliance of the Corporate Governance Code, the Board in its 109th meeting held on 28 March 2021 decided to search and appoint 02 more Independent Directors in the Board subject to approval of 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 2020, total 12 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 # 31.00)
- 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 7th AGM held on 23 August 2020 approved the appointment of M/s. A. Qasem & Co., Chartered Accountants (affiliated with Ernst & Young Global Ltd.) for the consecutive second year as the statutory auditors of the Bank for the financial year 2020. 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 2020:

- 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.

However, M/s. A. Qasem & Co., Statutory Auditors shall provide requisite certification as regards upcoming IPO as per Public Issue Rules, 2015 of BSEC.

### **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 7th AGM held on 23 August 2020 approved the appointment of M/s. K. M. Hasan & Co., Chartered Accountants as Compliance Auditor of the Bank for the financial year 2020. Moreover, as per requirement of the Corporate Governance Code of BSEC, the Board of Directors in its 109th Meeting held on 28.03.2021 also recommended M/s. K. M. Hasan & Co., Chartered Accountants for appointment by the shareholders in the upcoming 8th 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. During the year 2020, 9 (Nine) meetings of Board Executive Committee were held.

### **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 2020 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 2020 are appended in the Report of the Audit Committee at page no 42 - 44.

### **Board Risk Management Committee (BRMC)**

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 2020 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 2020 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 2020. 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 7th Annual General Meeting (AGM) of the Bank held on 23 August 2020 and they were also reelected in the same AGM as per Article-140 of the Bank and post-facto approval was obtained from Bangladesh Bank on reappointment of the Directors so retired. In the upcoming 8th AGM of the Bank, one third members of the Board of Directors (except Managing Director and Independent Director) 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](http://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 2020, MDB paid advance corporate tax of BDT 451 million while deposited withheld tax of BDT 432 million, VAT of BDT 48 million and Excise Duty of BDT 74 million.



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

	(BDT in Million)				
	2020	2019	2018	2017	2016
Advance Corporate Tax	451	448	289	326	201
Withheld VAT, Tax & Excise Duty	554	489	451	348	245
<b>Total</b>	<b>1005</b>	<b>937</b>	<b>740</b>	<b>674</b>	<b>446</b>

## 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 # 42.00).

# 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:

(Report under condition no. 9)

(Annexure C)

Condition No.	Title	Compliance Status (✓ has been Put in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	<b>Board of Directors:</b>			
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)	<b>Independent Directors:</b>			
1 (2) (a)	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 companies Act 1991 relating to appointment of Independent Directors as per Section 15(9) of the Act. However, the Board of Directors of MDB in its 109th meeting held on 28 March 2021 to appoint additional two Independent Directors subject to approval of BSEC and Bangladesh Bank.
1 (2) (b)	<b>Independent Directors means a Director:</b>			
1 (2) (b) (i)	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	✓		
1 (2) (b) (ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or direct or 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) (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);	✓		
1 (2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and			No Vacancy occurred
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 18th Amendment (Companies Act, 1994) (1994 m18bs AvBb) (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)	<b>Qualification of Independent Director:</b>			
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)	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:</b>			
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.	✓		
1 (5)	<b>The Directors' Report to Shareholders shall include the following additional statements or disclosures:</b>			
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 last 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;	✓		
1 (5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
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)	<b>Pattern of shareholding disclosing the aggregate number of shares (along with name wise details where stated below) held by:</b>			
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)	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b>			
1 (5) (xxiv) (a)	A brief resume of the director;	✓		
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)	<b>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:</b>			
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)	<b>Code of Conduct for the Chair person, other Board Members and Chief Executive Officer:</b>			
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	<b>Governance of Board of Directors of Subsidiary Company:</b>			
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	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):</b>			



3 (1)	<b>Appointment:</b>			
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;	✓		
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)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):</b>			
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	<b>Board of Directors' Committee:</b> <b>For ensuring good governance in the company, the Board shall have at least following sub - committees:</b>			
4 (i)	Audit Committee; and	✓		
4 (ii)	Nomination and Remuneration Committee.			N/A
5	<b>Audit Committee:</b>			
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;	✓		
5 (2) (b)	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) (c)	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; 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.	✓		
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)	<b>Meeting of the Audit Committee:</b>			
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)	<b>Role of Audit Committee (the Audit Committee shall):</b>			
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)	<b>Reporting of the Audit Committee :</b>			
5 (6) (a)	<b>Reporting to the Board of Directors -</b>			
5 (6) (a) (i)	The Audit Committee shall report on its activities to the Board.	✓		
5 (6) (a) (ii)	<b>The Audit Committee shall immediately report to the Board on the following findings, if any:</b>			
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
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,			N/A

	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.			
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)(iii) 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	<b>Nomination and Remuneration Committee (NRC).</b>			
6 (1)	<b>Responsibility to the Board of Directors:</b>			
6 (1) (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
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;	✓		
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).	✓		
6 (2)	<b>Constitution of the NRC:</b>			
6 (2) (a)	The Committee shall comprise of at least three members including an independent director;	✓		
6 (2) (b)	All members of the Committee shall be non-executive directors;	✓		
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
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;	✓		
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;	✓		
6 (2) (g)	The company secretary shall act as the secretary of the Committee;	✓		
6 (2) (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
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.	✓		
6 (3)	<b>Chairperson of the NRC:</b>			
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;	✓		

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;	✓		
6 (3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: 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.	✓		
6 (4)	<b>Meeting of the NRC:</b>			
6 (4) (a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6 (4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
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);	✓		
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.	✓		
6 (5)	Role of the NRC:			
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6 (5) (b)	<b>NRC shall oversee, among others, the following matters and make report with recommendation to the Board:</b>			
6 (5) (b) (i)	<b>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:</b>			
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;	✓		
6 (5) (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
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;	✓		
6 (5) (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6 (5) (b) (iii)	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;	✓		
6 (5) (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6 (5) (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6 (5) (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6 (5) (c)	The company shall disclose the no mination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		

7	<b>External or Statutory Auditors :</b>			
7 (1)	<b>The issuer company shall not engage its external or statutory auditors to per form the following services of the company, namely:</b>			
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	<b>Maintaining a website by the Company:</b>			
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	<b>Reporting and Compliance of Corporate Governance:</b>			
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.	✓		



# Meeting of the Directors of Midland Bank Limited

Sl.	Directors	Designation	No. of Meeting	No. of Attendance	% of Attendance
1.	Mrs. Nilufer Zafarullah	Chairman	12	12	100%
2.	Mr. Md. Shamsuzzaman	Vice Chairman (Appointed on 101 <sup>st</sup> meeting of the BODs dated 23.09.2021)	04	3	75%
3.	Dr. Kazi Shahidullah	Director	12	12	100%
4.	Mr. Master Abul Kashem	Director	12	10	83%
5.	Mr. Kazi Omar Zafar	Director	12	9	75%
6.	Mr. Mohammad Jamal Ullah	Director	12	8	67%
7.	Mr. Ahsan Khan Chowdhury	Director	12	8	67%
8.	Mr. Md. Wahid Miah	Director (Resigned from the Board of Directors on 23.08.2020)	8	2	25%
9.	Mr. Rezaul Karim	Director	12	8	67%
10.	Mr. A.K.M. Badiul Alam	Director	12	9	75%
11.	Mr. Md. Kamal Hossain	Director	12	10	83%
12.	Mrs. Shahnaj Parveen	Director	12	9	75%
13.	Mrs. Lutfa Begum	Director	12	9	75%
14.	Mr. Hafizur Rahman Sarker	Director	12	9	75%
15.	Mr. Kazi Raihan Zafar	Director	12	4	33%
16.	Ms. Anushka Mehreen Zafar	Director	12	11	92%
17.	Mr. Abdul Momin Mondol M.P.	Director (Appointed as Director in the 101 <sup>st</sup> Board meeting with effect from 23.09.2020)	4	1	25%
18.	Mr. Md. Badsha Mia	Director (Resigned from the Board of Directors on 20.02.2020)	2	1	50%
19.	Dr. Mostafizur Rahman	Director	4	3	75%
20.	Mr. Mahbubul Hady Fazle Rab	Independent Director	12	11	92%
21.	Mr. Nazimuddin Chowdhury	Independent Director	12	11	92%

## Pattern of Shareholding

The pattern of shareholding of Midland Bank Limited as on 31 December 2017 as per BSEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August 2012:

- Shareholding by Parent/Subsidiary/Associated Companies and other related parties: **Nil**
- 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, 2020:

- Shares held by Directors and their Spouses

Sl.	Directors	Status	No. of Shares	Name of Spouse	No. of Shares
1	Mrs. Nilufer Zafarullah	Chairman	1,27,93,396	Mr. Kazi Zafarullah	96,693
2	Mr. Md. Shamsuzzaman	Vice Chairman	2,99,07,662	Mrs. Ferdous Ara	NIL
3	Dr. Kazi Shahidullah	Director	14,24,174	Mrs. Shabnam Shahidullah	NIL
4	Mr. Kazi Omar Zafar	Director	1,27,93,396	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. Rezaul Karim	Nominee Director of Reedisha Knitex Ltd.	2,84,83,488	Mrs. Shirin Akhter	NIL
8	Mr. A.K.M. Badiul Alam	Nominee Director of Garment Export Village Ltd.	2,84,83,488	Mrs. Shahida Alam	NIL
9	Mr. Md. Kamal Hossain	Nominee Director of That's It Sportswear Ltd.	2,84,83,488	Mrs. Ashneel Chowdhury	NIL
10	Mrs. Shahnaj Parveen	Nominee Director of Refat Garments Ltd.	2,84,83,488	Mr. Md. Belal Hossain	NIL
11	Mrs. Lutfa Begum	Nominee Director of Hazrat Amanat Shah Spinning Mills Ltd.	2,84,83,488	Mr. Al-haj Mohammed Helal Miah	NIL
12	Mr. Master Abul Kashem	Nominee Director of Liberty Knitwear Ltd.	2,63,73,600	Mrs. Nigar Sultana Daizy	NIL
13	Mr. Abdul Momin Mondol	Nominee Director of Mondol Fabrics Ltd.	2,84,83,488	Mrs. Zannatul Ferdos	NIL
14	Mr. Md. Hafizur Rahman Sarker	Nominee Director of Beq Knit Ltd.	2,70,59,313	Mrs. Luna Sarker	NIL
15	Dr. Mostafizur Rahman	Nominee Director of Popular Pharmaceuticals Ltd.	2,84,83,488	Late Mrs. Tohurun Nessa	
16	Mr. Kazi Raihan Zafar	Director	1,27,93,396	Mrs. Tregubenkova	NIL
17	Ms. Anushka Mehreen Zafar	Director	1,27,93,396	-	NIL
18	Mr. Mahbubul Hady Fazle Rab	Independent Director	NIL	Mrs. Sabiha Rab	NIL
19	Mr. Nazim Uddin Chowdhury	Independent Director	NIL	Mrs. Amina Khanam	NIL

- Shares held by:

Chief Executive Officer : Nil

Company Secretary : Nil

Chief Financial Officer : Nil

Head of Internal Audit : Nil

Spouses of above Executives : Nil

- Shareholding by other Executives and Spouse : **Nil**
- Shareholders holding ten percent (10%) or more voting interest in the company : **Ms. Scherezad Joya Monami Latif (10%)**

# Report on Risk Management

## From the Desk of the CRO

Banks as financial intermediaries 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.

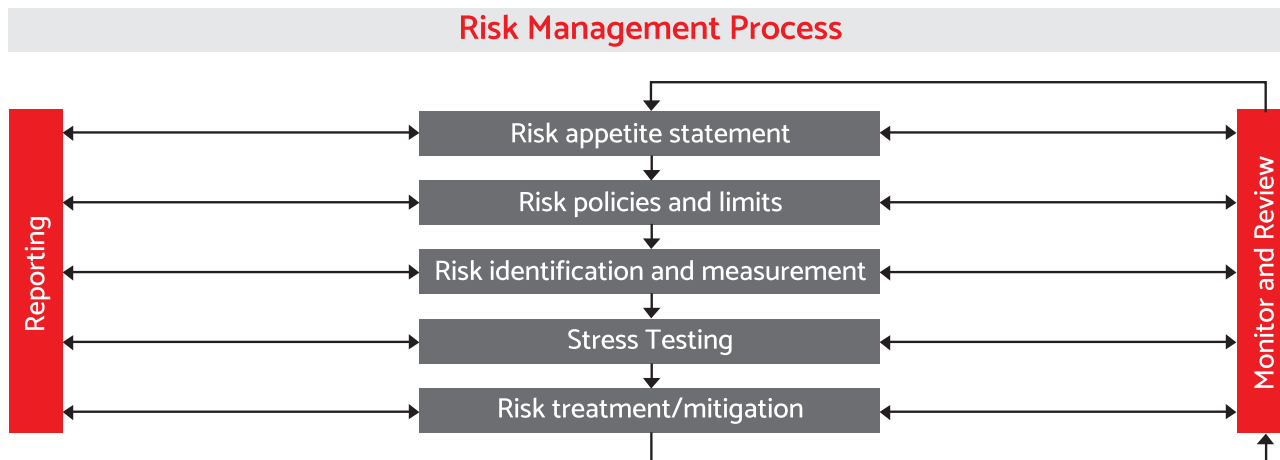
## Board and Senior Management Oversight:

- Board of directors has the ultimate responsibility to give guidance to 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 is 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:
  - o Formulation of risk policies and process as well as adaptation with the emerging requirements.
  - o Smooth coordination in/between and among the functional areas.
  - o Preparing risk reports based on empirical study on different fronts of operations.
  - o 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 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:

- o Safeguarding our reputation and brand;
- o Engaging in client-oriented businesses that we understand;
- o Maintaining a balance good between risk and returns;
- o 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.

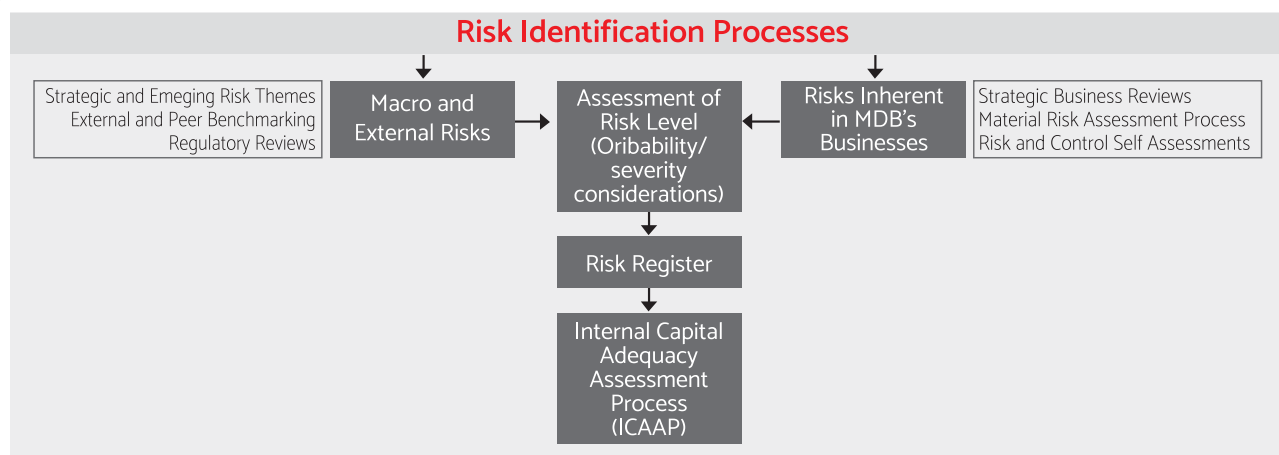
## Risk policies and limits

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:

- o Regular assessment of risks associated with lending and trading credit exposures;
- o Ongoing monitoring of trading and non-trading portfolios;
- o Assessment of risks in new business activities and processes;
- o Assessment of risks in complex and unusual business transactions; and
- o 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.

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 betterment socio-economic condition of the country distinctively.



**Md. Zahid Hossain**

Deputy 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):

- Standardized approach for credit risk,
- Standardized approach for market risk and,
- 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.	<b>Midland Bank Limited</b>
	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).	<p>Midland Bank Limited has no subsidiary as of December 31, 2020.</p> <p><b>A brief description of the Bank and its subsidiaries are given below:</b></p> <p><b>Midland Bank Limited (MDB):</b></p> <p>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 34 (thirty four) including 19 rural branches along with 60 agent banking booth covering commercially important locations of the country.</p> <p>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</p>

	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 CET-1, Additional Tier -1 or Tier -2.	<p>As per Basel III guidelines, regulatory capital consists of Tier-1 (Common Equity Tier 1 and Additional Tier 1) and Tier 2 capital. Tier 1 Capital is known as going concern capital and Tier 2 Capital also known as gone concern capital.</p> <p><b>Common Equity Tier-1 (CET 1) capital of MDB</b> consists of (i) Fully Paid-up Capital, (ii) Statutory Reserve and (iii) Retained Earnings.</p> <p><b>Tier-2 Capital</b> of MDB consists of (i) General Provision against unclassified Loans and Off-balance sheet exposures.</p>
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In BDT Million

Quantitative disclosure	b)	<b>The amount of Tier-1 capital with separate disclosure of:</b>	<b>Solo</b>
		<b>Common Equity Tier-1 (CET-1) Capital:</b>	
		I. Fully Paid up capital	5,696.70
		II. Non repayable share premium account	-
		III. Statutory reserve	1,183.37
		IV. General reserve	-
		V. Retained earnings	458.25
		VI. Minority interest in subsidiaries	-
		VII. Dividend equalization account	-
		<b>Total Common Equity Tier-1 (CET-1) Capital</b>	<b>7,338.32</b>
		<b>Additional Tier 1 Capital</b>	<b>-</b>
		<b>Total Tier 1 Capital (A)</b>	<b>7,338.32</b>
		<b>Total Tier 2 capital (B)</b>	<b>674.54</b>
	c)	<b>Regulatory adjustments/Deduction from capital (C)</b>	<b>(25.15)</b>
	d)	<b>Total eligible capital (A+B-C)</b>	<b>7,987.70</b>

## 6. Capital Adequacy:

Qualitative disclosure	a)	<p>A summary discussion of the Bank's approach to assessing the adequacy of its capital to support current and future activities.</p> <p>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.</p> <p>The Bank has maintained capital adequacy ratio on the basis of "Solo" is <b>17.44%</b> against the minimum regulatory requirement of <b>12.50% including conservation buffer 2.50%</b>. Tier-I capital adequacy ratio for "Solo" is <b>15.97%</b> as against the minimum regulatory requirement of <b>8.50% including conservation buffer 2.50%</b>. MDB has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.). Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. The surplus capital maintained by MDB will act as buffer to absorb all material risks and to support the future activities. To ensure the adequacy of capital to support the future activities, the bank assesses capital requirements periodically considering future business growth. 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.</p>
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Quantitative disclosure		Particulars	Solo
	b)	Capital requirement for credit risk	3,875.19
	c)	Capital requirement for market risk	333.69
	d)	Capital requirement for operational risk	371.15
		Minimum capital requirement (10% of RWA or BDT 400 crore, whichever is higher)	4,580.04
		Total regulatory capital	7,987.70
		Total Risk Weighted Assets (RWA)	45,800.36
	e)	<b>Total capital, CET 1 capital, Total Tier 1 capital and Tier 2 capital to risk weighted asset ratio:</b>	
		• For the consolidated group	-
		• <b>For standalone:</b>	
		Total Capital to Risk Weighted Asset Ratio (CRAR)	17.44%
		Common Equity Tier-1 (CET-1) Capital Ratio	15.97%
		Total Tier 1 Capital Ratio	15.97%
		Tier-2 Capital Ratio	1.47%
	f)	Capital Conservation Buffer (2.50% of RWA)	7.44%
	g)	Available Capital under Pillar II requirement	3,407.66

## 7. Credit Risk:

Qualitative disclosure	a)	The general qualitative disclosure requirement with respect to credit risk, including:
	i)	<p><b>Definitions of past due and impaired (for accounting purposes);</b></p> <p>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:</p> <p>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)".</p> <p>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)".</p> <p>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)".</p> <p>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.</p> <p>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.</p> <p><b>Short-term Agricultural and Micro Credit will be considered irregular if it is not repaid within the due date as stipulated in the loan agreement are classified as under:</b></p> <ul style="list-style-type: none"> <li>➤ <b>Sub-standard-</b> if the irregular status continues after a period of 12 (twelve) months, the credits are classified as "Sub-standard".</li> <li>➤ <b>Doubtful-</b> if the irregular status continue after a period of 36 (thirty six) months, the credits are classified as "Doubtful".</li> <li>➤ <b>Bad/Loss-</b> if the irregular status continue after a period of 60 (sixty) months, the credits are classified as "Bad/Loss".</li> </ul> <p>A Continuous loan, Demand loan or a Term Loan which remained overdue for a period of 02 (two) months or more, are treated as <b>Special Mention Account (SMA)</b>".</p>

		ii) Description of approaches followed for specific and general allowances and statistical methods.	<div>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:</div> <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 colspan="2">Specific provision:</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>	Particulars	Rate	On unclassified small enterprise financing (SME)	0.25%	On unclassified general loans and advances including housing finance	1%	On interest receivable on loans	1%	On off-balance sheet exposures	1%	On unclassified 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% to 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)	100%	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 doubtful short term Agricultural and Micro Credits	5%
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Quantitative disclosure	b)	Total gross credit risk exposures broken down by major types of credit exposure.	<div>Total gross credit risk exposures broken down by major types of credit exposure of the Bank:</div> <table><tr><th>Particulars</th><th>In BDT Million</th></tr><tr><td>Term Loan</td><td>12,814.09</td></tr><tr><td>Overdraft</td><td>7,502.05</td></tr><tr><td>Time Loan</td><td>12,018.66</td></tr><tr><td>Cash Credit</td><td>1,878.40</td></tr><tr><td>Loan Against Trust Receipts (LTR)</td><td>1,206.47</td></tr><tr><td>Consumer Loan</td><td>733.54</td></tr><tr><td>Payment Against Documents (PAD)</td><td>0.00</td></tr><tr><td>Agricultural Credit</td><td>697.07</td></tr><tr><td>EDF Loan</td><td>640.01</td></tr><tr><td>Packing Credit</td><td>121.12</td></tr><tr><td>Staff Loan</td><td>94.16</td></tr><tr><td>Other Loans &amp; Advances</td><td>335.38</td></tr><tr><td>Bill purchased/discounted-Inland</td><td>60.83</td></tr><tr><td>Bill purchased/discounted-Foreign</td><td>984.89</td></tr><tr><td>Total</td><td>39,086.67</td></tr></table>	Particulars	In BDT Million	Term Loan	12,814.09	Overdraft	7,502.05	Time Loan	12,018.66	Cash Credit	1,878.40	Loan Against Trust Receipts (LTR)	1,206.47	Consumer Loan	733.54	Payment Against Documents (PAD)	0.00	Agricultural Credit	697.07	EDF Loan	640.01	Packing Credit	121.12	Staff Loan	94.16	Other Loans & Advances	335.38	Bill purchased/discounted-Inland	60.83	Bill purchased/discounted-Foreign	984.89	Total	39,086.67
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	c)	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	<div>Geographical distribution of exposures, broken down in significant areas by major types of credit exposure of the Bank:</div> <table><tr><th>Particulars</th><th>In BDT Million</th></tr><tr><td colspan="2">Urban:</td></tr><tr><td>Dhaka Zone</td><td>31,792.74</td></tr><tr><td>Chittagong Zone</td><td>6,138.75</td></tr><tr><td>Rajshahi Zone</td><td>130.41</td></tr><tr><td>Khulna Zone</td><td>38.63</td></tr><tr><td>Sylhet Zone</td><td>10.48</td></tr><tr><td>Sub-Total</td><td>38,111.01</td></tr><tr><td colspan="2">Rural:</td></tr><tr><td>Dhaka Zone</td><td>655.68</td></tr><tr><td>Chittagong Zone</td><td>102.49</td></tr></table>	Particulars	In BDT Million	Urban:		Dhaka Zone	31,792.74	Chittagong Zone	6,138.75	Rajshahi Zone	130.41	Khulna Zone	38.63	Sylhet Zone	10.48	Sub-Total	38,111.01	Rural:		Dhaka Zone	655.68	Chittagong Zone	102.49										
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		Rajshahi Zone	94.01
		Khulna	10.85
		Rangpur	9.14
		Mymensingh	103.49
		<b>Sub-Total</b>	<b>975.66</b>
		<b>Grand Total (Urban + Rural)</b>	<b>39,086.67</b>
<b>d)</b>	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.	Industry or counterparty type distribution of exposures, broken down by major types of credit exposure of the Bank:	
		<b>Particulars</b>	<b>In BDT Million</b>
		<b>A. AGRICULTURE, FISHING, AND FORESTRY</b>	<b>754.84</b>
		<b>B. TRADE &amp; COMMERCE</b>	<b>3,658.36</b>
		RETAIL TRADING	613.27
		WHOLESALE TRADING	2,135.78
		EXPORT FINANCING	0
		IMPORT FINANCING	193.38
		LEASE FINANCE	0
		OTHERS	715.94
		<b>C. CONSTRUCTION (COMMERCIAL REAL ESTATE, CONSTRUCTION AND LAND DEVELOPMENT LOANS):</b>	<b>1,397.90</b>
		RESIDENTIAL REAL ESTATE	208.29
		COMMERCIAL REAL ESTATE	254.03
		INFRASTRUCTURE DEVELOPMENT	904.68
		OTHERS	30.90
		<b>D. TRANSPORT</b>	<b>48.97</b>
		<b>E. CONSUMER FINANCING</b>	<b>1,177.22</b>
		LOANS FOR THE PURCHASE OF FLATS OR OTHER SINGLE-FAMILY DWELLINGS	118.31
		LOANS FOR THE PURCHASE OF MOTORIZED PERSONAL TRANSPORT	76.58
		LOANS FOR THE PURCHASE OF DURABLE CONSUMPTION GOODS	143.51
		CREDIT CARD LOANS	161.22
		OTHER PERSONAL LOANS	677.60
		<b>F. LOANS TO FINANCIAL INSTITUTIONS</b>	<b>6467.44</b>
		LOANS TO NBFIS	3,114.01
		LOANS TO MERCHANT BANKS AND BROKERAGE HOUSES	869.40
		OTHER, INCLUDING LOANS TO MICROFINANCE INSTITUTIONS AND NGOS	2,484.03
		MISCELLANEOUS	
		<b>G. INDUSTRY</b>	<b>23,924.31</b>
		RMG	1,661.00
		TEXTILE	2,112.00
		FOOD AND ALLIED INDUSTRIES	2,287.77
		PHARMACEUTICAL INDUSTRIES	335.80
		CHEMICAL, FERTILIZER, ETC.	0
		CEMENT AND CERAMIC INDUSTRIES	2,120.95
		SHIP BREAKING INDUSTRIES	643.97
		POWER AND GAS	1,403.41
		OTHER MANUFACTURING OR EXTRACTIVE INDUSTRIES	9,928.50
		SERVICE INDUSTRIES (THE TOTAL HERE WOULD BE IDENTICAL TO THE TOTAL FROM LINE B3)	1335.8
		OTHERS	2,095.10
		<b>Miscellaneous</b>	<b>1,657.63</b>
		<b>Grand total</b>	<b>39,086.67</b>
<b>e)</b>	Residual contractual maturity breakdown of the	Residual contractual maturity break down of the whole portfolios, broken down by major types of credit exposure of the Bank:	



	whole portfolio, broken down by major types of credit exposure.	<b>Particulars</b>	<b>In BDT Million</b>
		Repayable on Demand	4,575.10
		Up to 1 month	5,869.50
		Not more than 3 months	2,242.50
		More than 3 months but less than 1 year	15,186.10
		More than 1 year but less than 5 years	11,209.67
		More than 5 years	3.80
		<b>Total</b>	<b>39,086.67</b>
<b>f)</b>	<b>By major industry or counterparty type:</b>		
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.		
	<b>Particulars</b>	<b>In BDT Million</b>	
	Continuous Loans & Advances	209.55	
	Demand Loans & Advances	68.79	
	Term Loans & Advances	174.45	
	Short Term Agro Credit and Micro Credit	00	
	<b>Total</b>	<b>452.79</b>	
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.		
	<b>Particulars</b>	<b>In BDT Million</b>	
	Provision on classified loans and advances	194.56	
	Provision on unclassified loans and advances	589.64	
	Provision on Off-balance sheet exposures	84.90	
	Provision for diminution in Investments	68.11	
	Provision against Other Asset	3.70	
<b>Total</b>	<b>940.91</b>		
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.		
	<b>Particulars</b>	<b>In BDT Million</b>	
	Provision on classified loans and advances	(91.94)	
	Provision on unclassified loans and advances	135.13	
	Provision on Off-balance sheet exposures	30.42	
	Provision for diminution in Investments	23.38	
	Provision against Other Asset	0.80	
<b>Total</b>	<b>97.79</b>		

	<b>g)</b>	<b>Gross Non Performing Assets (NPAs).</b>	
	Non Performing Assets (NPAs) to Outstanding loans and advances.		
	Movement of Non Performing Assets (NPAs).	<b>Particulars</b>	<b>In BDT Million</b>
		Opening balance	838.35
		Addition/adjustment during the year	(385.56)

		<b>Closing balance</b>	<b>452.79</b>
	Movement of specific provisions for NPAs.	<b>Particulars</b>	<b>In BDT Million</b>
		Opening balance	<b>286.50</b>
		Provisions made/ during the period	(91.94)
		Transferred from unclassified loan & advances	-
		Write-off	-
		Write-back of excess provisions	-
		<b>Closing Balance</b>	<b>194.56</b>

## 8. Equities: Disclosures for Banking Book Positiona

a)	<b>The general qualitative disclosure requirement with respect to equity risk, including:</b>	
	<ul style="list-style-type: none"> <li>Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and</li> <li>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.</li> </ul>	<p>Investment in equity securities are broadly categorized into two parts:</p> <ul style="list-style-type: none"> <li>i) Quoted Securities (Common or Preference Shares &amp; Mutual Fund) that are traded in the secondary market (Trading Book Assets).</li> <li>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.</li> </ul> <p>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.</p> <p>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.</p> <p>The HTM equity securities are also revalued if any, are reclassified to HFT category with the approval of Board of Directors.</p>

In BDT Million

		<b>At cost</b>	<b>At market value</b>
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.	225.16	230.59
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	11.06	
d)	• Total unrealized gains (losses)	5.43	
	• Total latent revaluation gains (losses) of T-bills/bonds	275.66	
	• 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	23.06	
	• General Market Risk	23.06	

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

Qualitative disclosure	a)	<p>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.</p> <p>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 repricing. Repricing 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.</p> <p>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.</p> <p>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 31.91 million in the first quarter which has also negative accumulated Tk. 91.71 million in the second quarter. In the third and fourth quarter, the total year-to-date accumulated earnings impact has also been negative Tk. 176.38 and 284.03 million respectively.</p> <p>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.</p>
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### 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			
			<b>A. Rate Sensitive Assets</b>	<b>16,218.30</b>	<b>8,269.20</b>	<b>3,164.50</b>	<b>3,164.50</b>
			<b>B. Rate Sensitive Liabilities</b>	<b>29,158.10</b>	<b>7,456.20</b>	<b>2,483.60</b>	<b>2,483.60</b>
			<b>GAP (A-B)</b>	<b>(12,939.80)</b>	<b>(813.00)</b>	<b>(680.90)</b>	<b>(680.90)</b>
			Cumulative GAP	(12,939.80)	(12,126.80)	(11,445.90)	(10,765.00)
			Adjusted Interest Rate Changes (IRC)	1%	1%	1%	1%
			Quarterly earnings impact (Cum. GAP*IRC)	(31.91)	(59.80)	(84.67)	(107.65)
			Cumulative earnings impact to date	(31.91)	(91.71)	(176.38)	(284.03)
			Earning impact / Average quarterly net Operating profit	-2.62%	-7.53%	-14.48%	-23.32%

## 10. Market Risk:

Qualitative disclosure	a)	i) Views of Board of Directors (BOD) on trading or investment activities.	<p>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:</p> <ul style="list-style-type: none"> <li>i. Interest rate risk</li> <li>ii. Equity position risk</li> <li>iii. Foreign exchange (including gold) position risk throughout the Bank's balance sheet and</li> <li>iv. Commodity risk.</li> </ul>
		ii) Methods used to measure Market risk.	<p><b>Measurement Methodology:</b></p> <p>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.</p> <p>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.</p> <p>In Standardized (rule based) Approach the capital requirement for various market risks (interest rate risk, price, and foreign exchange risk) are determined separately.</p> <p>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.:</p> <ul style="list-style-type: none"> <li>a) Capital Charge for Interest Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.</li> <li>b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk.</li> <li>c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk.</li> <li>d) Capital Charge for Commodity Position Risk = Capital charge for general market risk.</li> </ul>
		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.	<p>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 / policies and risk management prudential limits are adhere to.</p> <p>The Treasury Division are taking following measures to minimize the several market risks:</p> <ul style="list-style-type: none"> <li>i) <b>Foreign exchange risk management:</b> 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</li> </ul>

			<p>monitored by the Treasury Division. To evaluate the extent of foreign exchange risk, a liquidity Gap report prepare for each currency.</p> <p><b>ii) Equity Position Risk:</b> 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:</p> <ul style="list-style-type: none"> <li>a) Security of Investment</li> <li>b) Fundamentals of securities</li> <li>c) Liquidity of securities</li> <li>d) Reliability of securities</li> <li>e) Capital appreciation</li> <li>f) Risk factors and</li> <li>g) Implication of taxes etc.</li> </ul>
<b>In BDT Million</b>			

Quantitative disclosure	<b>b)</b>	<b>The capital requirements for:</b>	<b>Solo</b>
		• Interest rate risk	266.80
		• Equity position risk	46.12
		• Foreign exchange risk and	20.78
		• Commodity risk	-
		<b>Total Capital Requirement</b>	<b>333.69</b>

## 11. Operational Risk:

Qualitative disclosure	<b>a)</b>	<p>i) Views of BOD on system to reduce Operational Risk</p>	<p>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 are documented, authorization is 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 with industry best practice and takes account of lessons learned from publicized operational failures within the financial services industry.</p> <p>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.</p> <p>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.</p>
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		ii) Performance gap of executives and staffs.	<p><b>Human Resources</b></p> <p>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.</p> <p>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 &amp; 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.</p> <p><b>Workforce Diversity:</b></p> <p>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 2020, workforce diversity is furnished below:</p> <table border="1"> <thead> <tr> <th>Age Group</th><th>Male</th><th>Female</th><th>Total</th></tr> </thead> <tbody> <tr> <td>Above 50 years</td><td>5</td><td>0</td><td>5</td></tr> <tr> <td>30-50 years</td><td>445</td><td>50</td><td>495</td></tr> <tr> <td>Below 30 years</td><td>125</td><td>26</td><td>151</td></tr> <tr> <td><b>Total</b></td><td><b>575</b></td><td><b>76</b></td><td><b>651</b></td></tr> </tbody> </table>	Age Group	Male	Female	Total	Above 50 years	5	0	5	30-50 years	445	50	495	Below 30 years	125	26	151	<b>Total</b>	<b>575</b>	<b>76</b>	<b>651</b>
Age Group	Male	Female	Total																				
Above 50 years	5	0	5																				
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<b>Total</b>	<b>575</b>	<b>76</b>	<b>651</b>																				
		iii) Potential external events	<p><b>Risk factors/Potential external events:</b></p> <p>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:</p> <p>☑ <b>General business and political condition</b> 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.</p> <p>☑ <b>Changes in credit quality of borrowers</b> 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.</p>																				



			<p>☒ <b>Changes in policies and practices of regulatory bodies to revise practices, pricing and responsibilities of the financial institutions</b> 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.</p> <p>☒ <b>Implementation of Basel-III</b> 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.</p> <p>☒ <b>Changes in market conditions</b> 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.</p> <p>☒ <b>The risk of litigation</b> 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.</p> <p>☒ <b>Success of strategies</b> 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.</p>
		iv) Policies and processes for mitigating operational risk.	<p>Midland Bank limited (MDB) has formed a separate 'Risk Management Division' under Chief Risk Officer to ensure following things:</p> <ul style="list-style-type: none"> <li>☒ Designing of organizational structure by clearly defining roles and responsibilities of individuals involved in risk taking as well as managing it;</li> <li>☒ 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, mitigation of all the core risks in line with their respective guidelines provided by Bangladesh Bank;</li> <li>☒ 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.</li> </ul>

			<p> <input checked="" type="checkbox"/> The following risks are also to be reviewed: <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Operational Risk</li> <li><input checked="" type="checkbox"/> Market Risk</li> <li><input checked="" type="checkbox"/> Liquidity Risk</li> <li><input checked="" type="checkbox"/> Reputation risk</li> <li><input checked="" type="checkbox"/> Insurance Risk</li> <li><input checked="" type="checkbox"/> Sustainability Risk</li> </ul> </p> <p> <input checked="" type="checkbox"/> Setting the portfolio objectives and tolerance limits/parameters for each of the risks; </p> <p> <input checked="" type="checkbox"/> 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; </p> <p> <input checked="" type="checkbox"/> Development of information systems/MIS inflow and data management capabilities to support the risk management functions of the Bank. </p> <p> <input checked="" type="checkbox"/> Ensure compliance with the core risks management guidelines at the department level, and at the desk level; </p> <p> <input checked="" type="checkbox"/> 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; </p> <p> <input checked="" type="checkbox"/> Analysis of self resilience capability of the Bank; </p> <p> <input checked="" type="checkbox"/> Initiation to measure different market conditions, vulnerability in investing in different sectors; </p> <p> <input checked="" type="checkbox"/> The unit will also work for substantiality of capital to absorb the associated risk in banking operation. </p> <p><b>Activities undertaken by "Risk Management Division" since inception and recent approaches</b></p> <p> <input checked="" type="checkbox"/> 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; </p> <p> <input checked="" type="checkbox"/> 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 &amp; techniques guided by the members of Risk Management Division; </p> <p> <input checked="" type="checkbox"/> 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. </p> <p><b><u>Stress Testing in MDB:</u></b></p> <p>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:</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Interest rate;</li> <li><input checked="" type="checkbox"/> Forced sale value of collateral;</li> <li><input checked="" type="checkbox"/> Non-performing loans (NPLs);</li> <li><input checked="" type="checkbox"/> Share prices; and</li> <li><input checked="" type="checkbox"/> Foreign exchange rate.</li> </ul> <p>The stress testing based on the financial performance of the Bank as on December 31, 2020 has also been completed which shows that the Bank has adequate capital</p>
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			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.	<p>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 <math>\alpha</math> (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:</p> $K = [(GI_1 + GI_2 + GI_3) \alpha] / n$ <p>Where-</p> <p>K = the capital charge under the Basic Indicator Approach</p> <p>GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded)</p> <p><math>\alpha</math> = 15 percent</p> <p>n = number of the previous three years for which gross income is positive.</p> <p>Gross income: Gross Income (GI) is defined as “Net Interest Income” plus “Net non-Interest Income”. It is intended that this measure should:</p> <ul style="list-style-type: none"> <li>i). be gross of any provisions;</li> <li>ii). be gross of operating expenses, including fees paid to outsourcing service providers;</li> <li>iii). exclude realized profits/losses from the sale of securities held to maturity in the Banking book;</li> <li>iv). exclude extraordinary or irregular items;</li> <li>v). exclude income derived from insurance.</li> </ul>

In BDT Million			
Quantitative disclosure		Particulars	Solo Basis
	b)	The capital requirement for operational risk	337.19

## 12. Leverage Ratio

Qualitative disclosure	a)	i) Views of BOD on system to reduce excessive leverage	<p>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:</p> <ul style="list-style-type: none"> <li>a) constrain build-up of leverage in the banking sector which can damage the broader financial system and the economy; and</li> <li>b) Reinforce the risk based requirements with an easy to understand and a non-risk based measure.</li> </ul> <p>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.</p> <p>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.</p>
		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	<p>A minimum Tier 1 leverage ratio of 3% is being prescribed both at solo and consolidated level.</p> <p>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.</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$
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BDT in Million											
Quantitative disclosure	b)	<b>Solo</b>									
	<input checked="" type="checkbox"/> Leverage Ratio	<div>Leverage Ratio (LR) under Basel III of Midland Bank Limited as of 31 December 2020 was as under:</div> <table><tr><th rowspan="2">Particulars</th><th colspan="2">Ratio</th></tr><tr><th>BB requirement</th><th>MDB's position</th></tr><tr><td>Leverage Ratio</td><td>≥ 3%</td><td>10.85%</td></tr></table>	Particulars	Ratio		BB requirement	MDB's position	Leverage Ratio	≥ 3%	10.85%	
	Particulars	Ratio									
		BB requirement	MDB's position								
	Leverage Ratio	≥ 3%	10.85%								
	<input checked="" type="checkbox"/> On balance sheet exposure	<div>Total On-balance Sheet exposure for calculating Leverage Ratio under Basel III of Midland Bank Limited as of 31 December 2020 was as under:</div> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Total On Balance Sheet Assets [A]</td><td>63,145.97</td></tr><tr><td>less: Total Specific Provision [B]</td><td>194.56</td></tr><tr><td>Total Adjusted On Balance Sheet exposure [A-B]</td><td>62,951.42</td></tr></table>	Particulars	Amount	Total On Balance Sheet Assets [A]	63,145.97	less: Total Specific Provision [B]	194.56	Total Adjusted On Balance Sheet exposure [A-B]	62,951.42	
Particulars	Amount										
Total On Balance Sheet Assets [A]	63,145.97										
less: Total Specific Provision [B]	194.56										
Total Adjusted On Balance Sheet exposure [A-B]	62,951.42										
<input checked="" type="checkbox"/> Off balance sheet exposure	3,000.91										
<input checked="" type="checkbox"/> Total exposure	<div>Total Exposures for calculating Leverage Ratio under Basel III of Midland Bank Limited as of 31 December 2020 was as under:</div> <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>Total On Balance Sheet Exposures [A]</td><td>62,951.42</td></tr><tr><td>Total Off-Balance Sheet Exposures [B]</td><td>4,458.72</td></tr><tr><td>less: Total Deduction/ Regulatory adjustments [C]</td><td>25.15</td></tr><tr><td>Total Adjusted exposure [A+B-C]</td><td>67,384.99</td></tr></table>	Particulars	Amount	Total On Balance Sheet Exposures [A]	62,951.42	Total Off-Balance Sheet Exposures [B]	4,458.72	less: Total Deduction/ Regulatory adjustments [C]	25.15	Total Adjusted exposure [A+B-C]	67,384.99
Particulars	Amount										
Total On Balance Sheet Exposures [A]	62,951.42										
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less: Total Deduction/ Regulatory adjustments [C]	25.15										
Total Adjusted exposure [A+B-C]	67,384.99										

### 13. 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	<p>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.</p> <p>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.</p> <p>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 policies etc.</p> <p>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.</p>
		ii) Methods used to measure Liquidity risk.	<p><b>Measurement Methodology:</b></p> <p>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</p> <p>LCR or Liquidity Coverage Ratio is a new liquidity standard introduced by the Basel Committee.</p> <p>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.</p> <p>The equation:</p> $LCR = \frac{\text{Stock of high quality liquid assets}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$ <p>Definitions for the LCR:</p> <p>The calculation of the LCR requires three important quantities to be defined:</p> <p>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)</p> <p><b>Net Stable Funding Ratio:</b></p> <p>NSFR or Net Stable Funding Ratio is another new standard introduced by the Basel Committee.</p> <p>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"</p>

		<p>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:</p> $\text{NSFR} = \frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} \geq 100\%$ <p>The calculation of the NSFR requires two quantities to be defined: A. available stable funding (ASF) and B. required stable funding (RSF).</p> <p><b>NSFR is met if ASF exceeds RSF, that is if ASF/RSF ≥ 1 or 100%.</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>a) Asset-Liability Maturity Analysis (Liquidity profile);</li> <li>b) Whole sale borrowing capacity;</li> <li>c) Maximum Cumulative Outflow (MCO);</li> </ul> <p>Besides the above, the following tools are also used for measuring liquidity risk:</p> <ul style="list-style-type: none"> <li>a) Stress Testing (Liquidity Stress);</li> <li>b) Net open position limit - to monitor the FX funding liquidity risk;</li> </ul>
	ii) Liquidity Risk Management system.	<p>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.</p> <p>Apart from the above, Financial Administration Division also monitors &amp; 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.</p>
	iv) Policies and processes for mitigating liquidity risk.	<p>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 / policies and risk management prudential limits are adhere to.</p> <p>The Treasury Division are taking following measures to minimize the several market risks:</p> <p>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.</p>



Quantitative disclosure	b)	Solo		
		☑ Liquidity Coverage Ratio	The Liquidity Coverage Ratio (LCR) under Liquidity Ratios of Basel III of Midland Bank Limited as of 31 December 2020 was as under:	
			Particulars	Ratio
				BB requirement      MDB's position
			Liquidity Coverage Ratio (LCR)	≥100%      147.51%
		☑ Net Stable Funding Ratio (NSFR)	The Net Stable Funding Ratio (NSFR) under Liquidity Ratios of Basel III of Midland Bank Limited as of 31 December 2020 was as under:	
			Particulars	Ratio
				BB requirement      MDB's position
			Net Stable Funding Ratio (NSFR)	≥100%      114.81%
		☑ Stock of High quality liquid assets	As stipulated by BB vide DOS Circular Letter No. 1 dated 1 <sup>st</sup> January 2015, the Stock of High Quality Liquid Assets (SHQLA) of Midland Bank Limited as of 31 December 2020 was as under: 16,064.87	
		☑ Total net cash outflows over the next 30 calendar days	10,890.70	
		☑ Available amount of stable funding (ASF)	45,821.04	
		☑ Required amount of stable funding (RSF)	39,910.06	

#### 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.

			<p>iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee</p>	<p>The risk and compliance employees are carrying out the activities independently as per specific terms of references, job allocated to them.</p> <p>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.</p>
		<p>c) Description of the ways in which current and future risks are taken into account in the remuneration processes.</p>	<p>i) An overview of the key risks that the bank takes into account when implementing remuneration measures.</p>	<p>The business risk including credit/default risk, compliance &amp; reputational risk are mostly considered when implementing the remuneration measures for each employee/group of employee.</p> <p>Financial and liquidity risk are also considered.</p>
			<p>ii) An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure.</p>	<p>Different set of measures are in practice based on the nature &amp; 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 &amp; 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.</p>
			<p>iii) A discussion of the ways in which these measures affect remuneration.</p>	<p>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.</p>
			<p>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.</p>	<p>No material change has been made during the year 2020 that could the affect the remuneration.</p>

		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 forms.	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	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.

			corresponding to other forms of variable remuneration (if any) should be provided.	
			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.	<p>The following variable remuneration has been offered by MDB to its employees:</p> <p><b>Annual Increment and Incentive Bonus</b> 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.</p>

#### BDT in Million

		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.	20												
		Number of guaranteed bonuses awarded.	2 festival bonuses												
		Total amount of guaranteed bonuses awarded.	36.04												
		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:	<table><tr><td></td><td>BDT in Million</td></tr><tr><td>Fixed</td><td>566.67</td></tr><tr><td>Variable</td><td>1.74</td></tr><tr><td>Deferred</td><td>Nil</td></tr><tr><td>Non-deferred</td><td>Nil</td></tr><tr><td>Different forms used (cash, shares and share linked instruments, other forms).</td><td>Cash</td></tr></table>		BDT in Million	Fixed	566.67	Variable	1.74	Deferred	Nil	Non-deferred	Nil	Different forms used (cash, shares and share linked instruments, other forms).	Cash
			BDT in Million												
		Fixed	566.67												
		Variable	1.74												
		Deferred	Nil												
		Non-deferred	Nil												
Different forms used (cash, shares and share linked instruments, other forms).	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														



# Social Responsibility & Photo Gallery





Mrs. Nilufer Zafarullah, Honourable Chairman of the Bank presiding over the 7th Annual General Meeting (AGM) of the Bank through digital platform held on August 23, 2020.

Mrs. Nilufer Zafarullah, Honourable Chairman of the Bank presiding over the 100th Meeting of the Board of Directors of the Bank through digital platform held on July 28, 2020.



Professor Dr. Moulana Abul Kalam Azad, Honourable Chairman of the Sharia Supervisory Council of the Bank's Islami Banking Window, Midland Bank Saalam, presiding over the 3rd meeting of the Council of the Bank held on August 31, 2020.



Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank along with other Senior Officials attended the launching of the Bank's Islami Banking Window, Midland Bank Saalam at the Board Room of the Bank on April 19, 2020.

Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank along with other Senior Officials attended the launching of MDB Offshore Banking and MDB e-Saver Account on the occasion of 7th Anniversary of the Bank on June 20, 2020.

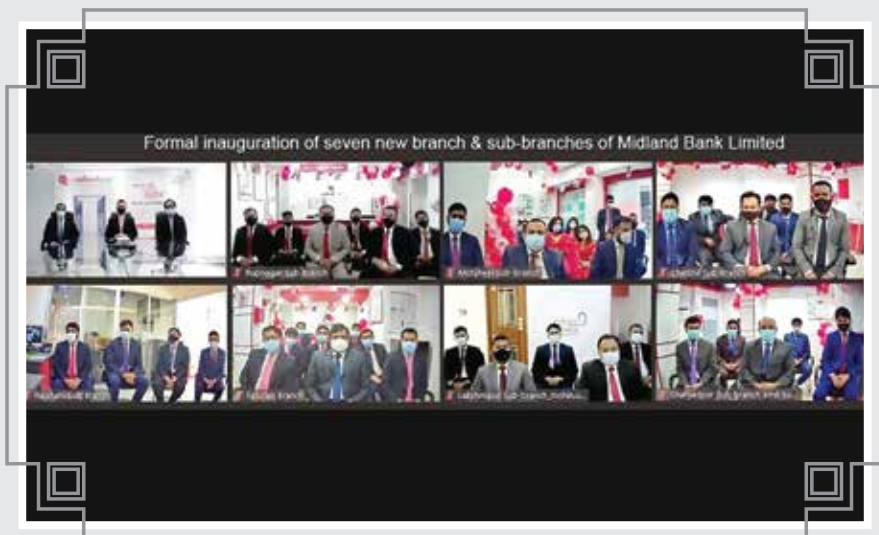


Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank presiding over the Business Review Meeting 2020 of Institutional Banking Division through digital platform.



Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank presiding over the Business Review Meeting 2020 of Retail Distribution Division through digital platform.

Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank presiding over Annual Business Strategy Conference 2021 of Institutional Banking Division through digital platform.



Mr. Md. Ahsan-uz Zaman, Managing Director of the Bank formally inaugurates seven Branch & Sub-Branches of the Bank through digital platform.





In presence of Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank, Mr. Khondkar Towfique Hossain, Head of International Division of MDB and Mr. Mr. Munawar Uddin, Country Manager for Bangladesh of Primadollar Operations Limited, signed the MoU on behalf of their respective organizations.

In presence of Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank, Mr. Md. Ridwanul Hoque, Head of Retail Distribution of Midland Bank and Mr. Bidyut Kumar Basu, Executive Director & CEO of UDDIPAN signed the MoU on behalf of their respective organizations.



In presence of Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank, Mr. Mohammad Javed Tarek Khan, Head of Institutional Banking Division and Mr. Montakim Ahmed, Founder Partner of ACE Advisory signed the MoU on behalf of their respective organizations.



In presence of Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank, Mr. Mohammad Javed Tarek Khan, Head of Institutional Banking Division and Mr. Rajib Dash, Director of Loop Freight signed the MoU on behalf of their respective organizations.

In the presence of Mr. Md. Ahsan-uz Zaman, Managing Director & CEO, Midland Bank Limited, Mr. Monjurul Alam Mamun, Founder and Chief Executive of Xtra and Mr. Nazmul Huda Sakrer, CTO and Head of IT Division of MDB, Mr. Md. Ridwanul Hoque, Head of Retail Distribution Division of MDB and Mr. SM Rifat Shariar, Manager, Sales & Marketing of Xtra signed the MoU on behalf of their respective organizations.



Mr. A. H. M. Khairuzzaman Liton, Mayor of Rajshahi City Corporation along with Kudrat-E-Khoda Md. Samiul Karim, Cluster Head and Branch Manager of Midland Bank distributes bicycles among under privileged school going students, under "SHAPNO JATRA", a special CSR programme of the Bank.





Mr. Md. Ridwanul Hoque, Head of Retail Distribution Division of Midland Bank Limited and Mr. Shamsul Alam Pantho, Director, SA Group of Company signed the MoU on behalf of their respective organizations,

Mr. Md. Ridwanul Hoque, Head of Retail Distribution Division of Midland Bank Limited and Mr. Rezaur R. Robin, Chief Strategy Officer of HandyMama signed the MoU on behalf of their respective organizations.



In presence of Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank, Mr. Mohammad Javed Tarek Khan, Head of Institutional Banking Division and Lieutenant Commander (Ret'd.) Joarder Mohammed Hosne Quamar Alam, Managing Director of Florence Group, signed the MoU on behalf of their respective organizations.





Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of Midland Bank Limited handed over the cheque to Prime Minister's Principal Secretary Dr. Ahmed Kaikaus at the Prime Minister's Office, under CSR activity of the Bank. Honourable Prime Minister Sheikh Hasina joined the function through a videoconference from her official residence Ganabhaban.



Mr. Md. Ahsan Habib and Mr. Md. Rezaul Huq, Branch managers of Midland Bank Limited distributed blankets to the students of Ramchandrapur A. R. Intellectually Handicapped and Autistic School, located at Gaibandha District, under CSR activity of the Bank in presence of Head Mistress of the School, Most. Sakmim Khatun.



Midland Bank Limited held training on 'Environmental and Social Risk Management (ESRM) Training' under IFC Standard for 24 Executives and Officers. Mr. Md. Ahsan-uz Zaman, Managing Director & CEO, Mr. Md. Zahid Hossain, DMD present at the concluding ceremony of the training programme titled along with Mr. Md. Zahid Hossain, DMD, members of the Senior Management Team of the Bank, Dr. Kevin Whittington Jones (CES, UK) and Mirza S A Habib (SCL, BD) trainers seen at the concluding ceremony of the intensive training programme.



Mr. Md. Ahsan-uz Zaman, Managing Director and CEO of Midland Bank Limited and Mr. Iftekhar Alam, CEO of LankaBangla Investments Limited signed the Agreement on behalf of their respective organizations. The Bank appointed LankaBangla Investments Limited (LBIL) as Issue Manager for Initial Public Offering (IPO).



Mr. H. M. Khairuzzaman Liton, Honourable Mayor of Rajshahi City Corporation inaugurated an ATM Booth of Rajshahi City Corporation Sub-branch in the office premises of Rajshahi City Corporation along with Mr. Kudrat-E-Khoda Md. Samiul Karim, Cluster Head and Branch Manager of Midland Bank.



Mr. Mr. Md. Ahsan-uz Zaman, Managing Director & CEO of the Bank inaugurated the Chatbot, under the brand name Dolly, along with Mr. Md. Zahid Hossain, Deputy Managing Director and other high officials of the Bank.



# Sustainability Report

## Sustainability

Midland Bank Limited, MDB's sustainability dream reflects the essence of its ambition: 'here for a long term bond & benefit'. It also takes into account the legitimate interest of the 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 the 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 to achieve sustainable growth. 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 addressing any 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. Focusing in particular on investments constructed on social responsibilities. 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 more transparent and risk-aware, trying to improve its 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 way. We are inclined to responsible financing, considering social and environmental impacts that may arise 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 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 all 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. We have reviewed our rates structure (Institution Banking, SME 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 Relationship Managers, 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 Program' 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 with structured process having range of tools and services to help them find suitable roles.

### **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 2021, the bank will strengthen its environmental and social risk management system in line with regulatory guidelines. In this regard, MDB is partnering with both local and foreign consultants and has taken initiative to develop ESRM Policy and ESRM System of the bank in line with IFC Performance Standard and with the norms of other multilateral/international lenders and shall arrange in-house training to its staffs for capacity building.

### **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 2020, a good total of 20 MSME entrepreneurs were added to SME client base bringing the total to 681 numbers and disbursed a sum of BDT 2,504.20 million which consolidated our SME portfolio with BDT 5,923.60 million outstanding at the year-end. To improve the gender balance in SME finance, we closed the year with BDT 585.50 million loan disbursement on account of total 9,373 women entrepreneurs (directly through Bank to 13 number of women entrepreneurs and indirectly through MFIs to 9,360 number of women entrepreneurs). We continued to explore new ways of increasing financial outreach.

2020 had been a year of economic disruption due to countrywide lock down imposed by Government to halt the wide spreading of COVID-19 virus and business was adversely impacted amid the COVID-19 fallout. In an effort to revitalize the economy, government declared various financial stimulus packages to the pandemic affected entities. MDB was quick to respond to the request of its CMSME customers whose business were adversely impacted, by allowing working capital facility under stimulus package. In the year 2020 MDB disbursed total Tk.378.33 million working capital facility to 60 number of CMSME customers under the stimulus package for CMSME sector.

### **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 2020, we have disbursed a sum of BDT 166.80 million to a number of 08 Zig Zag eco-friendly Brick Kilns and BDT 125.30 million for setting up Central ETP and Sewerage Treatment Plant in Meghna Industrial Economic Zone. Besides, specific environment and social risk management plan and guidelines are in place with the Bank.

We spent an amount of BDT 15.00 million in various CSR activities in 2020. 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 2020, 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 recommendations, 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 and has already launched or planned on executing them.

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 expanded cluster base financing program. MDB disbursed BDT 585.50 million loans to Women Entrepreneurs in the calendar year 2020. Bangladesh Bank refinance for Small Enterprise 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 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:

Banks have strong social responsibility to help protect the environment by determining the avenues in which they finance. It is crucial that Banks fulfill their role in the ecosystem to guide potential entrepreneurs into adopting business operations which are environmental friendly. Hence, the global industry is seeking towards Green Banking mode to contribute, to promote and activate the green concept i.e. making the environment greener. 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 offer 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 Limited (MDB) 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. In our appraisal process of any project finance as part of due diligence, we intend to ensure that red category manufacturing concern turns to green by its operation, by adopting appropriate technology and factoring them into the estimated project cost of the promoters.

## Green Activities of MDB:

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.
- 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 is 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 2020:

[Fig in BDT Million]

SL	Particulars	Total	
		No. of Projects	Amount
A	Introducing Green Finance		
01	Effluent Treatment Plant (ETP)/Environment Friendly Financing	01	125.30
02	Bio-gas Plant		
03	Solar Panel system/Renewal Energy Plant	01	21.31
04	Hybrid Hoffman Kiln (HHK)		
05	Auto Tunnel Kiln	01	336.61
06	Green Finance at reduced rate of interest		
07	Others (if any) Zig Zig Brick Project	08	94.13
	Total		
B	Online Banking		
01	No. of ADCs (own ATM & ADM)	43	
02	Shared ADCs (Approx.)	10,500	
03	No. of Branches with online coverage	34	
04	No. of total accounts	175,349	
05	No. of accounts facilitated with internet banking	22,475	
06	No. of accounts facilitated with Mobile/SMS Banking	131,179	
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	

## MDB CSR Activity

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.

The Board of Directors of the Bank approved total amount of Tk. 1,50,00,000.00 for Annual CSR Activities of Midland Bank Limited for the year 2020.

Considering above, as well as to meet up time to time urgent requirements of CSR activities duly approved by the Board, total distribution status of the Annual CSR activities of the Bank as on 31st December 2020 are as furnished below:

Sl. No.	Particulars	Amount	Area of Allocation
01.	Donation to Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust (For establishing Bangabandhu Corner, Bangabandhu Chair)	1,00,00,000/=	Education
	Donation to Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust (For Celebrating of Mujib Barsha)		Others
02.	Donation to "Prime Minister's Relief Fund" (sourcing/ procurement of Personal Protective Equipment (PPE), Coronavirus Testing Kit and Respiratory equipment supplying)	20,00,000/=	Health
03.	Donated to "Prime Minister's Relief Fund" for flood affected people of the country for emergency healthcare.	25,00,000/=	Health
04.	Donation of Blankets to the winter affected people of the country through MDB branches as per BB guidance	3,00,000/=	Digester Management
05.	Donation of bicycles to the female school going students as per BB guidance	2,00,000/=	Education
<b>Total</b>		<b>1,50,00,000/=</b>	

Based on the above CSR activities, ratio wise distributions of the fund in 2020 are as follows:

Figure in BDT

Area of allocation	Education	Healthcare	Others	Total
<b>Distributed amount as on 31.12.2020</b>	<b>52,00,000.00</b>	<b>45,00,000.00</b>	<b>53,00,000.00</b>	<b>1,50,00,000.00</b>
<b>Ratio</b>	<b>34.67%</b>	<b>30%</b>	<b>35.33%</b>	<b>100%</b>



# Financial Statements

# Statement of Directors on adequacy of the system of Internal Control

Internal Control is the process designed and enhanced by those charged with governance, management and other personnel to provide reasonable assurance regarding the achievement of organizational objectives in terms of the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws, regulations and internal policies. It plays a crucial role in protecting the organization's resources, preventing and detecting frauds, forgeries, and bringing operational efficiency.

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 101st Meeting of the Board of Directors held on 23.08.2020. 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: 28 March 2021

## 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 adequate resources to continue 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 taken into consideration those aspects in preparation of financial statements for the year 2020. The financial statements have been prepared using appropriate accounting policies, consistently applied and supported by reasonable prudent judgment & estimates, and in compliance with Bangladesh Accounting Standards (BAS), Bangladesh Financial Reporting Standards (BFRS), Bank Company Act 2013 (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 of Audit committee comprised of 5 (Five) 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 2020 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 2020.

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

On behalf of the Board of Directors,



**Nilufer Zafarullah**  
Chairman

Date: 28 March 2021

# 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: 28 March 2021

## 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 December 2020**

**Dear Sirs,**

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification 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 for the year ended on 31 December 2020 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 2020 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 2020, 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 2020, 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.

## Other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## 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.

**A. Qasem & Co.**

Chartered Accountants  
Registration No. PF1015



Mohammed Hamidul Islam  
Partner  
Enrolment No: 912  
DVC: 2104040912AS913880

Place of issue: Dhaka  
Dated: 28 March 2021

# Midland Bank Limited

## Balance Sheet As on 31 December 2020

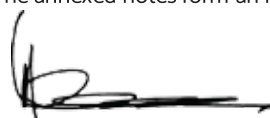
	Notes	2020 BDT	2019 BDT
<b><u>Property and Asset</u></b>			
<b>Cash</b>	<b>3.00</b>	<b>2,517,389,920</b>	<b>2,481,877,574</b>
In Hand (Including Foreign Currency)		546,005,616	525,345,718
With Bangladesh Bank and its agent Bank (including Foreign Currency)		1,971,384,304	1,956,531,856
<b>Balance with other Banks &amp; Financial Institutions</b>	<b>4.00</b>	<b>2,738,102,616</b>	<b>3,119,092,376</b>
In Bangladesh		2,343,368,499	2,892,241,255
Outside Bangladesh		394,734,117	226,851,121
<b>Money at Call and Short Notice</b>	<b>5.00</b>	<b>295,800,000</b>	<b>499,700,000</b>
<b>Investments</b>	<b>6.00</b>	<b>14,632,998,709</b>	<b>12,709,768,541</b>
Government		13,552,624,869	11,412,579,904
Others		1,080,373,840	1,297,188,637
<b>Loans and Advances/ Investments</b>	<b>7.00</b>	<b>39,086,672,499</b>	<b>31,749,635,389</b>
Loans, Cash Credit, Overdrafts, etc./ Investment		38,040,954,438	31,696,015,706
Bills Purchased and Discounted		1,045,718,061	53,619,683
<b>Fixed Asset including Premises, Furniture &amp; Fixtures</b>	<b>8.00</b>	<b>659,776,340</b>	<b>258,785,282</b>
<b>Other Asset</b>	<b>9.00</b>	<b>3,202,648,893</b>	<b>2,079,714,702</b>
<b>Non-Banking Asset</b>	<b>10.00</b>	<b>12,585,359</b>	<b>12,585,359</b>
<b>Total Property and Asset</b>		<b>63,145,974,335</b>	<b>52,911,159,222</b>
<b><u>Liabilities and Capital</u></b>			
<b>Borrowing from other Banks, Financial Institutions &amp; Agents</b>	<b>11.00</b>	<b>6,074,714,536</b>	<b>3,468,730,276</b>
<b>Deposit and Other Accounts</b>	<b>12.00</b>	<b>45,067,571,125</b>	<b>39,500,763,248</b>
Current Deposit & Other Accounts		4,543,232,928	2,784,886,978
Bills Payable		369,020,053	241,381,613
Short Notice Deposit		5,607,092,015	4,769,017,817
Savings Deposit		3,523,299,986	2,659,627,149
Fixed Deposit		26,639,700,736	25,182,444,200
Deposit Scheme		4,385,225,406	3,863,405,491
<b>Other Liabilities</b>	<b>13.00</b>	<b>4,389,717,716</b>	<b>2,903,304,284</b>
<b>Total Liabilities</b>		<b>55,532,003,377</b>	<b>45,872,797,808</b>

# Midland Bank Limited

## Balance Sheet As on 31 December 2020

	Notes	2020 BDT	2019 BDT
<b>Capital/Shareholders' Equity</b>			
Paid up Capital	15.00	5,696,697,530	5,696,697,530
Statutory Reserve	16.00	1,183,368,838	991,374,929
Revaluation Reserve on Investment in Securities	17.00	275,655,418	2,107,910
Retained Earnings	18.00	458,249,173	348,181,046
<b>Total Shareholders' Equity</b>		<b>7,613,970,959</b>	<b>7,038,361,414</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>63,145,974,335</b>	<b>52,911,159,222</b>
<b>Off-Balance Sheet Items</b>			
<b>Contingent Liabilities</b>	19.00		
Acceptance and endorsements		2,009,386,223	1,428,780,793
Letter of Guarantee		4,052,657,870	2,647,810,389
Irrevocable Letter of Credit		2,427,907,526	1,371,735,186
Bills for Collection		759,488,574	530,485,724
Other Contingent Liabilities		-	-
<b>Other Commitments</b>		<b>9,249,440,193</b>	<b>5,978,812,091</b>
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		-	-
<b>Total Off Balance Sheet Items including Contingent Liabilities</b>		<b>9,249,440,193</b>	<b>5,978,812,091</b>

The annexed notes form an integral part of these accounts



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



**Dr. Mostafizur Rahman**  
Director



**Md. Shamsuzzaman**  
Vice Chairman



**Nilufer Zafarullah**  
Chairman

Signed as per annexed report on even date

**A. Qasem & Co.**  
Chartered Accountants  
Registration No: PF 1015



**Mohammed Hamidul Islam**  
Partner

Enrolment No: 912  
DVC: 2104040912AS913880

Place of Issue: Dhaka  
Dated: 28 March 2021

# Midland Bank Limited

## Profit and Loss Account For the year ended 31 December 2020

<b>Particulars</b>	<b>Notes</b>	<b>2020 BDT</b>	<b>2019 BDT</b>
Interest Income/Profit on Investment	21.00	3,160,178,915	4,259,089,822
Less: Interest/Profit Paid on Deposit and Borrowing, etc.	22.00	2,748,193,544	2,983,899,085
<b>Net Interest Income</b>		<b>411,985,371</b>	<b>1,275,190,737</b>
Income from Investment	23.00	1,565,254,675	649,615,530
Commission, Exchange and Brokerage	24.00	276,581,721	321,054,520
Other Operating Income	25.00	66,310,351	65,020,083
		<b>1,908,146,747</b>	<b>1,035,690,133</b>
<b>Total Operating Income</b>		<b>2,320,132,119</b>	<b>2,310,880,870</b>
<b>Less: Operating Expenditure</b>			
Salary and Allowances	26.00	592,131,514	531,364,377
Rent, Tax, Insurance, Electricity	27.00	75,321,559	219,342,497
Legal Expense	28.00	640,283	1,060,829
Postage, Stamps and Telephone	29.00	17,723,626	13,057,895
Printing, Stationery, Advertisement	30.00	33,745,139	31,672,420
Managing Director's Remuneration	26.01	16,277,525	16,560,000
Directors' Fee	31.00	1,177,600	1,462,800
Audit Fee	32.00	356,500	356,500
Depreciation on and Repair to Bank's Property	33.00	242,506,997	105,956,065
Other Expenditure	34.00	122,420,421	121,523,703
<b>Total Operating Expenses</b>		<b>1,102,301,165</b>	<b>1,042,357,087</b>
<b>Profit before provision</b>		<b>1,217,830,953</b>	<b>1,268,523,783</b>
<b>Provision for Loans, Advances &amp; Off Balance Sheet</b>			
General Provision	35.00	135,130,052	36,131,527
Special General Provision -COVID 19		160,085,000	-
Specific Provision		(91,944,812)	138,311,198
Provision for Off Balance Sheet Exposures		30,416,252	12,280,595
Provision for diminution in Investments		23,376,130	28,463,457
Provision against Other Asset		798,788	1,991,685
<b>Total Provision</b>		<b>257,861,410</b>	<b>217,178,462</b>
<b>Profit Before Tax</b>		<b>959,969,543</b>	<b>1,051,345,321</b>



# Midland Bank Limited

Profit and Loss Account  
For the year ended 31 December 2020

	Notes	2020 BDT	2019 BDT
<b>Less: Provision for Tax</b>	<b>36.00</b>	<b>303,605,656</b>	<b>493,936,818</b>
Current Tax		269,984,643	507,425,213
Deferred Tax		33,621,013	(13,488,395)
<b>Net Profit After Tax</b>		<b>656,363,888</b>	<b>557,408,502</b>
<b>Retained Surplus Brought Forward</b>	<b>18.01</b>	<b>6,379,194</b>	<b>3,541,608</b>
		<b>662,743,081</b>	<b>560,950,110</b>
<b>Appropriation:</b>			
Transferred to Statutory Reserve	<b>37.00</b>	191,993,909	210,269,064
Transferred to CSR Fund	<b>38.00</b>	12,500,000	2,500,000
		<b>204,493,909</b>	<b>212,769,064</b>
<b>Retained Surplus, Carried Forward</b>		<b>458,249,173</b>	<b>348,181,046</b>
<b>Earnings Per Share</b>	<b>39.00</b>	<b>1.15</b>	<b>0.98</b>

The annexed notes form an integral part of these accounts



Md. Ahsan-uz Zaman  
Managing Director & CEO



Dr. Mostafizur Rahman  
Director



Md. Shamsuzzaman  
Vice Chairman



Nilufer Zafarullah  
Chairman

Signed as per annexed report on even date

**A. Qasem & Co.**  
Chartered Accountants  
Registration No: PF 1015



Mohammed Hamidul Islam  
Partner  
Enrolment No: 912  
DVC: 2104040912AS913880

Place of Issue: Dhaka  
Dated: 28 March 2021

# Midland Bank Limited

## Cash Flow Statement For the year ended 31 December 2020

	Notes	2020 BDT	2019 BDT
<b>A) Cash Flow From Operating Activities:</b>			
Interest Received		4,542,872,442	4,829,220,512
Interest Paid on Deposits, Borrowings, etc.		(3,088,496,356)	(2,775,112,447)
Dividend Income		10,531,699	12,903,749
Fees & Commission Income		276,581,721	321,054,520
Recoveries of Loans previously written off		-	-
Cash Paid to Employees as Salaries and Allowances		(608,409,038)	(547,924,377)
Income Tax Paid		(451,093,058)	(448,444,853)
Cash Received From Other Operational Income	40.00	66,010,851	65,020,083
Cash Paid for Other Operational Expenses	41.00	(269,767,741)	(407,605,104)
<b>Cash Flow From Operating Activities Before Changes in Net Current Asset</b>		<b>478,230,519</b>	<b>1,049,112,083</b>
<b>Changes in Net Current Asset :</b>			
Investment in Treasury Bond		(1,447,370,303)	(5,941,486,298)
Loans & Advances		(7,337,037,110)	(674,967,594)
Other Asset		(533,432,696)	(84,670,372)
Non-Banking Assets		-	-
Bank Deposit		1,379,103,060	(1,247,602,532)
Customers' Deposit		4,528,007,629	4,947,407,407
Borrowing from Other Banks, Financial Institutions & Agents		2,605,984,260	1,929,001,137
Other Liabilities		388,241,378	43,943,149
		<b>(416,503,781)</b>	<b>(1,028,375,104)</b>
<b>Net Cash Flow From Operating Activities</b>		<b>61,726,738</b>	<b>20,736,979</b>
<b>B) Cash Flow From Investing Activities:</b>			
Investments in Shares & Bonds		216,814,797	(45,744,091)
Proceeds from Sale of Fixed Assets		299,500	903,154
Purchase of Fixed Asset		(67,289,444)	(69,619,263)
<b>Net Cash Flow From Investing Activities</b>		<b>149,824,853</b>	<b>(114,460,200)</b>
<b>C) Cash Flow From Financing Activities:</b>			
Receipts from Issue of Capital		-	-
Dividend Paid		(341,801,852)	-
<b>Net Cash Flow From Financing Activities</b>		<b>(341,801,852)</b>	<b>-</b>
<b>D) Net Increase in Cash and Cash Equivalents</b>		<b>(130,250,260)</b>	<b>(93,723,221)</b>
<b>E) Effect of Changes of Exchange Rates on Cash and Cash Equivalents</b>		<b>-</b>	<b>-</b>
<b>F) Opening Cash and Cash Equivalents</b>		<b>6,101,045,050</b>	<b>6,194,768,271</b>
<b>Closing Cash and Cash Equivalents (D+E+F)</b>		<b>5,970,794,790</b>	<b>6,101,045,050</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in Hand		546,005,616	525,345,718
Balance with Bangladesh Bank and its Agent Bank		1,971,384,304	1,956,531,856
Balance with Other Banks & Financial Institutions		2,738,102,616	3,119,092,376
Money at Call and Short Notice		295,800,000	499,700,000
Treasury Bill		418,707,154	-
Prize Bond		795,100	375,100
		<b>5,970,794,790</b>	<b>6,101,045,050</b>
<b>Net Operating Cash Flow Per Share</b>		<b>0.11</b>	<b>0.04</b>

The annexed notes form an integral part of these accounts

  
Md. Ahsan-uz Zaman  
Managing Director & CEO


  
Dr. Mostafizur Rahman  
Director

  
Md. Shamsuzzaman  
Vice Chairman

  
Nilufer Zafarullah  
Chairman

Signed as per annexed report on even date

Place of Issue: Dhaka  
Dated: 28 March 2021

**A. Qasem & Co.**  
Chartered Accountants  
Registration No: PF 1015  
  
Mohammed Hamidul Islam  
Partner  
Enrolment No: 912  
DVC: 2104040912AS913880

# Midland Bank Limited

## Statement of Changes in Equity

For the year ended 31 December 2020

Particulars	Paid-up Capital		Statutory Reserve		Revaluation Surplus on Investments		Retained Earnings		Total	
	BDT		BDT		BDT		BDT		BDT	
<b>Balance as at 01 January 2020</b>	<b>5,696,697,530</b>		<b>991,374,929</b>		<b>2,107,910</b>		<b>348,181,046</b>		<b>7,038,361,415</b>	
Dividend paid	-		-		-		(341,801,852)		(341,801,852)	
Revaluation Reserve transferred during the period	-		-		273,547,508		-		273,547,508	
Net Profit for the year after tax	-		-		-		656,363,887		656,363,887	
Appropriation made during the period	-		191,993,909		-		(191,993,909)		-	
Transfer to CSR	-		-		-		(12,500,000)		(12,500,000)	
<b>Balance as at 31 December 2020</b>	<b>5,696,697,530</b>		<b>1,183,368,838</b>		<b>275,655,418</b>		<b>458,249,173</b>		<b>7,613,970,959</b>	
<b>Balance as at 31 December 2019</b>	<b>5,696,697,530</b>		<b>991,374,929</b>		<b>2,107,910</b>		<b>348,181,046</b>		<b>7,038,361,415</b>	

The annexed notes form an integral part of these accounts



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



**Dr. Mostafizur Rahman**  
Director




**Md. Shamsuzzaman**  
Vice Chairman



**Nilufer Zafarullah**  
Chairman

Signed as per annexed report on even date

**A. Qasem & Co.**  
Chartered Accountants  
Registration No: PF 1015

  
**Mohammed Hamidul Islam**  
Partner  
Enrolment No: 912  
DVC: 2104040912AS913880

Place of Issue: Dhaka  
Dated: 28 March 2021

# Midland Bank Limited

## Liquidity Statement

For the year ended 31 December 2020

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
<b>ASSET :</b>						
Cash in hand & Balance with Bangladesh Bank	2,419,609,626	-	-	-	97,780,294	2,517,389,920
Balance with other Banks and Financial Institutions	2,055,000,000	365,500,000	317,602,616	-	-	2,738,102,616
Money at Call & Short notice	295,800,000	-	-	-	-	295,800,000
Investments	160,995,100	998,000,000	45,600,000	8,318,200,000	5,110,203,609	14,632,998,709
Loans and Advances/Investments	10,444,600,000	2,242,500,000	15,186,100,000	11,209,672,499	3,800,000	39,086,672,499
Fixed Asset	-	-	-	144,293,467	515,482,874	659,776,341
Other Asset	-	-	-	1,319,887,880	1,882,761,012	3,202,648,893
Non-Banking Asset	-	-	-	-	12,585,359	12,585,359
<b>Total Asset</b>	<b>15,376,004,726</b>	<b>3,606,000,000</b>	<b>15,549,302,616</b>	<b>20,992,053,846</b>	<b>7,622,613,148</b>	<b>63,145,974,335</b>
<b>LIABILITIES :</b>						
Borrowing From Other Banks, Financial Institutions & Agents	3,487,700,000	447,300,000	240,200,000	1,899,514,536	-	6,074,714,536
Deposit and Other Account	8,941,300,000	9,898,700,000	13,241,200,000	11,834,871,125	1,151,500,000	45,067,571,125
Provision & Other Liabilities	29,633,271	207,754,323	88,676	1,109,302,544	3,042,938,902	4,389,717,716
<b>Total Liability</b>	<b>12,458,633,271</b>	<b>10,553,754,323</b>	<b>13,481,488,676</b>	<b>14,843,688,205</b>	<b>4,194,438,902</b>	<b>55,532,003,377</b>
<b>Net Liquidity</b>	<b>2,917,371,455</b>	<b>(6,947,754,323)</b>	<b>2,067,813,940</b>	<b>6,148,365,641</b>	<b>3,428,174,246</b>	<b>7,613,970,959</b>

The annexed notes form an integral part of these accounts

  
Md. Ahsan-uz Zaman  
Managing Director & CEO

  
Dr. Mostafizur Rahman  
Director

  
Md. Shamsuzzaman  
Vice Chairman

  
Nilufer Zafarullah  
Chairman

Signed as per annexed report on even date

Place of Issue: Dhaka  
Dated: 28 March 2021

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

## Corporate Profile and Significant Accounting Policies

### 1.00 Midland Bank Limited

#### 1.01 Legal status and nature of the entity

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 34 (15 Urban Branches and 19 Rural Branches, 7 Sub Branches, 43 ATMs, 60 Agent Banking Centers (ABCs) and 7 Collection Centres covering commercially important locations across the country.

#### 1.02 Principal activities of the Bank

The principal activities of the Bank are to provide wide range of financial products (loans and deposits) and services that includes all kinds of Conventional and Islamic banking services to its customers. It offers commercial banking, consumer banking, trade services, cash management, treasury, cottage micro small and medium enterprises (CMSMEs), retail, debit/credit cards services and clearing services to its customers. These activities are conducted through its Branches, Sub- branches, Agent Banking Centers (ABCs), Islamic Windows and Alternative Delivery Channels (ATM booths, Internet Banking) in Bangladesh. MDB digital banking service is the Bank’s flagship product to provide internet based banking solutions. MDB online banking facilities like-fund transfer to utility bills payment, buying air tickets, paying bills of mobile phones, credit cards, and insurance premiums and then tracking of accounts and even shopping from over 100 retailers. MDB digital banking service is integrated with bKash, ROCKET and NAGAD payment system as well. The Bank also provides Off-shore banking services through its Off-shore banking unit (OBU) and Islami banking services through its Islamic banking window (MDB Saalam).

#### 1.03 Off-shore banking

Off-shore banking unit (OBU) after getting approval from Bangladesh Bank launched its operation on 20 June 2020. It is a separate business unit of the Bank, operates its business through a separate counter at Head Office, as governed under the rules and guidelines vide Bangladesh Bank’s letter reference no. BRPD (P 3) 744 (101)/2010-4129 dated 10 November 2009 and a Policy for Off-shore banking operation issued by Bangladesh Bank through BRPD circular no. 02 dated 25 February 2019 and BRPD circular letter no. 09 dated 27 May 2019. It gives loans (on and off-balance sheet exposures) and takes deposits in freely convertible foreign currencies to and from person/institution not resident in Bangladesh and Type-A (wholly foreign owned) units in EPZs in Bangladesh. It also gives long term loans to industrial units outside EPZs and Type-B and Type-C industrial units within the EPZs subject to compliance by the industrial units with the guidelines of Bangladesh Investment Development Authority (BIDA) and Bangladesh Bank. Besides, this unit provides bill discounting/financing facilities accepted by Authorised Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines. Separate financial statements of Off-shore banking unit have been disclosed in the annual report 2020.

#### 1.04 Islamic banking window (MDB Saalam)

The Bank obtained permission for two (2) Islamic banking windows from Bangladesh Bank. Islami banking windows (MDB Saalam) after getting approval from Bangladesh Bank launched on 23 April 2020. Through the Islamic banking windows, the Bank extends all types of Islamic shariah compliant finances like lease, hire purchase shirkatul melk (HPSM), bai muazzal, household scheme, etc. and different types of deposits like mudaraba/manarah savings deposits, mudaraba/manarah term deposits, al-wadeeah current deposits, monthly/quarterly profit paying scheme, etc. Separate financial statements of Islamic banking windows are shown in Annexures G.

## **2.00 Basis of preparation of financial statements and Significant accounting policies**

### **2.01 Basis of preparation of financial statements**

#### **2.01.01 Basis of Preparation**

The separate financial statements of the Bank for the year ended on 31 December 2020 comprise those of domestic banking unit (both conventional and Islamic banking) and Off-shore banking unit (OBU). There were no significant changes in the nature of principal business activities of the Bank and Off-shore banking unit (OBU) during the financial year 2020.

#### **2.01.02 Statement of Compliance**

"The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the Act, the Financial Reporting Council (FRC) was formed and it is yet to issue any financial reporting standards for public interest entities like Banks, NBIFs, Insurance, etc. According to the Bank Company Act 1991 as amended time to time required the Banks to prepare their financial statements under such financial reporting standards. Since the FRC yet to issue any financial reporting standards as per the provisions of the FRA, hence the International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by ICAB, "First Schedule (Section 38) of the Bank Company Act 1991 (Amended upto 2018), BRPD circular no. 14 dated 25 June 2003 and DFIM Circular no. 11, dated December 23, 2009, etc., other regulatory guideline. The Bank complied with the requirements of the following rules and regulation:

The Bank Companies Act, 1991 (Amended upto 2018), The Companies Act 1994, Rules, regulations and circulars issued by the Bangladesh Bank from time to time. The Securities and Exchange Ordinance 1969, Bangladesh Securities and Exchange Commission Act 1993, Bangladesh Securities and Exchange Commission (Public Issues) Rules 2015, Income Tax Ordinance and Rules 1984, Value Added Tax Act 1991, Value Added Tax and Supplementary Duty Act, 2012 and Financial Reporting Act 2015.

In addition to foregoing directives and standards, the operation of Islamic banking windows are accounted for in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain, and BRPD circular no. 15, dated November 09, 2009. A separate balance sheet, profit & loss account and a statement of profit paid on deposits are shown in Annexure G, and the figures appearing in the annexure have been incorporated in the related heads of these financial statements as recommended by the central shariah board for Islamic Banks in Bangladesh.

This is the first time to set off the Bank's annual financial statements in which IFRS-16 "Leases" has been applied effective from 1 January 2020. The related changes to significant accounting policies and its affect are described in note 3.1.

#### **2.01.03 Difference between IAS/IFRS and Bangladesh Bank regulations**

The financial statements of the Bank have been prepared as on 31 December 2020 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 upto 2018), BRPD Circular # 14, dated 25 June 2003 and DFIM Circular # 11, dated 23 December 2009, other Bangladesh Bank circulars, IAS and IFRS as adopted by ICAB, the Companies Act 1994, and other laws and rules applicable in Bangladesh. In case, any requirement of provisions and circulars issued by Bangladesh 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 IFRS/IAS, which are disclosed below.

##### **i. Presentation of financial statements**

**IFRS:** As per IAS-1, a complete set of financial statements comprises statement of financial position (balance sheet), statement of profit and loss, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS-1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

**Bangladesh Bank:** The presentation of these financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) and certain disclosures therein are guided by the First Schedule (section-38) of the Bank Companies Act, 1991 (Amended upto 2018) and BRPD circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classification.



## ii. Investment in shares, mutual fund and other securities

**IFRS:** 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 fall either under "at fair value through profit and 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 and unquoted shares are revalued on the basis of year-end market price and Net Assets Value (NAV) of last audited balance sheet, respectively. As per instruction of DOS circular letter no. 3 dated 12 March 2015, investment in mutual fund (close-end) is revalued at lower of cost and higher of market value and 85% of NAV and another DOS circular letter no. 10 dated 28 June 2015, investment in mutual fund (open-end) is revalued at lower of cost and higher of market value and 95% of NAV. As such, provision is made for any loss arising from diminution in value of investments (portfolio basis); otherwise investments are recognised at costs.

## iii. Revaluation gain/loss on government securities

**IFRS:** Government securities refer primarily various debt instruments which include both bonds and bills. As per requirements of IFRS-9 Financial Instruments, bonds can be categorised as "Amortised Cost (AC)" or "Fair Value through profit and loss account (FVTPL)" or "Fair Value through other comprehensive income (FVOCI)". Bonds designated as amortised cost are measured at amortised cost method and interest income is recognised through profit and loss account. Any changes in fair value of bonds designated as FVTPL is recognised in profit and loss account. Any changes in fair value of bonds designated as FVOCI is recognised in other reserve as a part of equity.

As per requirement of IFRS-9 where securities will fall under the category of fair value through profit and 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:** Held for Trading (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.

## iv. Repo and reverse repo transactions

**IFRS:** 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 amortised 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 Department of off-site supervision (DOS) circular letter no. 06 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, 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 transaction and the financial asset is derecognised in the seller's book and recognised in the buyer's book.

However, as per Death Management Division (DMD) circular letter no. 7 dated 29 July 2012, non-primary dealer Banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such Banks may enter collateralized repo arrangements with Bangladesh Bank. Here the selling Bank accounts for the arrangement as a loan, thereby continuing to recognize it as asset.

## v. Provision on loans and advances/investments

**IFRS/IAS:** As per IFRS-9 an entity shall recognize an impairment allowance on loans and advance/investments based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances/investments at an amount equal to the lifetime expected credit losses, if the credit risk on these loans and advances/investments has increased significantly since initial recognition whether assessed on an individual or collective

basis considering all reasonable information, including that which is forwardlooking. For those loans and advances/investments 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/investments 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/investments (good/standard/SMA loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard, doubtful and bad losses has to be provided at 20%, 50% and 100%, respectively for loans and advances/investments 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 excluding bills for collection. Such provision policies are not specifically in line with those prescribed by IAS-39.

**vi. Recognition of interest in suspense**

**IFRS:** Loans and advances/investments 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 loans/investments. Once a loan/investments subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortized cost of these loans and advances/investments.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 23 September 2012, once a loan/investment is classified, interest on such loan/investment is 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.

**vii. 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:** 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.

**viii. 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.

**ix. 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 circular no.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, excluding bills for collection as per guidelines of Bangladesh Bank.

**x. 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/bonds and prize bonds are shown as investments.

**xi. Non-banking assets**

**IFRS/IAS:** No indication of non-banking assets is found in any IFRS/IAS.

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

**xii. Cash flow statement**

**IFRS/IAS:** As per IAS-7, 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 circular no.14, cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.

**xiii. 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.

**xiv. Presentation of intangible assets**

**IFRS/IAS:** An intangible asset must be identified, recognized and disclosure must be given as per IAS-38.

**Bangladesh Bank:** There is no regulation/guideline for identify, recognize and disclosure of intangible assets in the BRPD circular no.14.

**xv. Off-balance sheet exposers**

**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 circular no.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 the regulator.

**xvi. Disclosure of appropriation of profit**

**IFRS/IAS:** There is no requirement to show appropriation of profit on the face of income statement.

**Bangladesh Bank:** As per BRPD circular no. 14, an appropriation of profit should be disclosed separately on the face of the profit and loss account.

**xvii. Loans and advances/investments net of provision**

**IFRS/IAS:** Loans and advances/investments should be presented net of provision.

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

**xviii. Recovery of written off loans and advances/investments**

**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/investments should be charged to the profit and loss account as per IFRS 15

**Bangladesh Bank:** As per BRPD circular no.14, recoveries of amount previously written off should be adjusted with specific provision on loans and advances/investments.

**xix. 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:** as per guideline of Bangladesh Securities and Exchange Commission (BSEC), Bank has to keep adequate provision on diminution value of investments and certain provision has to be made on impairment of clients' margin loans/investments.

#### 2.01.04 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 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 to the following:

- Provision for loan and advances/investments- as explained in note # 2.02.02.(d)
- Employee benefit -as explained in note # 2.04.07
- Income tax - as explained in note # 2.04.05
- Deferred tax assets/liabilities - as explained in note # 2.04.06
- Useful lives of depreciable assets regard to noncurrent assets - as stated in Annexure-C

However, underlying assumptions on estimates are reviewed on a going concern basis and revisions thereon are recognised in the period in which the estimates are revised. It is also required to disclose the contingent assets and liabilities at the date of the financial statements in accordance with the guidelines as prescribed by IAS-37 “Provisions, Contingent Liabilities and Contingent Assets”.

##### Provisions

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognised in the following situations:

- The entity has a present (legal or constructive) obligation as a result of past events;
- Probable out flow of resources to settle the obligation and the obligation can be measured reliably;
- It is more likely than not that outflow of resources will be required to settle the present obligation exists at the end of the reporting period.

##### Contingent liabilities

A contingent liability is a possible obligation 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. A contingent liability arises when some, but not all, of the criteria for recognizing a provision are met. IAS-37 applies prudence by deeming a past event to give rise to a present obligation and an entity shall not recognize a contingent liability. However, if it is possible rather than probable that an obligation exists, a contingent liability will exist, not a provision in the financial statements. An entity shall disclose for each class of transaction of contingent liability at the end of the reporting period if the contingent liability is not remote.

##### Contingent Assets

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 not wholly within the control of the entity. Contingent assets are never recognised; rather they are disclosed in the financial statements when they arise.

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

#### 2.01.05 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.

#### 2.01.06 Functional and presentation 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.

#### 2.01.07 Date of authorization

The board of directors has authorised this financial statements for public issue on March 28, 2021.

#### 2.01.08 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 IAS 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.

#### 2.01.09 Cash flows Statement

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.

#### 2.01.10 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.

#### 2.01.11 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:

SL	Particulars	Basis
1	Cash, balance with other banks and financial institutions money at call and short notice, etc.	Stated maturity / observed behavioral trend.
2	Investments	Residual maturity term.
3	Loan and advance / investment	Repayment / maturity schedule and behavioral trend (non-maturity products)
4	Fixed assets	Useful life
5	Other assets	Realisation / amortisation basis
6	Borrowing from other banks and financial institutions	Maturity / repayment term
7	Deposits and other accounts	Maturity/behavioral trend (non-maturity products)
8	Other long term liabilities	Maturity term
9	Provisions and other liabilities	Settlement / adjustment schedule basis

#### 2.01.12 Financial statements for off-shore banking unit (OBU)

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. 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.

#### **2.01.13 Reporting period**

These financial statements cover one calendar year from 1 January to 31 December 2020.

#### **2.01.14 Basis of Measurement**

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

- Government Treasury bills/bonds designated as 'Held for Trading (HFT)' are present at value using marking to market concept with gain crediting to revaluation reserve;
- Government Treasury bills/bonds designated as 'Held to Maturity (HTM)' are carried at amortised cost;
- Investment in shares of listed companies are prepared at market value with gain credited to revaluation reserve.

#### **2.01.15 Offsetting**

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Bank has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a Bank of similar transactions such as in the Bank's trading activity.

#### **2.01.16 Going concern**

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in its operation over the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to demonstrate a healthy trend for a couple of years. The Bank has been awarded A2 in long term and ST-2 in short term by Credit Rating Agency of Bangladesh (CRAB). Rating details are shown in note # 3.18. The management does not see any issue with respect to going concern due to recent pandemic COVID-19. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

### **2.02 Significant Accounting Policies**

"The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements of the group and those of the Bank have been applied consistently except otherwise instructed by Bangladesh Bank as the prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

#### **Assets and basis of their valuation**

#### **2.02.01 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.

#### **2.02.02 Loans and advances**

- a) Loans and advances/investments of conventional banking/islamic banking branches are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not sell in the normal course of business. Loans and advances/investment are stated in the balance sheet on gross basis.
- b) Loans and advances/investments are broadly catagirised under the heads of continuous, demand, term and short term agriculture and micro credit. Continuous and demand loans/investments are accounted undercapitalized method, where interest/profit accrues on daily basis and applied to loan account quarterly, except equal monthly installment (EMI) loan/investment of which interest/profit are being charged on due date and interest/profit of staff



loan/investment are being charged to staff loan/investment account yearly. Interest/profit on classified loans and advances/investments is kept in suspense account as per guideline of Bangladesh Bank and such interest/profit is not accounted for as income until realized from borrowers (note #13.4). Interest/profit is not charged on bad and loss loans/investments as per guidelines of Bangladesh Bank. On the basis of recovery, the unapplied interest/profit on such bad & loss loans/investments are being charged to the respective loans/investments account and credited to the income account.

- c) Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- d) At each balance sheet date and periodically throughout the year, the Bank reviews loans and advances/investments to assess whether objective evidence that impairment of a loans/investments or portfolio of loans/investments has arisen supporting a change in the classification of loans and advances/investments, which may result in a change in the provision required in accordance with BRPD circular no.03 dated 21 April 2019, BRPD circular no.1 dated 20 February 2018, BRPD circular no.15 dated 27 September 2017, BRPD circular no.16 dated 18 November 2014, BRPD circular no.05 dated 29 May 2013, BRPD circular no.14 dated 23 September 2012 and BRPD circular no.19 dated 27 December 2012. The guidance in the circular follows a formulaic approach whereby specified rates are applied to the various categories of loans/investments as defined in the circulars. The provisioning rates are as follows:

Types of loans and advances	Provision				
	STD	SMA	SS	DF	BL
<b>Consumer:</b>					
House building and professional	1.00%- 2.00%	1.00% - 2.00%	20%	50%	100%
Other than housing finance & professionals to setup business	2.00%- 5.00%	2.00% - 5.00%	20%	50%	100%
Provision for loan to broker house,	2%	2%	20%	50%	100%
Short-term Agri-credit and micro credit	1%	1%	5%	5%	100%
Small and medium enterprise finance	0%	0%	20%	50%	100%
Others	1%	1%	20%	50%	100%
<b>Special General Provision COVID-19</b>					
On unclassified general loans and advances	1%	1%	N/A	N/A	N/A

- e) BRPD Circular no.14 dated 23 September 2012 as amended by BRPD Circular no.19 dated 27 December 2012 also provides scope for further provisioning based on qualitative judgments. In these circumstances, impairment losses are calculated on individual loans/investments considered individually significant based on which specific provisions are raised. If the specific provisions assessed under the qualitative methodology are higher than the specific provisions assessed under the prescribed approach above, the higher of the two is recognised in liabilities under "Provision for loans and advances/investments" with any movement in the provision charged/released in the profit and loss account. Classified loans/investments are categorized into sub-standard, doubtful and bad/loss based on the criteria stipulated by Bangladesh Bank guideline.
- f) Loans and advances/investments are written off to the extent that- (i) there is no realistic prospect of recovery, and (ii) against which legal cases are filed, where required and classified as Bad/Loss as per as per BRPD circular no.02 dated 13 January 2003, BRPD circular no.13 dated 07 November 2013 and BRPD circular no.01 dated 06 February 2019 of Bangladesh Bank.
- g) These written off loans//investments however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are maintained and followed up. There is no written off loans/investment of MDB as of the reporting date as of 31 December 2020.
- h) **Special general provision COVID-19**  
Considering the impact of COVID 19 pandemic in the overall economy of Bangladesh, the central bank has given deferral benefits for classification of loans and advances/investments irrespective of their repayment performance until 31 December 2020 by issuing BRPD circular no.4, dated 19.03.2020, BRPD circular no.15, dated 15.06.2020 and BRPD circular no.17, dated 28.09.2020.

To strengthen the financial based and shock absorbing capacity of Banks, the Bangladesh Bank issued BRPD circular no.56, dated 10.12.2020 instructing all Banks to keep 1.00% general provision on unclassified general loans and advances/investments, including SMA of which are enjoying deferring classification benefits irrespective of their repayment performance until 31 December 2020. This provision has to keep under the head of “Special General Provision COVID-19” and it cannot be released or accounted into income until further instruction issue by Bangladesh Bank. To comply with the circular, MDB has maintained an amount of BDT 160.09 million during the year 2020.

**i) Amounts receivable on credit cards are included in advances to customers at the amounts expected to be 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/investments (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” and IFRS-9 “Financial Instruments”. At the year end on 31 December 2020, the Bank has maintained an amount of BDT 784.20 million and has shown in the face of balance sheet under the head “Other Liabilities” as against BDT 734.20 million of regulatory requirements (note # 7.09).

### 2.02.03 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 regulatory guideline.

**Valuation methods of investment used are:**

**a) 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).

**b) 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.

**c) 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 1 September 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

**d) 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).

**e) 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 income account.

Value of investments has been calculated as follows:

Investment class	Initial	Measurement after	Recording of changes
Government treasury securities - Held to Maturity (HTM)	Cost	Amortised cost	Increase in value of such investments is booked to equity, decrease to profit and loss account.
Government treasury securities - Held for Trading (HFT)	Cost	Fair value	Loss to Profit and Loss account, gain to Revaluation Reserve through Profit and Loss account.
Debenture/Bond	Face value	Face value	None
Shares (Quoted) *	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealised gain booking.
Shares (Unquoted)*	Cost	Lower of cost or Net Asset Value (NAV)	Loss to profit and loss account but no unrealised gain booking.
Prize bond	Cost	Cost	None

\* Provision for shares against unrealised loss (gain net off) has been taken into account according to DOS circular no.4 dated 24 November 2011 and for mutual funds (closed-end) as per DOS circular letter no.3 dated 12 March 2015 and for mutual funds (open-end) as per DOS circular letter no.10 dated 28 June 2015 of Bangladesh Bank.

**f) 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. MDB has no subsidiary company as of 31 December 2020.

**2.02.04 Property, plant and equipment**

"As per IAS-16 "Property and Equipment"" items of fixed assets excluding land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and building are carried at cost. Purchase of software that is integral to the related equipment is capitalised as part of that equipment. Cost includes expenditure that are directly attributable to the acquisition of asset and bringing to the location and condition necessary for it to be capable of operating in the intended manner. When significant parts of an item of fixed asset have different useful lives, they are accounted for as separate items (major components) of fixed assets. The Bank has no land and building during the reporting period.

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

**Subsequent costs**

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

## Depreciation

Depreciation on fixed assets is recognised in the profit and loss statement on straight line method over its estimated useful lives. In case of acquisition of fixed assets, depreciation is charged from the month of acquisition, whereas depreciation on disposed off fixed assets are charged up to the month prior to the disposal. Asset category wise depreciation rates for the current and comparative periods are as follows:

Category of fixed assets	Method	Rate (%)
Land	N/A	-
Building	N/A	-
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%
<b>Category of fixed assets (ATM Assets):</b>		
Furniture and fixtures	Straight Line	10%
Office equipment	Straight Line	20%

### 2.02.05 Intangible assets

- 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 (IAS 38).
- 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.
- 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.
- 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.

### 2.02.06 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 (IAS-36). An amount of BDT 950,848.45 has been impaired and charged to profit and loss account during the financial year 2020 as per para 60 of IAS-36 "Impairment of assets".

### 2.02.07 Investment properties

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

#### 2.02.08 Other assets

Other assets include mainly advance office rent, payment of advance income tax for which assessment of tax has not been finalized 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.

##### Provision on other assets

As per BRPD circular no.14 dated 25 June 2001, a provision of 100% on other assets which are outstanding for one year and above. The Bank maintains provisions in line with this circular unless it assesses there is no doubt of recovery on items of other assets in which case no provision is kept (note # 13)

#### 2.02.09 Receivables

Receivables are recognised when there is a contractual right to receive cash or another financial asset from another entity.

#### 2.02.10 Inventories

Inventories measured at the lower of cost and net realizable value as per IAS 2 "Inventories".

#### 2.02.11 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.

Leases are classified as finance leases whenever the 'terms of the lease' transfer substantially all the risks and rewards of ownership to the lessee as per IAS-17 "Leases". All other leases are classified as operating leases as per IAS 17 "Leases".



**a) Bank as Lessor**

Amount due from lessees under the finance leases are recorded as receivables at the amount of the Bank's net investment in the leases. Finance lease income is allocated to accounting periods as to reflect a constant periodic rate of return on the Bank's net investment outstanding in respect of the leases.

**b) Bank as Lessee**

Assets held under finance leases are recognised as assets of the Bank at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payment. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. The Bank has no finance lease or operating lease during the reporting period 2020.

**c) Impact of adopting IFRS-16**

The following summarises the impact of adopting IFRS-16 on the Bank's balance sheet and profit & loss account for the period then ended on 31 December 2020, for each of the line items affected. Impact for implementation of IFRS-16 is depicted below. Amount without adoption of IFRS 16 + Adjustment for IFRS 16= Amount after implementation of IFRS-16

**d) Impact on the balance sheet as on 31 December 2020**

Particulars	Amount before adoption of IFRS-16	Adjustment for IFRS-16	Amount after implementation of IFRS-16
Fixed Assets	243	417	660
Other Assets	3,250	(47)	3,203
Other Liabilities	4,011	379	4,390
Statutory Reserve	1,185	(2)	1,183
Retained Earnings	479	(21)	458

**e) Impact on the profit and loss account as on 31 December 2020**

Particulars	Amount before adoption of IFRS-16	Amount of Adjustment for IFRS-16	Amount after implementation of IFRS-16
Interest/Profit paid on Deposit and Borrowing, etc.	2,732.00	16.00	2,748.00
Rent, tax, insurance, electricity, etc.	224.00	(149.00)	75.00
Depreciation/amortization and repairs of Bank's properties	100.00	142.00	243.00
Provision for tax	292.00	12.00	304.00
Current Tax	274.00	(4.00)	270.00
Provision for tax deferred tax	18.00	15.00	34.00
Provision for statutory reserve	194.00	(2.00)	192.00
Retained Earnings	479.00	(21.00)	458.00
Earnings per share (EPS)	1.19	(0.04)	1.15

**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.

## **2.03 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.

### **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) Authorised 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 2020 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. Ordinary shareholders 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 2020 was at BDT 5,696.70 million remained unchanged as the Bank paid cash dividend for the FY2019 (note # 15.2).

#### **2.03.02 Statutory reserve**

Statutory reserve has been maintained @ 20% of profit before tax in accordance with the provision 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 2020 was at BDT 1183.37 million, against BDT 991.37 million on 31 December 2019 (note # 16).

#### **2.03.03 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 IAS 16: "Property, Plant and Equipment". The tax effects on revaluation gain are measured and recognized in the financial statements as per IAS 12: "Income Taxes". During the financial year, the Bank did not revalue of its any fixed asset.

#### **2.03.04 Revaluation reserve for government securities**

Revaluation reserve for government securities arises from the revaluation of treasury bills/bonds, Bangladesh Bank bills and treasury bonds (HFT and HTM) in accordance with the DOS circular no.5 dated 26 May 2008 and DOS (SR) 1153/120/2010 dated 8 December 2010.

#### **2.03.05 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. There is no such reserve as on 31 December 2020.

#### **2.03.06 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.

## **2.04 Basis for valuation of liabilities and provisions**

#### **2.04.01 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.

#### **2.04.02 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).

#### **2.04.03 Other liabilities**

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

#### **2.04.04 Provision for liabilities**

As per IAS-37 provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation as a result of past events, and a reliable estimate can be made of the amount of the obligation.

#### **2.04.05 Provision for current tax**

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 IAS-12 "Income Taxes". Tax Assets under the 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 IAS-12, provision of latest Finance Act, related SROs/ Guidelines, etc., issued by National Board of Revenue-NBR) are recognized as tax liability under the head of other liability for the year (s) for which assessment has not been yet finalized.

#### **2.04.06 Deferred tax**

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 IAS 12 "Income Taxes".

#### **2.04.07 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 IAS 19, "Employee Benefit". Bases of computing the retirement benefit schemes operated by the Bank are outlined below:

##### **a) 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. The Fund has been maintaining in a separate account which is operating by the Trustee and is being audited by Ahmed Mashuque & Co. Chartered Accountants and submitted to the NBR to comply with regulation.

**b) 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 IAS 19 "Employees Benefit". The Fund has been maintaining in a separate account which is operating by the Trustee and is being audited by Ahmed Mashuque & Co. Chartered Accountants and submitted to the NBR to comply with regulation.

**c) 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. The Fund has been maintaining in a separate account which is operating by the Trustee and is being audited by Arun & Co. Chartered Accountants.

**d) 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.

**2.04.08 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 IAS 37.

**2.04.09 Provision for off-balance sheet exposures**

As per BRPD circular no.14 dated 23 September 2012, the Bank has recognised 1% general provision on the following off-balance sheet exposures as defined in BRPD circular no.10 dated 24 November 2002 considering the exemption as provided through BRPD circular no.01 dated 03 January 2018, BRPD circular no.7 dated 01 June 2018, BRPD circular no.13 dated 18 October 2018, BRPD circular no.02 dated 25 February 2019, BRPD circular no.09 dated 27 May 2019 and BRPD circular letter no. BPRD (P-1)/661/13/2019-354 dated 13 January 2020.

- a. Acceptance and Endorsement
- b. Letters of guarantee;
- c. Irrevocable letters of credit;
- d. Foreign exchange contracts

**2.04.10 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.

**2.04.11 Revenue recognition**

In terms of provisions of IFRS 15 "Revenue from Contracts with Customers", the revenues during the year are recognized as following:

**a) Interest Income**

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 therefrom credited to income as and when received as per instruction contained in BRPD circular no.14 dated 23 September 2012, BRPD circular no.19 dated 27 December 2012 and BRPD circular no.16, dated 18 November 2014. If the Loans and advances classified as Bad/Loss (BL) interest ceases to apply and recorded in a memorandum a/c.

**b) Profit on investment (Islamic Banking)**

Mark-up on investment is taken into income account proportionately from profit receivable account. Overdue charge/compensation on classified investments are transferred to profit suspense account instead of income account.

**c) Investment Income**

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

**d) Fees and commission income**

The Bank earns commission and fee income from a diverse range of service provided to its customers. Commission and fee income is accounted for as follows:

- Income earned on the execution of a significant act is recognised as revenue when the act is completed.
- Income earned from services provided is recognised as revenue as the services are provided.
- Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.
- Commission and discount on bills purchased and discounted are recognized at the time of realization.

**e) Dividend income**

Dividend income is recognised when the right to receive the income is established. Dividend income is recognized at the time when it is realized. Dividend income on preference shares is recognized on accrual basis. Dividends are presented under investment income.

**2.04.12 Interest paid and other expenses**

In terms of the provisions of IAS 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

**a) Interest paid on subordinated bond, borrowing and other deposits (Conventional banking)**

In terms of the provisions of IAS-1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

**b) Profit shared on deposits (Islamic banking)**

Profit shared to mudaraba deposits are recognised on accrual basis.

**c) 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 IAS 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.

**2.04.13 Earnings per share (EPS)**

The company calculates earnings per share (EPS) in accordance with IAS 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.

**a) 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.

**b) 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 IAS 33 "Earnings per share (EPS)".



#### 2.04.13 Foreign exchange gain/loss

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of non-monetary items.

#### 2.04.14 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 IAS 24 "Related Party Disclosures", Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC) guidelines. Details of Related party transactions have been disclosed in note # 42.

#### 2.05 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 IAS 10 "Event after the reporting period". The only material event after the balance sheet date is: The Board of Directors recommended cash dividend @ 8% for the financial year 2020, in its 109th Board Meeting held on 28 March 2021.

#### 2.06 Credit rating

Credit Rating Agency of Bangladesh Limited (CRAB) has been rated the Bank based on the audited financial statements as of 31 December 2019, un-audited financial statements as of 31 March 2020, 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 30 June 2020 and valid till 30 June 2021.

Year	Long term rating	Short term rating	Outlook
2019 (valid upto 30 June 2021)	"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.

#### 2.07 Directors' Responsibility on Financial Statements

The Board of Directors take the responsibility for preparation and presentation of these financial statements.

#### 2.08 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.

#### 2.09 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 International Financial Reporting Standards (IFRSs)

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) vide letter no 1/1/ICAB-2017 dated 14 December 2017. The compliance status of these IFRS is as follows:

Name of the IAS / IFRS	IAS	Status of compliance
Presentation of Financial Statements	IAS-1	Applied with some departure (note 2)
Inventories	IAS-2	Not Applicable
Statement of Cash Flows	IAS-7	Applied with some departure (note 2)
Accounting Policies, Changes in Accounting Estimates	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Construction Contracts	IAS-11	Not Applicable
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Lease	IAS-17	Applied
Revenue	IAS-18	Applied
Employee Benefits	IAS-19	Not Applicable
Accounting for Government Grants and Disclosure of Govt Assistance	IAS-20	Not Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS-26	Not Applicable
Separate Financial Statements	IAS-27	Applied
Investments in Associates and Joint Venture	IAS-28	Not Applicable
Financial Reporting for hyperinflationary economics	IAS-29	Not Applicable
Interests in Joint Ventures	IAS-31	Not Applicable
Financial Instruments: Presentation	IAS-32	Applied with some departure (note 2)
Earnings per Share	IAS-33	Applied
Interim Financial Reporting	IAS-34	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied with some departure (note 2)
Intangible Assets	IAS-38	Applied
Financial Reporting: Recognition and measurement	IAS-39	Applied with some departure (note 2)
Investment property	IAS-40	Not Applicable
Agriculture	IAS-41	Not Applicable
International Financial Reporting Standards (IFRS):		
First-time Adoption of Bangladesh Financial Reporting Standards	IFRS 1	N/A
Share-based Payment	IFRS 2	N/A
Business Combinations	IFRS 3	N/A
Insurance Contracts	IFRS 4	N/A
Non-current Assets Held for Sale and Discontinued Operations	IFRS 5	N/A
Exploration for and Evaluation of Mineral Resources	IFRS 6	N/A
Financial Instruments: Disclosures	IFRS 7	Applied with some departure (note 2)
Operating Segments	IFRS 8	Applied with some departure (note 2)
Financial Instruments	IFRS 9	Applied with some departure (note 2)
Consolidated Financial Statements	IFRS 10	N/A
Joint Arrangements	IFRS 11	N/A
Disclosure of Interest in Other Entities	IFRS 12	N/A
Fair Value Measurement	IFRS 13	Applied with some departure (note 2)
Regulatory Deferral Accounts	IFRS 14	N/A
Revenue from contractors with customers	IFRS 15	Applied
Leases	IFRS 16	Applied

### **Standards issued but not yet effective**

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to standards during the year 2017. All previously adopted reporting standards are consistently applied by the Bank as explained in Note # 2.10.

The Bank has consistently applied the accounting policies as set out in note. 3 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 2020 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing IFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued IFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Bank has not early applied the following new standard in preparing these financial statements.

### **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.

#### **2.11 Materiality and aggregation**

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with IAS-1 "Presentation of Financial Statements".

#### **2.12 General**

##### **a) 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, 2020. Figures of previous year have been rearranged whenever necessary to confirm the current year/period presentation.

##### **b) 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.

##### **c) Approval of Financial Statements**

These financial statements have been prepared by the management, audited by the external and regulatory auditors and thereafter approved by the board of directors of the Bank in its 109th Board meeting held on 28 March 2021.

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>3.00 Cash</b>		
In Hand (Including foreign currency) (note 3.01)	546,005,616	525,345,718
Balance with Bangladesh Bank and its Agent Bank (note 3.02)	1,971,384,304	1,956,531,856
	<b>2,517,389,920</b>	<b>2,481,877,574</b>
<b>3.01 In Hand (Including foreign currency)</b>		
Local Currency	532,186,293	513,135,153
Foreign Currency	13,819,323	12,210,565
	<b>546,005,616</b>	<b>525,345,718</b>
<b>3.02 Balance with Bangladesh Bank and its Agent Bank</b>		
With Bangladesh Bank		
Local Currency	1,868,456,722	1,930,049,732
Foreign Currency	97,780,294	24,763,556
With Sonali Bank (as agent of Bangladesh Bank-Local Currency)	5,147,288	1,718,568
	<b>1,971,384,304</b>	<b>1,956,531,856</b>

## 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 No.# 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 4% has been calculated and maintained with the Bangladesh Bank in Current Account and 13% Statutory Liquidity Ratio for conventional banking, 5.50% for Islami Banking Wing, 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. 03, dated 09 April 2020, Bank has to maintain CRR @ 4 % on fortnightly cumulative average basis and minimum CRR @3.5% on daily basis.

### Conventional Banking:

#### a) Cash Reserve Requirement (CRR)

Required Reserve	1,535,397,614	1,874,376,234
Maintained Reserve	1,697,715,608	1,922,639,166
Surplus/(Deficit)	<b>162,317,994</b>	<b>48,262,932</b>

#### b) Statutory Liquidity Ratio (SLR)

Required Reserve	4,990,042,250	4,430,343,830
Maintained Reserve	14,219,423,914	11,987,894,664
Surplus/(Deficit)	<b>9,229,381,664</b>	<b>7,557,550,834</b>

<b>Total Required Reserve</b>	<b>6,525,439,864</b>	<b>6,304,720,064</b>
<b>Actual Reserve held</b>	<b>15,917,139,522</b>	<b>13,910,533,830</b>
<b>Surplus/(Deficit)</b>	<b>9,391,699,658</b>	<b>7,605,813,766</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

		2020 BDT	2019 BDT
<b>c) Components of Statutory Liquidity Ratio (SLR)</b>			
Cash in Hand		544,548,780	525,345,718
Balance with Bangladesh Bank		-	-
Balance with Sonali Bank		13,132,270	1,706,110
Excess Reserve of CRR		162,317,994	48,262,932
Government Securities		13,499,424,870	11,412,579,904
		<b>14,219,423,914</b>	<b>11,987,894,664</b>
<b>Islami Banking Wing</b>			
<b>a) Cash Reserve Requirement (CRR)</b>			
Required Reserve		26,273,589	-
Maintained Reserve		194,547,228	-
Surplus/(Deficit)		<b>168,273,639</b>	-
<b>b) Statutory Liquidity Ratio (SLR)</b>			
Required Reserve		36,126,190	-
Maintained Reserve		222,930,470	-
Surplus/(Deficit)		<b>186,804,280</b>	-
<b>c) Components of Statutory Liquidity Ratio (SLR)</b>			
Cash in Hand		1,456,840	-
Balance with Bangladesh Bank		-	-
Balance with Sonali Bank		-	-
Excess Reserve of CRR		168,273,639	-
Government Securities		40,000,000	-
Other Eligible Securities		13,200,000	-
		<b>222,930,479</b>	-
<b>4.00 Balance with other Banks and Financial Institutions</b>			
In Bangladesh		2,343,368,499	2,892,241,255
Outside Bangladesh		394,734,117	226,851,121
		<b>2,738,102,616</b>	<b>3,119,092,376</b>
<b>4.01 In Bangladesh</b>			
<b>Transaction Currency</b>			
Current Account			
Standard Bank Ltd.	BDT	11,755	12,675
Sonali Bank Ltd.	BDT	36,522,523	13,608,740
Janata Bank Ltd.	BDT	4,603,250	6,306,975
Agrani Bank Ltd.	BDT	15,550,014	5,960,174
Rupali Bank Ltd.	BDT	9,603,408	981,383
Trust Bank Ltd.	BDT	2,025,643	4,915,038
The Premier Bank Ltd.	BDT	4,266,020	3,298,690
		<b>72,582,613</b>	<b>35,083,674</b>



# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

		2020 BDT	2019 BDT
<b>Special Notice Deposit</b>			
Mercantile Bank Ltd.	BDT	64,065,909	18,156,183
Prime Bank Ltd.	BDT	624,181	616,380
AB Bank Ltd.	BDT	110,000,000	-
Eastern Bank Ltd.	BDT	3,095,797	3,085,018
		<b>177,785,886</b>	<b>21,857,581</b>
<b>Fixed Deposits Receipt (FDR)</b>			
FAS Finance & Investment Ltd.	BDT	175,000,000	175,000,000
First Finance Ltd.	BDT	134,000,000	135,000,000
National Bank of Pakistan	BDT	300,000,000	550,000,000
Modhumoti Bank Ltd.	BDT	-	380,000,000
AB Bank Limited	BDT	-	300,000,000
Community Bank Ltd	BDT	200,000,000	-
Premier Leasing & Finance Ltd.	BDT	271,000,000	271,000,000
Phoenix Finance & Investments Ltd.	BDT	175,000,000	177,300,000
Bangladesh Finance & Investment Company Ltd.	BDT	115,000,000	120,000,000
International Leasing & Financial Services Ltd.	BDT	331,500,000	331,500,000
Fareast Finance & Investment Limited	BDT	290,000,000	290,000,000
Prime Finance & Investment Ltd.	BDT	6,000,000	6,500,000
CVC Finance Ltd	BDT	95,500,000	99,000,000
<b>Sub total</b>		<b>2,093,000,000</b>	<b>2,835,300,000</b>
		<b>2,343,368,499</b>	<b>2,892,241,255</b>
<b>4.02 Outside Bangladesh (NOSTRO Accounts)</b>			
<b>Transaction Currency</b>			
in current account			
AB Bank, Mumbai Branch	US\$	6,375,055	39,546,046
United Bank of India	US\$	42,424,800	28,721,835
Axix Bank Limited	US\$	32,835,918	6,679,580
National Bank of Pakistan, Tokyo Japan	JPY	40,763	73,781
Mashreq Bank Psc, NY	US\$	309,716,355	69,193,299
Mashreq Bank Psc, United Kingdom	GBP	-	-
Mashreq Bank Psc, United Kingdom	EURO	-	-
Kookmin Bank, South Korea	GBP	307,228	81,041
Habib American Bank, NY	US\$	32,394,237	11,512,576
NIB Bank, Pakistan	US\$	1,993,064	2,452,591
Aktif Yatirim Bank	US\$	3,085,681	-
Aktif Yatirim Bank	EURO	1,084,942	41,279,555
Aktif Yatirim Bank	GBP	334,112	2,419,160
Banca UBAE Italy	EURO	6,929,356	14,475,762
Banca UBAE Italy	GBP	654,071	5,520,900
Kookmin Bank, South Korea	US\$	(43,441,466)	4,894,994
		<b>394,734,117</b>	<b>226,851,121</b>

Details of NOSTRO accounts are shown in Annexure-A

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>4.03 Maturity grouping of Balance with other Banks and Financial Institutions</b>		
On Demand	2,055,000,000	2,305,092,376
Less than three months	365,500,000	814,000,000
More than three months but less than one year	317,602,616	-
	<b>2,738,102,616</b>	<b>3,119,092,376</b>
<b>5.00 Money at Call and Short Notice:</b>		
	295,800,000	499,700,000
	<b>295,800,000</b>	<b>499,700,000</b>
<b>6.00 Investments</b>		
Government(note 6.01)	13,552,624,869	11,412,579,904
Others( note 6.02)	1,080,373,840	1,297,188,637
	<b>14,632,998,709</b>	<b>12,709,768,541</b>
<b>i) Investment Classified as per Bangladesh Bank Circular</b>		
Held to Maturity (HTM)	4,494,348,371	5,287,682,852
Held for Trading ( HFT)	9,044,281,398	6,124,521,952
Reverse Repo	-	-
Prize Bond	795,100	375,100
Government Securites Encumbered	-	-
Government Securites -SUKUK Bond	13,200,000	-
Other Investments	1,080,373,840	1,297,188,637
	<b>14,632,998,709</b>	<b>12,709,768,541</b>
<b>ii) Investment Classified as per Nature</b>		
<b>6.01 Government Securities</b>		
Treasury Bills ( at present value )		
Un-encumbered		
28 days	-	-
91 days	-	-
182 days	-	2,673,706,640
364 days	418,707,154	2,296,907,229
5 Years	-	-
<b>Sub-total</b>	<b>418,707,154</b>	<b>4,970,613,869</b>
Encumbered		
91 days	-	-
182 days	-	-
364 days	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>Total Treasury Bill</b>	<b>418,707,154</b>	<b>4,970,613,869</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>Treasury Bonds</b>		
<b>Un-encumbered</b>		
3 Months [Bangladesh Government Islamic Investment Bond (BGII B)]	40,000,000	-
2 Years	2,606,394,406	288,848,052
5 Years	1,852,982,089	511,181,000
10 Years	2,730,433,197	3,753,757,735
15 Years	3,369,485,363	1,010,349,936
20 Years	2,533,827,559	877,454,212
<b>Sub-total</b>	<b>13,133,122,615</b>	<b>6,441,590,935</b>
<b>Encumbered</b>		
2 Years	-	-
5 Years	-	-
10 Years	-	-
15 Years	-	-
20 Years	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>Total Treasury Bond</b>	<b>13,133,122,615</b>	<b>6,441,590,935</b>
Reverse Repo	-	-
<b>Prize Bonds ( at face value )</b>	<b>795,100</b>	<b>375,100</b>
<b>Sub Total</b>	<b>13,552,624,869</b>	<b>11,412,579,904</b>
<b>6.02 Other Investments</b>		
<b>Shares in quoted companies</b>	<b>225,160,053</b>	<b>218,375,458</b>
Details shown in Annex B		
<b>Shares in unquoted companies ( at face value ) :</b>		
Regent Energy & Power Ltd.(Preference Share)	44,613,787	46,046,512
Union Capital Ltd. (Preference Share)	8,000,000	10,000,000
Envoy Textiles Ltd. (Preference Share)	200,000,000	-
Confidence Power Bogra Ltd. (Preference Share)	50,000,000	-
	<b>302,613,787</b>	<b>56,046,512</b>
<b>Bond, Debenture &amp; Commercial Papers:</b>		
AB Bank Subordinated Bond	40,000,000	80,000,000
Trust Bank Subordinated Bond	50,000,000	100,000,000
UCB Subordinated Bond	80,000,000	120,000,000
SIBL Subordinated Bond	120,000,000	160,000,000
Standard Bank Subordinated Bond	160,000,000	200,000,000
Commercial Paper-Hashem Foods Ltd	102,600,000	106,100,000
Commercial Paper-Zaber & Zubair Fabrics Ltd	-	66,666,667
Commercial Paper-Advanced Chemical Industries Ltd.	-	190,000,000
	<b>552,600,000</b>	<b>1,022,766,667</b>
<b>Sub Total</b>	<b>1,080,373,840</b>	<b>1,297,188,637</b>
<b>Total</b>	<b>14,632,998,709</b>	<b>12,709,768,541</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>6.03</b> Assets pledged as security for liabilities as at December 31, 2020 is BDT 4,510,500,507.60 of Treasury Bill and Bond against Re-Purchase Agreement.		

Details are as under:

**(a) i. Disclosure regarding outstanding Repo as at 31 December 2020**

Counter Party Name	Agreement Date	Reversal Date	Amount
1 Agrani Bank Limited	27-Dec-2020	3-Jan-2021	599,536,580.00
2 Agrani Bank Limited	28-Dec-2020	4-Jan-2021	820,463,256.50
3 Agrani Bank Limited	29-Dec-2020	5-Jan-2021	1,303,024,846.10
4 Agrani Bank Limited	30-Dec-2020	3-Jan-2021	645,186,625.00
5 Agrani Bank Limited	30-Dec-2020	6-Jan-2021	1,142,289,200.00
<b>Total</b>			<b>4,510,500,508</b>

ii. There is no outstanding Reverse Repo as at 31 December 2020 with the Bank.

**(b) Disclosure regarding overall transaction of Repo for the year 2020**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year
<b>Securities sold under Repo:</b>			
i) with Bangladesh Bank	233,831,135	9,668,780,637	2,018,421,961
ii) with Other Banks & Financial Institutions	189,886,000	5,418,562,175	1,853,265,732
<b>Securities purchased under reverse Repo:</b>			
i) with Bangladesh Bank	-	-	-
ii) with Other Banks & Financial Institutions	52,295,295	61,714,883	3,197,442

**6.04** Maturity grouping of Investment as follows:

On Demand	160,200,000	375,100
Up to one month	795,100	-
Less than three months	998,000,000	862,500,000
More than three months but less than one year	45,600,000	5,151,300,000
More than one year but less than five years	8,318,200,000	2,678,800,000
More than five years	5,110,203,609	4,016,793,441
	<b>14,632,998,709</b>	<b>12,709,768,541</b>

**7.00** Loans and Advances / Investments

Loans, Cash Credits, Overdrafts, etc. (note-7.01.01)	38,040,954,438	31,696,015,706
Bills Purchased and Discounted (note-7.01.02)	1,045,718,061	53,619,683
Total Loans and Advances	<b>39,086,672,499</b>	<b>31,749,635,389</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>7.01 Loans, Cash Credits, Overdrafts, etc. / Investments</b>		
<b>In Bangladesh:</b>		
Term Loan	12,814,086,696	12,302,996,132
Overdraft	7,502,050,111	7,568,121,754
Time Loan	12,018,659,376	6,614,457,994
Cash Credit	1,878,398,914	1,678,157,279
Trust Receipt	1,206,467,431	1,229,535,415
Consumer Loan	733,544,516	721,092,051
Payment Against Documents(PAD)	3,729	29,388
Agricultural Credit	697,069,715	820,213,140
EDF Loan	640,014,283	460,594,282
Packing Credit	121,122,929	75,333,391
Staff Loan	94,156,242	120,001,860
Other Loans and Advances	335,380,496	105,483,019
	<b>38,040,954,438</b>	<b>31,696,015,706</b>
<b>Outside Bangladesh</b>	-	-
	<b>38,040,954,438</b>	<b>31,696,015,706</b>
<b>7.02 Bill Purchased and Discounted</b>		
Payable in Bangladesh	60,827,574	53,619,683
Payable outside Bangladesh	984,890,486	-
	<b>1,045,718,061</b>	<b>53,619,683</b>
<b>7.03 Net Loans &amp; Advances /Investments</b>		
Gross Loans & Advances/ Investments ( note- 7)	39,086,672,499	31,749,635,389
Less:		
Classified Loans & Advances/ Investments (note-7.08)	452,789,098	838,348,197
Interest/ Profit Suspense (Note- 13.05)	416,575,455	111,749,816
Provision for Loans & Advances/ Investments-General Provision (Note -13.01)	589,643,344	454,513,292
Net Loans & Advances /Investments	<b>37,627,664,602</b>	<b>30,345,024,084</b>
<b>7.04 Maturity grouping of Loans and Advances /Investments</b>		
On Demand	4,575,100,000	1,853,300,000
Up to one month	5,869,500,000	4,993,400,000
Not more than three months	2,242,500,000	4,352,400,000
More than three months but less than one year	15,186,100,000	11,973,400,000
More than one year but less than five years	11,209,672,499	8,323,735,389
More than five years	3,800,000	253,400,000
	<b>39,086,672,499</b>	<b>31,749,635,389</b>
<b>7.05 Maturity grouping of Bills Purchased and Discounted</b>		
Within one month	239,200,000	38,300,000
More than one but not more than three months	3,900,000	10,800,000
More than three months but less than six months	802,618,061	4,519,683
More than six months	-	-
	<b>1,045,718,061</b>	<b>53,619,683</b>



# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>7.06 Concentration of Loans and Advances/ Investments:</b>		
a) Loans and Advances/Investments to Institutions in which the Directors of the Bank have interest	110,304,370	102,740,564
b) Advances to Managing Director & other Senior Executives	94,156,242	120,001,860
<b>c) Advances to Industries</b>		
Agriculture	673,909,358	797,390,509
RMG	1,584,086,659	1,002,465,789
Textile	2,136,294,461	2,730,768,200
Ship Building	-	-
Ship Breaking	643,968,524	633,316,425
Other Manufacturing industry	11,106,060,328	7,052,662,481
SME loans	5,924,317,807	5,327,009,197
Construction	1,481,757,859	648,889,092
Power, Gas	1,223,037,469	605,249,517
Transport, Storage and Communication	345,086,224	382,388,666
Trade Service	7,372,547,631	5,418,944,397
Commercial real estate financing	254,032,378	221,502,806
Residential real estate financing	292,225,210	341,897,967
Consumer credit	251,953,763	1,025,955,025
Capital Market	869,403,552	705,223,995
NBFIs	2,823,354,047	3,191,187,950
Others	1,900,176,616	1,442,040,951
	<b>38,882,211,887</b>	<b>31,526,892,965</b>
	<b>39,086,672,499</b>	<b>31,749,635,389</b>

## 7.07 Details of Large Loan/Investments

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 798.77 crore as at December 31, 2020 (BDT 752.73 crore in 2019).

Number of Clients	24	23
Outstanding Advances (BDT)	18,642,609,899	14,489,050,654

Client wise details are given below:

Sl	Name of the clients	Status	Outstanding (BDT)		Total 2020 (BDT)	Total 2019 (BDT)
			Funded	Non - Funded		
1	Adex Group	UC	598,426,261	182,440,862	780,867,123	652,037,227
2	Nitol-Niloy Group	UC	567,738,815	-	567,738,815	670,992,477
3	Zon Ron Group	UC	562,845,569	93,310,987	656,156,556	948,009,160
4	Rangs Group	UC	328,493,333	369,966,898	698,460,231	645,219,469
5	Abul Khair Group	UC	702,607,051	7,043,826	709,650,877	14,749,980
6	GPH Group	UC	1,023,031,741	62,505,740	1,085,537,481	821,520,079
7	Pride Group	UC	-	-	-	873,531,757
8	Energypac Group	UC	825,701,235	1,537,244,000	2,362,945,235	2,300,513,190
9	Alliance Group	UC	955,832,808	106,404,922	1,062,237,730	911,268,036
10	Anwar Group	UC	704,863,466	44,726,175	749,589,641	723,968,827
11	BD Group	UC	949,422,375	5,967,700	955,390,075	942,414,005

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

SI	Name of the clients	Status	Outstanding (BDT )		Total 2020 (BDT )	Total 2019 (BDT )
			Funded	Non - Funded		
12	Confidence Group	UC	392,643,448	381,305,913	773,949,361	668,549,324
13	ACI Group	UC	372,394,685	117,812,931	490,207,617	807,491,841
14	Baizid Group	UC	-	-	-	646,125,352
15	MSA Group	UC	726,027,903	32,326,735	758,354,637	656,286,859
16	EXPO Group	UC	262,950,738	1,320,012,904	1,582,963,642	672,703,695
17	Saiham Group	UC	202,441,376	107,087,012	309,528,388	234,394,900
18	Spectra Engineers Ltd.	UC	374,194,329	41,436,000	415,630,329	293,784,388
19	Standard Asiatic Oil Company Ltd.	UC	5,132,718	-	5,132,718	8,886,754
20	Sajeeb Group	UC	-	-	-	374,644,720
21	Premier Group	UC	803,562,461	-	803,562,461	621,958,614
22	NDE Group	UC	547,179,703	521,374,006	1,068,553,709	-
23	City Group	UC	797,611,250	1,569,876	799,181,126	-
24	Meghna Group	UC	951,009,379	13,619,247	964,628,626	-
25	Fair Group	UC	410,683,789	71,358,000	482,041,789	-
26	NPoly group	UC	290,656,271	8,797,422	299,453,693	-
27	Florance Group	UC	184,297,026.64	765,510,116.3	260,848,038	-
<b>Total</b>			<b>13,539,747,731</b>	<b>5,102,862,168</b>	<b>18,642,609,899</b>	<b>14,489,050,654</b>

## 7.08 Classification of Loans and Advances/Investments:

### Unclassified (UC):

Standard

38,493,413,664

29,839,072,610

Special Mention Account (SMA)

140,469,737

1,072,214,582

### Sub total

38,633,883,401

30,911,287,192

### Classified:

Substandard

83,395,881

384,901,975

Doubtful

19,682,248

2,006,753

Bad & Loss

349,710,969

451,439,469

### Sub total

452,789,098

838,348,197

### Total

39,086,672,499

31,749,635,389

## 7.09 Details of Required Provision for Loans and Advances/Investments

Particulars	Provision Rate	Provision	
		Required	Maintained
Unclassified (UC):			
Standard	0.25%, 1%, 2% & 5%	538,591,491	588,591,491
Special Mention Account (SMA)	0.25%, 1%, 2% & 5%	1,051,853	1,051,853
<b>Sub total</b>		<b>539,643,344</b>	<b>589,643,344</b>
Classified:			
Substandard	5% & 20%	2,354,149	2,354,149
Doubtful	5% & 50%	1,823,137	1,823,137
Bad loan	100%	190,380,285	190,380,285
<b>Sub total</b>		<b>194,557,571</b>	<b>194,557,571</b>
<b>Total</b>		<b>734,200,915</b>	<b>784,200,915</b>
<b>Excess/(short) Provision as at December 31, 2020</b>			<b>50,000,000</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>7.10 Details of Required Provision for Off Balance Sheet Items</b>		
Required Provision for Off- Balance Sheet Exposures	84,899,516	54,483,264
Total Provision maintained	84,899,516	54,483,264
Excess/(Short) Provision	-	-
<b>7.11 Suit filed by the Bank</b>		
<b>No of Suits file</b>		
Artha Rin Adalat	12	12
N. I Act	54	35
<b>Suit Amount</b>		
Artha Rin Adalat	598,917,807	598,917,807
N. I Act	612,383,424	609,497,903
<b>7.12 Geographical location wise loans and advances/Investments</b>		
<b>Inside Bangladesh</b>		
<b>Urban</b>		
Dhaka Division	31,792,742,752	25,663,560,229
Chittagong Division	6,138,745,529	4,984,741,396
Khulna Division	38,625,646	31,245,903
Rajshahi Division	130,410,338	122,805,206
Mymensingh	-	-
Barisal Division	-	-
Sylhet Division	10,484,069	12,756,537
	38,111,012,979	30,815,109,271
<b>Rural</b>		
Dhaka Division	655,680,442	749,876,091
Chittagong Division	102,486,902	93,529,659
Khulna Division	10,849,334	4,630,151
Rajshahi Division	94,006,018	86,490,217
Mymensingh	103,492,645	-
Rangpur	9,144,178	-
	-	-
	-	-
	975,659,519	934,526,118
<b>Outside Bangladesh</b>	-	-
	<b>39,086,672,499</b>	<b>31,749,635,389</b>
<b>7.13 Particulars of loans and advances/Investments</b>		
(i) Loans & Advances considered good in respect of which the bank is fully secured	17,126,515,133	15,439,487,884
(ii) Loans & Advances considered good against which the bank holds no security other than the debtors' personal guarantee	21,960,157,367	16,310,147,505
(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 adversely classified, provision not maintained thereagainst	-	-
	<b>39,086,672,499</b>	<b>31,749,635,389</b>

# Midland Bank Limited

## Notes to the Financial Statements As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
(v) Loans & Advances due by directors or officers of the bank or any of them either separately or jointly with any other persons	204,460,612	222,742,424
(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,	(91,944,812)	138,311,198
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'	190,380,285	252,053,755
c. Interest creditable to the interest suspense A/c;	416,575,455	111,749,816
(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

Furniture & Fixture

Office Equipment

Motor Vehicles

Books

Intangible Assets

Right of Use Assets

Land, Building & Construction

**Total Cost**

Less: Accumulated Depreciation

**Book value at the end of the year**

**Details are shown in Annex-C**

208,829,532	192,566,199
175,833,821	164,675,662
166,020,099	145,309,323
29,900,856	29,900,856
20,260	20,260
57,403,019	43,059,390
559,039,258	-
-	-
<b>1,197,046,846</b>	<b>575,531,690</b>
537,270,505	316,746,408
<b>659,776,340</b>	<b>258,785,282</b>

### 9.00 Other Asset

**Classification of Other Asset**

A) Income generating Other Asset

B) Non-Income generating Other Asset :

Advance Rent (note-9.01)

Interest Accrued on Investment but not collected & other income receivable

Dividend Receivable

Advance Income Tax (note-9.02)

Suspense Account (note-9.03)

Advance Subscription

Prepaid Insurance

Stationery, Stamps, Printing materials in stock etc.

-	71,462,416
408,549,732	243,706,164
10,938,850	3,752,968
1,933,065,435	1,481,972,377
42,745,384	46,516,143
645,622	597,370
2,657,140	2,588,822
5,913,955	5,120,100

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT	
Sundry Assets (note-9.04)	768,271,641	169,937,673	
Stamp in Hand	469,193	663,588	
Branch Adjustment (note-9.05)	-	-	
Deferred Tax Assets (note-9.06)	5,909,223	39,530,236	
Exchange House	23,482,719	13,685,378	
Clearing House and BFTN Adjustment	-	181,466	
	<b>3,202,648,893</b>	<b>2,079,714,702</b>	
<b>Total Other Asset</b>	<b>3,202,648,893</b>	<b>2,079,714,702</b>	
<b>9.01 Advance Rent adjusted due to IFRS 16.</b>			
<b>9.02 Advance Income Tax</b>			
Opening Balance	1,481,972,377	1,033,527,524	
Less: Adjustment made during the year	-	-	
Add: Payment during the year	451,093,058	448,444,853	
<b>Closing Balance</b>	<b>1,933,065,435</b>	<b>1,481,972,377</b>	
<b>9.03</b> Suspense account represents advance paid for encashment of PSP,BSP & WEDB, advances for opening of new branches, procurement of equipments, etc, awaiting for adjustment.			
<b>9.04 Sundry Assets</b>			
Security Deposit	17,862,178	364,678	
Receivable from Bangladesh Bank- Time Loan-WC under stimulus packag	16,192,498	-	
Receivable from Brokerage House	22,423,637	3,445,654	
Sundry Debtors	701,226,218	159,735,387	
MFS Settlement Account	5,953,746	1,500,000	
OBV Adjustment Account	1,438	-	
Prepaid Interest	2,407,491	2,428,827	
Prepaid Furniture Allowance	2,204,435	2,463,127	
	<b>768,271,641</b>	<b>169,937,673</b>	
<b>9.05 Branch Adjustment (net)</b>			
<b>Entries</b>	<b>No. of Entries Outstanding as on 31-12-2020</b>	<b>BDT</b>	<b>BDT</b>
Debit entries	-	-	-
Credit entries	-	-	-
	-	-	-
<b>9.06 Deferred tax asset/ (Liability)</b>			
Opening Balance	39,530,236	26,041,841	
Add: Deferred tax Income	(33,621,013)	13,488,395	
Less: Deferred tax Expenses	-	-	
<b>Closing Balance</b>	<b>5,909,223</b>	<b>39,530,236</b>	



# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>9.06.01 Computation of deferred tax</b>		
Accounting written down value- Fixed Assets	243,195,874	258,766,266
Less: Tax base written down value- Fixed Assets	287,058,681	303,194,889
<b>Taxable temporary difference</b>	<b>(43,862,808)</b>	<b>(44,428,623)</b>
Right of Use of Assets	416,580,467	-
Lease Obligation	378,544,988	-
<b>Taxable temporary difference</b>	<b>(38,035,479)</b>	<b>-</b>
Book value - Gratuity provision	108,020,300	64,020,300
Less: Tax base - Gratuity provision	11,348,955	3,034,960
<b>Deductible temporary difference</b>	<b>96,671,345</b>	<b>60,985,340</b>
Net deductible temporary difference	14,773,058	105,413,963
Effective tax rate	40.00%	37.50%
<b>Deferred Tax Assets</b>	<b>5,909,223</b>	<b>39,530,236</b>
<b>Deferred Tax (Expenses)/Income</b>		
Closing Deferred Tax Assets	5,909,223	39,530,236
Opening Deferred Tax Assets/(Liability)	39,530,236	26,041,841
<b>Deferred Tax (Expenses)/Income</b>	<b>(33,621,013)</b>	<b>13,488,395</b>

## 9.07 Classification of Other Asset

Unclassified	3,198,946,438	2,076,811,035
Substandard	-	-
Doubtful	3,702,455	2,903,667
Bad/Loss	-	-
	<b>3,202,648,893</b>	<b>2,079,714,702</b>

## 10.00 Non-Banking Assets

Land at cost (market value of the land at BDT 14.54 million)	12,585,359	12,585,359
	<b>12,585,359</b>	<b>12,585,359</b>

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	6,074,714,536	3,468,730,276
Outside Bangladesh	-	-
	<b>6,074,714,536</b>	<b>3,468,730,276</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>11.01 In Bangladesh:</b>		
<b>Borrowing from Bank/Other Institutions:</b>	<b>3,419,585,678</b>	<b>2,919,421,990</b>
Sonali Bank Ltd.	300,000,000	700,000,000
Janata Bank Ltd.	300,000,000	-
Agrani Bank Ltd.	800,000,000	-
Rupali Bank Ltd.	106,000,000	-
Commercial Bank of Ceylon	63,982,153	117,177,940
Meghna Bank Ltd.	-	380,000,000
AB Bank Ltd.	-	290,000,000
Bank Asia Ltd.	-	600,000,000
United Commercial Bank Ltd.	508,802,400	161,108,800
BASIC Bank Ltd.	-	300,000,000
Southeast Bank Ltd.	21,200,325	271,135,250
Uttara Bank Ltd.	1,169,600,800	100,000,000
NRB Bank Ltd.	150,000,000	-
<b>Repo of Treasury Bill/Bond</b>		
Bangladesh Bank (LS)	-	-
Refinance from Bangladesh Bank	1,138,735,507	162,458,308
Investment Promotion and Financing Facility (IPFF)	917,457,000	-
Borrowing From Bangladesh Bank (EDF)	598,936,352	386,849,978
	2,655,128,859	549,308,286
<b>Total</b>	<b>5,157,257,536</b>	<b>3,468,730,276</b>
<b>11.02 Security against Borrowing From Other Banks, Financial Institutions and Agents</b>		
Secured	-	-
Unsecured	6,074,714,536	3,468,730,276
	<b>6,074,714,536</b>	<b>3,468,730,276</b>
<b>11.03 Maturity Grouping of Borrowing From other Banks, Financial Institutions &amp; Agents</b>		
On Demand	1,648,400,000	2,015,000,000
Up to one month	1,839,300,000	900,200,000
Not more than three months	447,300,000	50,000,000
More than three months but less than one year	240,200,000	325,400,000
More than one year but less than five years	1,899,514,536	178,130,276
More than five years	-	-
	<b>6,074,714,536</b>	<b>3,468,730,276</b>
<b>12.00 Deposit and Other Accounts</b>		
From Banks	4,750,600,273	3,371,497,213
From Customers (note 11.02)	40,316,970,852	36,129,266,035
	<b>45,067,571,125</b>	<b>39,500,763,248</b>
<b>12.01 Customer Deposit and Other Accounts:</b>		
<b>Current Deposit &amp; Other Accounts :</b>		
Current Deposit	3,041,811,601	1,596,560,934
Foreign Currency Deposit	772,616,457	568,841,058
Sundry Deposit	728,804,870	619,484,987
	<b>4,543,232,928</b>	<b>2,784,886,978</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>Bills Payable :</b>		
Payment Order Issued	369,020,054	241,381,613
	<b>369,020,054</b>	<b>241,381,613</b>
<b>Short Notice Deposit</b>	<b>5,607,092,015</b>	<b>4,769,017,817</b>
Savings Deposit	3,523,299,986	2,659,627,149
<b>Fixed Deposit</b>	<b>26,639,700,736</b>	<b>25,182,444,200</b>
<b>Deposit Schemes:</b>		
MDB Super Monthly Savings	1,868,468,083	1,445,810,724
MDB Double Benefit	963,621,106	1,175,105,437
MDB Family Support	1,201,949,108	1,019,739,276
MDB Corporate Support	40,012,907	41,028,606
MDB Shiksha Sanchay Scheme	8,647,792	4,236,330
MDB Millionaire Savings Scheme	130,995,301	80,381,547
MDB Kotipoti	116,238,050	60,354,184
MDB Platinum Savings Scheme	43,753,842	22,311,398
MDB Traveller's Savings Scheme	8,671,370	14,437,989
MDB Saalam Monthly Scheme	2,758,102	-
MDB Saalam Hajj Savings Scheme	48,069	-
Saalam Digital Monthly Savings Scheme	51,313	-
Saalam Digital Hajj Savings Scheme	10,365	-
	<b>4,385,225,406</b>	<b>3,863,405,491</b>
<b>Total</b>	<b>45,067,571,125</b>	<b>39,500,763,248</b>
<b>12.02 Maturity grouping of Deposit and Other Accounts:</b>		
On Demand	509,900,000	2,415,900,000
Repayable within one month	8,431,400,000	2,993,700,000
More than one month but within three months	9,898,700,000	10,652,400,000
More than three months but within one year	13,241,200,000	7,492,000,000
More than one year but within five years	11,834,871,125	14,935,963,248
More than five year but within ten years	1,151,500,000	1,010,800,000
	<b>45,067,571,125</b>	<b>39,500,763,248</b>
<b>12.02.01 Maturity grouping of Deposit from bank:</b>		
On Demand	-	-
Repayable within one month	-	-
More than one month but within three months	4,750,600,273	3,371,497,213
More than three months but within one year	-	-
More than one year but within five years	-	-
More than five year but within ten years	-	-
	<b>4,750,600,273</b>	<b>3,371,497,213</b>
<b>12.02.02 Maturity grouping of Deposit from customers:</b>		
On Demand	509,900,000	2,415,900,000
Repayable within one month	8,431,400,000	2,993,700,000
More than one month but within three months	5,148,099,727	7,280,902,787
More than three months but within one year	13,241,200,000	7,492,000,000
More than one year but within five years	11,834,871,125	14,935,963,248
More than five year but within ten years	1,151,500,000	1,010,800,000
	<b>40,316,970,852</b>	<b>36,129,266,035</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>12.03 Demand &amp; Time Deposit</b>		
<b>a) Demand Deposit</b>	<b>5,229,349,980</b>	<b>3,265,635,035</b>
Current Deposit	3,041,811,601	1,596,560,934
Savings Deposit (9%)	317,096,999	239,366,443
Foreign Currency Deposit (non interest bearing)	772,616,457	568,841,058
Sundry Deposit	728,804,870	619,484,987
Bills Payable	369,020,054	241,381,613
<b>b) Time Deposits</b>	<b>39,838,221,145</b>	<b>36,235,128,213</b>
Saving Deposit (91%)	3,206,202,987	2,420,260,706
Fixed Deposit	26,639,700,736	25,182,444,200
Short Notice Deposit	5,607,092,015	4,769,017,817
Deposit Under Scheme	4,385,225,406	3,863,405,491
<b>Total Demand &amp; Time Deposits</b>	<b>45,067,571,125</b>	<b>39,500,763,248</b>
<b>12.04 Sectorwise Deposit</b>		
Government	1,009,511,904	2,084,777,672
Deposit Money Banks	4,750,600,273	3,371,497,213
Other Public	3,596,675,847	4,424,888,215
Foreign Currency	772,616,457	20,125,715
Private	34,938,166,644	29,599,474,433
	<b>45,067,571,125</b>	<b>39,500,763,248</b>
<b>13.00 Other Liabilities</b>		
Provision for Loans and Advances (Note 13.01)	784,200,915	741,015,675
Special General Provision -COVID 19	160,085,000	-
Provision for Off Balance Sheet Items (Note 13.02)	84,899,516	54,483,264
Provision for Good Borrower	1,616,000	1,000,000
Provision for Other Assets	3,702,455	2,903,667
Provision for Income Tax (Note 13.03)	2,170,136,015	1,900,151,372
Interest Payable on Borrowing	29,633,271	5,614,156
Audit fee Payable	357,500	356,500
Bonus Payable	-	-
Accrued Expenses	207,396,823	32,391,928
Corporate Social Responsibility (CSR) Payable	88,676	4,659,979
Deferred Tax Liability	-	-
Lease Liability (note-13.04)	378,544,988	-
Provision for Gratuity	40,000,000	-
Interest Suspense (Note 13.05)	416,575,455	111,749,816
Provision for Share & Debenture	68,106,898	44,730,768
Other Liabilities	44,374,203	4,247,157
	<b>4,389,717,716</b>	<b>2,903,304,284</b>
<b>13.01 Provision for Loans and Advances</b>		
<b>For Unclassified</b>		
Opening Balance	454,513,292	418,381,765
Add: Provision made during the year	135,130,052	36,131,527
Less: Provision transferred to Classified Loans and Advances	-	-
<b>Closing Balance</b>	<b>589,643,344</b>	<b>454,513,292</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>For Classified</b>		
Opening Balance	286,502,383	148,191,185
Add: Provision made during the year	(91,944,812)	138,311,198
Less: Adjustment during the year	-	-
Less: Loan written off during the year	-	-
Closing Balance	<b>194,557,571</b>	<b>286,502,383</b>
	<b>784,200,915</b>	<b>741,015,675</b>
<b>13.02 Provision for Off Balance Sheet Items</b>		
Opening Balance	54,483,264	42,202,669
Add: Provision made during the year	30,416,252	12,280,595
Less: Provision transferred to Loans and Advances	-	-
Closing Balance	<b>84,899,516</b>	<b>54,483,264</b>
<b>13.03 Provision for Income Tax*</b>		
Opening Balance	1,900,151,372	1,392,726,160
Less: Adjustment made during the year	-	-
Add: Provision made during the year	269,984,643	507,425,213
	<b>2,170,136,015</b>	<b>1,900,151,372</b>
*Income tax provision has been made as per Income Tax Ordinance 1984 and as amended for the time being.		
<b>13.04 Lease liability created due to IFRS 16.</b>		
<b>13.05 Interest Suspense Account</b>		
Opening Balance	111,749,816	31,626,194
Add: Addition during the year	397,068,195	124,908,546
Less: Written off during the year	-	-
Less: Recovery during the year	92,242,555	(44,784,924)
Closing Balance	<b>416,575,455</b>	<b>111,749,816</b>
<b>14.00 Shareholders' Equity</b>		
Paid up Capital (note 15.02)	5,696,697,530	5,696,697,530
Statutory Reserve (note 16.00)	1,183,368,838	991,374,929
Revaluation Reserve on Investment in Securities (note 17.00)	275,655,418	2,107,910
Retained Earnings (note 18.00)	458,249,173	348,181,046
	<b>7,613,970,958</b>	<b>7,038,361,414</b>
<b>15.00 Capital</b>		
<b>15.01 Authorized Capital:</b>		
1,000,000,000 ordinary shares of Tk. 10 each	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>15.02 Issued, subscribed and Paid-up Capital:</b>		
569,669,753 Ordinary shares of Taka 10 each issued for cash.	5,696,697,530	5,696,697,530
	<b>5,696,697,530</b>	<b>5,696,697,530</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>15.03 The break up of Issued, Subscribed and Paid-up Capital is as follows:</b>		
		<b>December 31, 2020</b>
	<b>No. of shares</b>	<b>Value of shares BDT</b>
		<b>% of holding</b>
Sponsors	569,669,753	5,696,697,530
Financial Institutions	-	-
General	-	-
	<b>569,669,753</b>	<b>5,696,697,530</b>
		<b>100%</b>

## 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 45,800,359,122, i.e. BDT 5,725,044,890 or BDT 4,000,000,000, whichever is higher as against available core capital of BDT 7,313,161,224 and supplementary capital of BDT 674,542,860 making a total capital of BDT 7,987,704,084 thereby showing a surplus capital of BDT 2,262,659,194. Details are given below:

	2020 BDT	2019 BDT
Total risk weighted assets	45,800,359,122	35,624,176,506
Required Capital : 12.50% of total risk weighted asset or BDT 400 cr, whichever is higher	5,725,044,890	4,453,022,063
Actual capital maintained		
<b>Core Capital (Tier-I) :</b>		
Paid up Capital	5,696,697,530	5,696,697,530
Statutory Reserve	1,183,368,838	991,374,929
Retained Earnings	458,249,173	348,181,046
	<b>7,338,315,541</b>	<b>7,036,253,505</b>
<b>Deduction from Tier - I (Core Capital)</b>		
Intangible Assets	25,154,316	17,994,983
	<b>7,313,161,224</b>	<b>7,018,258,522</b>
<b>Supplementary Capital (Tier-II) :</b>		
General Provision including Off Balance Sheet items	674,542,860	508,996,556
Revaluation Reserve on Investment in Securities	-	-
	<b>674,542,860</b>	<b>508,996,556</b>
<b>Total Capital (Tier-I+Tier-II)</b>	<b>7,987,704,084</b>	<b>7,527,255,078</b>
<b>Surplus</b>	<b>2,262,659,194</b>	<b>3,074,233,015</b>
<b>Capital to Risk Weighted Asset Ratio (CRAR)</b>	<b>17.44%</b>	<b>21.13%</b>

15.04.01	<b>Capital Requirement</b>		<b>2020</b>	<b>2019</b>
	<b>Particulars</b>	<b>Required</b>	<b>Held</b>	<b>Held</b>
	Tier-I	8.50%	15.97%	19.70%
	Tier-II	4.00%	1.47%	1.43%
	<b>Total</b>	<b>12.50%</b>	<b>17.44%</b>	<b>21.13%</b>

## 16.00 Statutory Reserve

Opening Balance	991,374,929	781,105,865
Add: Transferred during the year (20% of pre-tax profit)	191,993,909	210,269,064
<b>Closing Balance</b>	<b>1,183,368,838</b>	<b>991,374,929</b>



# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>17.00 Revaluation Reserve on Investment in Securities</b>		
Opening Balance	2,107,910	5,297,777
Add: Addition during the year	765,010,048	62,294,208
Less: Adjustment of Revaluation Reserve	491,462,540	(65,484,075)
Closing Balance	<b>275,655,418</b>	<b>2,107,910</b>
<b>18.00 Retained Earnings</b>		
Opening Balance	348,181,046	425,519,138
Add: Profit made during the year	656,363,888	557,408,502
Less: Transferred to Statutory Reserve	(191,993,909)	(210,269,064)
Less: Transferred to CSR	(12,500,000)	(2,500,000)
Less: Dividen paid	(341,801,852)	(421,977,530)
Closing Balance	<b>458,249,173</b>	<b>348,181,046</b>
<b>18.01 Retained Surplus Brought Forwarded</b>		
Opening Balance	348,181,046	425,519,138
Less: Dividend paid	(341,801,852)	(421,977,530)
	<b>6,379,194</b>	<b>3,541,608</b>
<b>19.00 Contingent Liabilities</b>		
<b>19.01 Acceptance and endorsements</b>		
Foreign	72,003,159	83,526,651
Local	1,920,769,907	1,337,880,341
EPZ	16,613,157	7,373,801
	<b>2,009,386,223</b>	<b>1,428,780,793</b>
<b>19.02 Letter of Guarantee</b>		
Foreign	30,280,734	98,249,790
Local	4,022,377,136	2,549,560,598
	<b>4,052,657,870</b>	<b>2,647,810,389</b>
<b>19.02.01 Letter of Guarantee</b>		
	-	-
Money for which the bank is contingently liable in respect of guarantees given favoring :		
Directors	-	-
Government	-	-
Bank and other Financial Institutions	-	-
Others	4,052,657,870	2,647,810,389
	<b>4,052,657,870</b>	<b>2,647,810,389</b>
<b>19.03 Irrevocable Letter of Credit</b>		
Letter of Credit (Sight)	62,676,204	9,367,207
Letter of Credit (Back to Back/Deferred)	1,386,978,983	761,229,439
Letter of Credit (Cash & Others)	978,252,339	601,138,540
	<b>2,427,907,526</b>	<b>1,371,735,186</b>
<b>19.04 Bills for Collection</b>		
Foreign Bill Collection	281,917,433	360,056,588
Local/Inland Bill Collection	477,571,141	170,429,136
	<b>759,488,574</b>	<b>530,485,724</b>
	<b>9,249,440,193</b>	<b>5,978,812,091</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>20.00 Income Statement</b>		
<b>Income:</b>		
Interest, Discount and Similar Income	4,707,716,010	4,897,372,246
Dividend income	17,717,581	11,333,106
Fee, Commission and Brokerage	63,523,314	51,862,946
Gain less losses arising from dealing securities	-	-
Gain less losses arising from investment securities	-	-
Gain less losses arising from dealing in Foreign Currencies	213,058,407	269,191,574
Income from non Banking Asset	-	-
Other Operating Income	66,310,351	65,020,083
Profit less losses on Interest Rate Changes	-	-
	<b>5,068,325,663</b>	<b>5,294,779,955</b>
<b>Expenses</b>		
Interest, Fee and Commission	2,748,193,544	2,983,899,085
Losses on Loans and advances	-	-
Administrative expenses	608,409,039	547,924,377
Other operating expenses	269,767,741	406,883,131
Depreciation on Banking Assets	224,124,385	87,549,580
	<b>3,850,494,709</b>	<b>4,026,256,172</b>
<b>Operating profit</b>	<b>1,217,830,953</b>	<b>1,268,523,783</b>
<b>21.00 Interest Income / Profit on Investment</b>		
Loans and Advances (note-21.01)	2,974,392,271	3,823,816,429
Money at Call and Short Notice	17,551,977	4,822,318
Balance with Other Banks and Financial Institutions (note-21.02)	166,757,746	428,062,129
Bangladesh Bank Foreign Currency Clearing Account	1,476,922	2,388,946
	<b>3,160,178,915</b>	<b>4,259,089,822</b>
<b>21.01 Interest on Loans and Advances / Profit on Investment</b>		
Term Loan	1,043,132,453	1,367,703,287
Overdraft	665,176,446	950,907,205
Time Loan	821,818,148	913,784,345
Cash Credit	145,610,726	229,309,619
Trust Receipt	122,811,523	183,665,426
Consumer Loan	73,492,961	87,375,814
Payment Against Documents(PAD)	262,908	486,400
Agricultural Credit	16,690,340	39,228,183
EDF Loan	8,915,406	6,672,148
Packing Credit	8,334,992	5,843,223
Staff Loan	5,562,156	6,358,250
Other Loans and Advances	38,539,217	21,265,960
Bill Purchased and Discounted	24,660,996	12,216,570
	2,975,008,271	3,824,816,429
Less: Expenses for Good Borrower	616,000	1,000,000
	<b>2,974,392,271</b>	<b>3,823,816,429</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>21.02 Interest on Balance with other Bank and Financial Institution</b>		
Interest on Balance with other Bank in Bangladesh	160,252,344	422,115,177
Interest on Balance held with outside Bangladesh	6,505,402	5,946,952
	<b>166,757,746</b>	<b>428,062,129</b>
<b>22.00 Interest Paid on Deposit &amp; Borrowing, etc.</b>		
Interest/Profit on Deposit and Other Accounts (note-22.01)	2,288,623,023	2,516,968,949
Interest on Borrowing from other Banks and Financial Institutions	443,757,583	466,930,136
Interest Paid for Lease Obligation	15,812,938	-
	<b>2,748,193,544</b>	<b>2,983,899,085</b>
<b>22.01 Interest/ Profit on Deposits and Other Accounts</b>		
Current Deposit	97,439,526	206,609,613
Special Notice Deposit	168,263,808	150,504,451
Savings Deposits	83,583,850	92,137,497
Fixed Deposits	1,572,249,482	1,763,856,615
Deposit Scheme	367,086,358	303,860,772
	<b>2,288,623,023</b>	<b>2,516,968,949</b>
<b>22.02 Interest on Borrowing from other Banks and Financial Institutions</b>		
Call Deposits	69,946,150	47,801,299
Local Bank Account	138,311,069	384,692,298
Repurchase agreement (REPO)	196,201,022	19,932,591
Refinance	31,312,603	4,082,010
Foreign Bank Account	-	-
Bangladesh Bank	7,986,740	10,421,938
	<b>443,757,583</b>	<b>466,930,136</b>
<b>23.00 Income From Investments</b>		
Interest on Treasury Bill, Bond, Reverse Repo	839,888,860	498,400,921
Amortisation of Securities	(70,952,077)	(3,295,025)
Interest on Commercial Paper	70,943,288	116,202,749
Gain/(Loss) on Investment in shares of quoted companies	11,063,745	(1,102,890)
Gain on Govt. Security Trading	696,593,279	28,076,668
Dividend on Investment in Shares	17,717,581	11,333,106
	<b>1,565,254,675</b>	<b>649,615,530</b>
<b>23.01 Gain on Govt. Security Trading</b>		
Gain on Govt. Security Trading	926,553,739	131,920,908
Loss on Govt. Security Trading	(229,960,460)	(103,844,240)
	<b>696,593,279</b>	<b>28,076,668</b>
<b>24.00 Commission, Exchange and Brokerage</b>		
Commission (note-24.01)	63,523,314	51,862,946
Exchange(note-24.02)	213,058,407	269,191,574
Brokerage	-	-
	<b>276,581,721</b>	<b>321,054,520</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>24.01 Commission</b>		
Letter of Guarantee	27,246,517	17,546,149
Letter of Credit	17,952,762	18,049,049
Acceptance of Bills	11,368,667	10,724,167
Export Bills	1,733,640	2,428,859
PO, DD & TT	527,350	619,094
OBC/IBC	338,184	367,672
Underwriting Comm. on Treasury Bill/Bond	3,260,530	1,103,440
POS/Easy Pay Commission	1,095,664	1,024,515
	<b>63,523,314</b>	<b>51,862,946</b>
<b>24.02 Exchange</b>		
Exchange Gain	323,307,080	313,318,194
Less: Exchange Loss	110,248,674	44,126,620
	<b>213,058,407</b>	<b>269,191,574</b>
<b>25.00 Other Operating Income</b>		
VISA Charge	13,273,672	17,028,016
Service and other Charges	24,853,113	21,706,858
SWIFT Charge Recoveries	333,502	2,482,226
Charges against cards	4,440,267	2,281,051
Locker Rent	294,000	267,600
Miscellaneous Earnings	18,783,467	15,701,216
LC Charges	4,332,330	5,553,117
	<b>66,310,351</b>	<b>65,020,083</b>
<b>26.00 Salary &amp; Allowances</b>		
Basic Salary	205,388,338	216,280,651
Allowances	256,415,986	236,129,133
Bonus	74,341,336	60,606,916
Gratuity	44,000,000	-
Provident Fund	11,985,854	18,347,677
	<b>592,131,514</b>	<b>531,364,377</b>
<b>26.01 Managing Director's Remuneration</b>		
Basic	10,200,000	9,600,000
Allowances	3,357,525	3,400,000
Festival Bonus	1,700,000	1,600,000
Incentive Bonus	-	1,000,000
Provident Fund	1,020,000	960,000
	<b>16,277,525</b>	<b>16,560,000</b>
<b>27.00 Rent, Tax, Insurance, Electricity, etc.</b>		
Rent	-	145,609,231
Rates & taxes	21,634,718	21,495,669
Insurance	28,042,669	26,114,115
Power, electricity etc	25,644,172	26,123,483
	<b>75,321,559</b>	<b>219,342,497</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>28.00 Legal Expense</b>		
Legal Expense	640,283	1,060,829
	<b>640,283</b>	<b>1,060,829</b>
<b>29.00 Postage, Stamps &amp; Telephone, etc</b>		
Postage, Stamp & Courier Service	1,727,850	1,547,999
Fax & internet	-	-
On-line and connectivity charges	13,482,717	8,605,989
Telephone	2,513,060	2,903,907
	<b>17,723,626</b>	<b>13,057,895</b>
<b>30.00 Printing, Stationery, Advertisement etc.</b>		
Printing & Stationery	27,484,429	20,875,866
Computer Stationery	3,717,244	5,751,981
Publicity & Advertisement	2,543,467	5,044,572
	<b>33,745,139</b>	<b>31,672,420</b>
<b>31.00 Directors' Fees</b>		
Meeting fee	1,177,600	1,462,800
	<b>1,177,600</b>	<b>1,462,800</b>
Each Director is paid BDT 8,000/- (excluding VAT) per meeting per attendance.		
<b>32.00 Audit Fee</b>		
Audit Fee	356,500	356,500
	<b>356,500</b>	<b>356,500</b>
<b>33.00 Depreciation on &amp; Repairs to Bank's property</b>		
Depreciation :		
<b>a) Tangible Assets</b>	<b>74,481,298</b>	<b>79,185,588</b>
Computer and Peripherals	31,140,309	33,446,282
Furniture & Fixture	17,380,810	17,161,277
Office Equipment	23,837,071	25,216,893
Motor Vehicles	2,122,683	3,359,303
Books	426	1,833
<b>b) Intangible Assets</b>	<b>7,184,296</b>	<b>8,363,992</b>
<b>c) Leased Assets</b>	<b>142,458,791</b>	<b>-</b>
<b>Total Depreciation (a+b)</b>	<b>224,124,385</b>	<b>87,549,580</b>
Repairs on Bank's property	18,382,612	18,406,485
	<b>242,506,997</b>	<b>105,956,065</b>

# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>34.00 Other Expenditure</b>		
Security & Auxiliary Service	54,757,180	57,530,805
Office Cleaning & Maintenance	54,665	144,270
Car Expense	3,086,747	3,887,333
Preliminary Expenditure	-	-
Entertainment	7,625,629	10,367,441
Travelling	1,494,420	2,510,459
Conveyance	13,498,160	3,881,774
Newspaper & Magazines	1,211,880	168,877
Q-Cash, ATM Cards, VISA Cards	11,939,024	10,327,362
Medical Expenses	762,677	941,154
Training Expenses	(102,537)	791,569
Bank Charges	5,686,749	5,188,297
AGM Expenses	-	123,117
Business Development Expense	3,494,371	3,120,653
Subscription & Donation	1,936,205	2,065,788
Miscellaneous Expense	16,975,252	20,474,805
	<b>122,420,421</b>	<b>121,523,703</b>
<b>35.00 Provision Against Loans and Advances</b>		
Provision for Unclassified Loans and Advances	135,130,052	36,131,527
Special General Provision -COVID 19	160,085,000	-
Provision for Classified Loans & Advances	(91,944,812)	138,311,198
Provision for Off Balance Sheet Items	30,416,252	12,280,595
Provision for Other Assets	798,788	1,991,685
Provision for diminution in Investments	23,376,130	28,463,457
Total amount of provision made during the year	<b>257,861,410</b>	<b>217,178,462</b>
<b>36.00 Provision for Tax</b>		
Current tax	269,984,643	507,425,213
Deferred tax* (note 9.05.01)	33,621,013	(13,488,395)
Total	<b>303,605,656</b>	<b>493,936,818</b>
* Deferred tax has been calculated as per "IAS:12 Income Taxes" and it is the timing differences arising between the carrying value of gratuity liability & fixed assets.		
<b>37.00 Statutory Reserve</b>		
Transferred during the year	191,993,909	210,269,064
Add: Adjustment of previous year	-	-
	<b>191,993,909</b>	<b>210,269,064</b>
<b>38.00 Provision for CSR</b>		
Corporate Social Responsibility (CSR) activities	12,500,000	2,500,000
	<b>12,500,000</b>	<b>2,500,000</b>
<b>39.00 Earning Per Share (EPS):*</b>		
Net Profit After Tax	656,363,888	557,408,502
Number of Ordinary Shares outstanding	<b>569,669,753</b>	<b>569,669,753</b>
<b>Earning Per Share (EPS)</b>	<b>1.15</b>	<b>0.98</b>

\*Earnings per share has been calculated in accordance with IAS-33: Earnings Per Share (EPS).



# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

	2020 BDT	2019 BDT
<b>40.00 Received from Other Operational Income</b>		
VISA Charge	13,273,672	17,028,016
Service and other Charges	24,853,113	21,706,858
SWIFT Charge Recoveries	333,502	2,482,226
Charges against cards	4,440,267	2,281,051
Locker Rent	294,000	267,600
Miscellaneous Earnings	18,783,467	15,701,216
LC Charges	4,332,330	5,553,117
	<b>66,310,351</b>	<b>65,020,083</b>
<b>41.00 Payment for Other Operational Expenses</b>		
Rent, Tax, Insurance, Electricity	75,321,559	219,342,497
Legal Expense	640,283	1,060,829
Postage, Stamps, Telegram & Telephone	17,723,626	13,057,895
Audit fee	356,500	356,500
Printing, Stationery, Advertisement	33,745,139	31,672,420
Directors' Fee	1,177,600	1,462,800
Repair & Maintenance	18,382,612	18,406,485
Other Expenditure	122,420,421	122,245,676
	<b>269,767,741</b>	<b>407,605,104</b>

## 42.00 Related Party transaction Disclosures of the Bank

i)	Name of the Directors together with a list of entities in which they have interest	Annexure- D
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ii) Significant contracts where Bank is a party and wherein Directors have interest during the year 2020:

Name of the party	Relationship	Nature of transaction	Amount
-	-	-	-

iii)	Share issued to Directors and Executives without consideration or exercisable at a discount	Nil
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iv) Related Party Transaction:

Name	Relationship	Nature of Transaction	Limit	Amount Outstanding Loan
Kazi Shayan Ekramullah	Family member of Sponsor Shareholder	Credit Card	500,000	2,991
A.K.M Badiul Alam	Director	Credit Card	500,000	79,072
Md. Wahid Miah	Sponsor Shareholder	Credit Card	500,000	113,133
Anushka Mehreen Zafar	Director	Credit Card	500,000	196,071
Kazi Omar Zafar	Director	Credit Card	500,000	445,619
Zobaida Mahaboob Latif	Family member of Sponsor Shareholder	Credit Card	500,000	204
Ahsan Khan Chowdhury	Director	Credit Card	500,000	80,495
Mohammed Jamal Ullah	Director	Credit Card	500,000	340
Abdul Mojib Mondol	Director	Credit Card	500,000	210
Md Rezaul Karim	Director	Credit Card	500,000	179
Md. Kamal Hossain	Director	Credit Card	500,000	230
Kazi Raihan Zafar	Director	Credit Card	500,000	295,909
Tazkia Labeeba Karim	Family member of Director	Credit Card	500,000	108,407
<b>Sub-Total</b>				<b>1,322,860</b>

# Midland Bank Limited

## Notes to the Financial Statements As at and for the year ended 31 December 2020

- 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	Limit	Outstanding Loan Amount
CVC Finance Ltd.	Mrs. Lutfa Begum, Director	Term Loan	150,000,000	96,092,282
Zenith Islami Life Insurance Ltd.	Md Rezaul Karim, Director	Continuous Loan	27,000,000	12,889,228
Sub-Total				108,981,510
Total				110,304,370

- vi) 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, Chairman	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

Goods procured from the concern related with the Director

Name	Procurement Type	Company Name	Amount
Mr. Ahsan Khan Chowdhury Director	Chair & Meeting Table	Rangpur Metal Industries Ltd	342,692
	Chairs & Cabinet	Rangpur Metal Industries Ltd	18,793
	Drinkit RO Water Purifier Machine	RFL Electronics Ltd.	116,025
	Duranta Angelina Ladies Bicycle	Rangpur Metal Industries Ltd	347,523
	Air Cooler Machine	RFL Electronics Ltd.	2,773,510
	NVR based CCTV system	RFL Electronics Ltd.	1,338,630
	Design Face Shield	Banga Building Materials Ltd.	6,000
	Face Mask (Fabrics)	Winner Fashions	400,900
	Shoe Box	RFL Plastics Ltd.	10,000

vii)	Investment in securities of Directors and their related concern	Nil
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# Midland Bank Limited

Notes to the Financial Statements  
As at and for the year ended 31 December 2020

		2020	2019
<b>43.00</b>	<b>Number of employees and support staffs</b>		
	<b>Employee</b>		
	Regular employee	454	436
	Contractual employee	196	196
		<b>650</b>	<b>632</b>
	<b>Support staff</b>		
	Security	315	304
	Messenger and cleaning staff	140	135
		<b>455</b>	<b>439</b>
		<b>1105</b>	<b>1071</b>

## 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



Md. Ahsan-uz Zaman  
Managing Director & CEO



Dr. Mostafizur Rahman  
Director



Md. Shamsuzzaman  
Vice Chairman



Nilufer Zafarullah  
Chairman

## Balance with other Banks- Out Side Bangladesh (NOSTRO Account)

Currency wise position and Exchange rate applied for conversion of Balance with other Banks in Foreign Currency into Local currency as on 31 December 2020

SL	Name of the Bank	Account Type	Currency	2020			2019		
				Foreign Currency Amount	Exchange Rate	BDT	Foreign Currency Amount	Exchange Rate	BDT
1	AB Bank, Mumbai Branch	CD	US\$	75,177	84.80	6,375,055	465,796	84.90	39,546,046
2	United Bank of India	CD	US\$	500,290	84.80	42,424,800	338,302	84.90	28,721,835
3	Axix Bank Limited	CD	US\$	387,214	84.80	32,835,918	78,676	84.90	6,679,580
4	National Bank of Pakistan, Tokyo Japan	CD	JPY	49,778	0.82	40,763	95,078	0.78	73,781
5	Mashreq Bank Psc, NY	CD	US\$	3,652,298	84.80	309,716,355	814,998	84.90	69,193,299
6	Mashreq Bank Psc, United Kingdom	CD	GBP	-	114.48	-	-	-	-
7	Mashreq Bank Psc, United Kingdom	CD	EURO	-	103.86	-	-	-	-
8	Kookmin Bank, South Korea	CD	GBP	2,684	114.48	307,228	730	111.02	81,041
9	Habib American Bank, NY	CD	US\$	382,006	84.80	32,394,237	135,602	84.90	11,512,576
10	NIB Bank, Pakistan	CD	US\$	23,503	84.80	1,993,064	28,888	84.90	2,452,591
11	Aktif Yatirim Bank	CD	US\$	36,388	84.80	3,085,681	-	84.90	-
12	Aktif Yatirim Bank	CD	EURO	10,447	103.86	1,084,942	435,090	94.88	41,279,555
13	Aktif Yatirim Bank	CD	GBP	2,919	114.48	334,112	21,791	111.02	2,419,160
14	Banca UBAE Italy	CD	EURO	66,721	103.86	6,929,356	152,576	94.88	14,475,762
15	Banca UBAE Italy	CD	GBP	5,713	114.48	654,071	49,731	111.02	5,520,900
16	Kookmin Bank, South Korea	CD	US\$	(512,279)	84.80	(43,441,466)	57,656	84.90	4,894,994
						<b>394,734,117</b>			<b>226,851,121</b>

## Midland Bank Limited

Annexure- B

Investment in Quoted Share of the Bank  
As at 31 December 2020

SL	Name of the Company	Face Value Per Share	No. of Shares	Cost Holding	Average Cost	Quoted rate per Share as on 31 December 2020	Total Market Value of Share as at 31 December 2020
<b>Quoted:</b>							
1	ACI	10	11,743	3,106,702	264.56	246.00	2,888,778
2	BATBC	10	31,624	35,505,777	1,122.75	1,180.80	37,341,619
3	BEACONPHAR	10	107,000	8,251,606	77.12	78.40	8,388,800
4	BBCABLES	10	66,000	5,531,902	83.82	54.80	3,616,800
5	BRACBANK	10	786,575	36,406,625	46.29	44.30	34,845,273
6	BSCCL	10	156,400	21,641,345	138.37	166.10	25,978,040
7	BXPHARMA	10	42,270	4,487,877	106.17	190.50	8,052,435
8	BEXIMCO	10	80,000	2,024,764	25.31	57.00	4,560,000
9	CONFIDCEM	10	87,218	11,491,104	131.75	121.30	10,579,543
10	CRYSTALINS	10	10,879	108,790	10.00	39.40	428,633
11	ESQUIRENIT	10	15,000	415,500	27.70	26.30	394,500
12	GHAIL	10	389,800	7,592,188	19.48	16.70	6,509,660
13	GP	10	95,597	38,048,882	398.01	347.10	33,181,719
14	IDLC	10	70,000	4,241,637	60.59	63.40	4,438,000
15	KPCL	10	185,000	10,405,030	56.24	45.30	8,380,500
16	NAHEEACP	10	16,750	951,067	56.78	47.10	788,925
17	NPOLYMAR	10	10,500	870,408	82.90	71.50	750,750
18	OLYMPIC	10	20,000	4,153,481	207.67	191.10	3,822,000
19	ORIONINFU	10	20,000	1,634,869	81.74	75.70	1,514,000
20	ROBI	10	271,254	2,712,540	10.00	29.80	8,083,369
21	SINGERBD	10	18,000	3,179,167	176.62	175.60	3,160,800
22	SUMITPOWER	10	180,000	6,921,386	38.45	38.90	7,002,000
23	SQURPHARMA	10	72,379	15,477,404	213.84	219.50	15,887,191
<b>Total</b>				<b>225,160,053</b>			<b>230,593,334</b>

<b>Cost of the Securities</b>	225,160,053
<b>Market Value of the Securities</b>	230,593,334
<b>Diminution Value in Investment</b>	-

# Midland Bank Limited

Fixed Asset Schedule  
As at 31 December 2020

Annexure- C

Asset Category	Cost			Depreciation				Written down value as at 31.12.2020		
	Balance as at 01.01.2020	Addition during the year	Adjustment/ Disposal	Balance as at 31.12.2020	Rate	Balance as at 01.01.2020	Charged for the year		Adjustment / Disposal	Balance as at 31.12.2020
	BDT	BDT	BDT	BDT		BDT	BDT	BDT	BDT	
Own Assets										
Computer & Peripherals	192,566,199	16,263,333	208,000	208,829,532	20%	104,862,968	31,140,309	196,176	135,807,101	73,022,431
Furniture & Fixture	164,675,662	15,971,706	4,813,546	175,833,821	10%	62,809,717	17,380,810	3,259,113	76,931,414	98,902,407
Office Equipment	145,309,323	20,710,776	145,000	166,020,099	20%	101,580,340	23,837,071	144,999	125,272,411	40,747,688
Motor Vehicles	29,900,856	-	-	29,900,856	20%	22,409,927	2,122,683	-	24,532,609	5,368,247
Books	20,260	-	-	20,260	20%	19,049	426	-	19,475	785
Intangible Assets	43,059,390	14,343,629	-	57,403,019	20%	25,064,407	7,184,296	-	32,248,703	25,154,316
Sub-Total	575,531,690	67,289,444	5,166,546	638,007,588		316,746,408	81,665,594	3,600,288	394,811,714	243,195,874
Leased Assets										
Right of Use Assets	-	559,039,258	-	559,039,258		-	142,458,791	-	142,458,791	416,580,467
Sub-Total	-	559,039,258	-	559,039,258		-	142,458,791	-	142,458,791	416,580,467
Grand Total	575,531,690	626,328,702	5,166,546	1,197,046,846		316,746,408	224,124,385	3,600,288	537,270,505	659,776,340
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



# Midland Bank Limited

Annexure- D

Name of Companies in which the Directors of the Bank have interest

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	Md. Samsuzzaman	Vice Chairman	1. Micro Fibre Limited 2. Orient Chem-Tex Limited 3. Liberty Knitwear Limited 4. Midland Knitwear Limited 5. Fortune Chemical (BD) limited 6. A-one Polar Limited 7. Tubingen Chemicals (BD) Limited 8. Sungarh Tex Limited 9. Micro Trims Limited 10. Micro Logistics Limited 11. Shahzi Bazar Power Co. Ltd. 12. Petromax Refinery Ltd	1. Managing Director 2. Managing Director 3. Managing Director 4. Managing Director 5. Managing Director 6. Managing Director 7. Managing Director 8. Managing Director 9. Managing Director 10. Managing Director 11. Sponsor Director 12. Sponsor Director
3	Master Abul Kashem	Director	1. Master Steel & Oxygen Limited 2. Mother Steel Limited 3. MAK Corporation 4. Master Steel Re-Rolling Mills 5. ABL Capital Market Services Ltd.	1. Chairman 2. Managing Director 3. Managing Partner 4. Proprietor 5. Shareholder
4	Dr. Kazi Shahidullah	Director	Hong Kong Shanghai Manjala Textiles Ltd.	Director
5	Mr. Kazi Omar Zafar	Director	1. Kalypso Ltd. 2. Hong Kong Shanghai Manjala Power Ltd. 3. Hong Kong Shanghai Manjala Textiles Ltd.	1. Chairman 2. Managing Director 3. Director
6	Mr. Mohammed Jamal Ullah	Director	1. Silver Dal Mills Ltd. 2. Ishrf Oil Mills Ltd. 3. Shezad Food Products Limited 4. Bismillah Store 5. Asia Insurance Limited	1. Managing Director 2. Managing Director 3. Managing Director 4. Proprietor 5. Director
7	Mr. Ahsan Khan Chowdhury	Director	1. Advance Personal Care Limited 2. Agricultural Marketing Company Limited 3. Banga Agro Processing Limited 4. Banga Bakers Limited 5. Banga Millers Limited 6. Chorka Textile Limited 7. Habiganj Agro Limited 8. Habiganj Textile Limited 9. Mymensingh Agro Limited 10. Natore Agro Limited 11. Natore Dairy Limited 12. PRAN Agro Limited 13. PRAN Agro Business Limited 14. PRAN Beverage Limited 15. PRAN Dairy Limited 16. PRAN Exports Limited 17. PRAN Foods Limited 18. Packmat Industries Limited 19. Sylvan Agriculture Limited 20. Sun Basic Chemicals Limited 21. Sylvan Technologies Limited	1. Director 2. Chairman 3. Director 4. Director 5. Director 6. Director 7. Director 8. Chairman 9. Director 10. Director 11. Director 12. Director 13. Director 14. Director 15. Director 16. Director 17. Director 18. Director 19. Director 20. Director 21. Director

# Midland Bank Limited

Name of Companies in which the Directors of the Bank have interest

SI	Name of the Directors of the Bank	Status with MDB	Entities where they have interest	Designation
			22. Sylvan Poultry Limited	22. Director
			23. Rangpur Foundry Limited	23. Director
			24. Gonga Foundry Limited	24. Director
			25. Get Well Limited	25. Director
			26. AKC (Pvt.) Limited	26. Managing Director
			27. Allplast Bangladesh Limited	27. Director
			28. Banga Building Materials Limited	28. Director
			29. Banga Plastic International Limited	29. Director
			30. Multi-Line Industries Limited	30. Director
			31. RFL Electronics Limited	31. Director
			32. Rangpur Metal Industries Limited	32. Director
			33. RFL Plastics Limited	33. Director
			34. Durable Plastics Limited	34. Director
			35. Property Development Limited	35. Director
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. Kohinoor Chemical Co. (BD) Ltd.	4. Managing Director
			5. Reedisha Knitex Ltd.	5. Managing Director
			6. Reedisha Textipe Ltd.	6. Managing Director
			7. Reedisha Spinning Ltd.	7. Managing Director
			8. P.A Knit Composite Ltd.	8. Managing Director
			9. Reedisha Printing and Packaging Ltd.	9. Managing Director
			10. Reedisha Blended Yarn Ltd.	10. Managing Director
			11. Reedisha Food & Beverage Ltd.	11. Managing Director
			12. Reedisha Trading & Distribution Co.	12. Proprietor
9	Mr. A.K.M. Badiul Alam	Director	1. Garments Export Village Ltd.	1. Chairman
			2. Power Vantage Wear Ltd.	2. Chairman
			3. Amtranet 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
			8. Zenith Islami Life Insurance Limited	8. 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
			4. Fauji Chatkal Limited	4. Shareholder
			5. M H Sports Wear Limited	5. Shareholder
			6. M H Design Limited	6. 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. Hazrat Amanat Shah Securities Ltd.	3. Director
			4. Amanat Shah Fabrics Ltd.	4. Director
			5. M/s Goldenaze Enterprise	5. Proprietor

# Midland Bank Limited

Annexure- D

Name of Companies in which the Directors of the Bank have interest

13	Mr. Hafizur Rahman Sarker	Director	1. Legato Service Ltd.	1. Managing Director
			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. Tammam Design Ltd.	6. Nominated Director
			7. Lusaka Fashions Limited	7. Nominated Director
			8. HBH International Nursing Institute	8. Trustee
			9. Tista Dredgers & Constructions Ltd.	9. Executive Director
			10. Padma Bank Limited	10. Sponsor Shareholder
			11. Meghna Bank Limited	11. Sponsor Shareholder
14	Mr. Kazi Raihan Zafar	Director	Hong Kong Shanghai Manjala Textiles Ltd.	Director
15	Ms. Anushka Mehreen Zafar	Director	Hong Kong Shanghai Manjala Textiles Ltd.	Director
16	Mr. Mahbubul Hady Fazle Rab	Independent Director	RAB Consulting FZE,RAK,UAE	Proprietor
17	Mr. Nazim Uddin Chowdhury	Independent Director	-	-
18	Mr. Abdul Momin Mondol	Director	1. Montex Fabrics Ltd.	1. Managing Director
			2. Mark Sweter Limited	2. Managing Director
			3. Montrims Ltd.	3. Managing Director
			4. Mondol Yearn Dyeing Ltd.	4. Managing Director
			5. Mondol Fabrics Ltd.	5. Managing Director
			6. Cotton Field (BD) Ltd.	6. Managing Director
			7. Mondol Securities Ltd.	7. Managing Director
			8. Mondol Knitwears Ltd.	8. Managing Director
			9. Mondol Apparels Ltd.	9. Managing Director
			10. Alim Knit (BD) Ltd.	10. Managing Director
			11. Mondol Knit Tex Ltd.	11. Managing Director
			12. Cotton Club (BD) Ltd.	12. Managing Director
			13. Cotton Clout (BD) Ltd.	13. Managing Director
			14. Trims International (BD) Ltd.	14. Managing Director
			15. Appollo Fashions Ltd.	15. Managing Director
			16. Appollo Packaging (BD) Ltd.	16. Managing Director
			17. Appollo Knitwear (BD) Ltd.	17. Managing Director
			18. Mondol & Co. Ltd.	18. Managing Director
			19. Cotton Clothing (BD) Ltd.	19. Managing Director
			20. Mondol Intimates Ltd.	20. Managing Director
			21. Mondol Fashions Ltd.	21. Managing Director
			22. Tropical Knittex Ltd.	22. Managing Director
			23. Knitex Dresses Ltd.	23. Managing Director
			24. Mondol Spinning Mills Ltd.	24. Managing Director
			25. Mondol Knit Composite Ltd.	25. Managing Director
			26. Mondol Auto Bricks Ltd.	26. Managing Director
			27. Uttara Poultry Complex Ltd.	27. Managing Director
			28. Mbrella Ltd.	28. Managing Director
			29. Panama Agro Complex Ltd.	29. Managing Director
			30. Haji-Abdul Majid Mondol Foundation	30. Executive Director (CEO)
19	Dr. Mostafizur Rahman	Director	1. Popular Pharmaceuticals Ltd.	1. Managing Director
			2. Popular Diagnostic Centre Ltd.	2. Managing Director
			3. Popular Specialized Hospital Ltd.	3. Managing Director
			4. Popular Medical College and Hospital Ltd.	4. Managing Director

# Midland Bank Limited

Annexure- E

Name of the Directors and their shareholding as at 31 December 2020

Sl.	Name	Status with MDB	No. of shareholding	Percentage
1	Mrs. Nilufer Zafarullah	Chairman	1,13,93,395	2.25%
2	Mr. Md. Shamsuzzaman	Vice Chairman	2,99,07,662	5.25%
3	Mr. Master Abul Kashem	Director	2,63,73,600	4.63%
4	Dr. Kazi Shahidullah	Director	14,24,174	0.38%
5	Mr. Kazi Omar Zafar	Director	1,13,93,395	2.25%
6	Mr. Mohammed Jamal Ullah	Director	2,28,99,888	4.02%
7	Mr. Ahsan Khan Chowdhury	Director	2,84,83,488	5.00%
8	Mr. Md. Wahid Miah	Director	2,84,83,488	5.00%
9	Reedisha Knitex Ltd. Rep. by. Mr. Rezaul Karim	Director	2,84,83,488	5.00%
10	Garments Export Village Ltd. Rep. by Mr. A.K.M. Badiul Alam	Director	2,84,83,488	5.00%
11	That's It Sportswear Ltd Rep. by Mr. Md. Kamal Hossain	Director	2,84,83,488	5.00%
12	Refat Garments Ltd. Rep. by Mrs. Shahnaj Parveen	Director	2,84,83,488	5.00%
13	Hazrat Amanat Shah Spinning Mills Ltd. Rep. by Mrs. Lutfa Begum	Director	2,84,83,488	5.00%
14	Beq Knit Ltd. Rep. by Mr. Md. Hafizur Rahman Sarker	Director	27,059,313	4.75%
15	Popular Pharmaceuticals Ltd. Rep. by Dr. Mostafizur Rahman	Director	2,84,83,488	5.00%
16	Mr. Kazi Raihan Zafar	Director	1,13,93,395	2.25%
17	Ms. Anushka Mehreen Zafar	Director	1,13,93,395	2.25%
18	Mr. Mahbubul Hady Fazle Rab	Independent Director		
19	Mr. Nazim Uddin Chowdhury	Independent Director		
20	Mr. Md. Ahsan-uz Zaman	Managing Director & CEO		

# Midland Bank Limited

Annexure- F

Financial Highlights  
For the year ended 31 December 2020

SLNo.	Items	2020	2019
1	Paid up Capital	5,696,697,530	5,696,697,530
2	Total Capital	7,987,704,084	7,527,255,078
3	Surplus in Capital Fund	2,262,659,194	3,074,233,015
4	Total Asset	63,145,974,335	52,911,159,222
5	Total Deposit	45,067,571,125	39,500,763,248
6	Total Loans and Advances	39,086,672,499	31,749,635,389
7	Total Contingent Liabilities	9,249,440,193	5,978,812,091
8	Lending-Deposit Ratio	82.01%	81.64%
9	Classified Loans as % of Total Loans and Advances	1.16%	2.64%
10	Profit After Provision and Tax	656,363,888	557,408,502
11	Total Classified loans and advances	452,789,098	838,348,197
12	Total Provision Maintained against Classified Loans	194,557,571	286,502,383
13	Surplus/(deficit) in Provision against Classified Loans	-	-
14	Cost of Fund	7.77%	9.03%
15	Earning Asset	55,918,635,968	47,025,582,347
16	Non-Interest Earning Asset	7,227,338,367	5,885,576,876
17	Return on Investments (ROI)	8.96%	7.92%
18	Return on Asset (ROA)	1.13%	1.05%
19	Income from Investment	1,565,254,675	649,615,530
20	Earnings per Share (BDT)	1.15	0.98
21	Net Income per Share (BDT)	1.15	0.98
22	Price-Earning Ratio (Times)	N/A	N/A

# Midland Bank Limited

Balance Sheet of Islami Banking Wing  
As on 31 December 2020

## Annexure- G

	Notes	2020 BDT
<b><u>Property and Asset</u></b>		
<b>Cash</b>	<b>1.00</b>	<b>182,804,063</b>
In Hand (Including Foreign Currency)		1,456,835
With Bangladesh Bank and its agent Bank (including Foreign Currency)		181,347,228
<b>Balance with other Banks &amp; Financial Institutions</b>	<b>2.00</b>	<b>110,000,000</b>
In Bangladesh		110,000,000
Outside Bangladesh		-
<b>Money at Call and Short Notice</b>		-
<b>Investments in Shares &amp; Securities</b>	<b>3.00</b>	<b>53,200,000</b>
Government		53,200,000
Others		-
<b>Investments</b>	<b>4.00</b>	<b>808,959,373</b>
General Investment		808,959,373
Bills Purchased and Discounted		-
<b>Fixed Asset including Premises, Furniture &amp; Fixtures</b>		-
<b>Other Asset</b>	<b>5.00</b>	<b>955,102</b>
<b>Non-Banking Asset</b>		-
<b>Total Property and Asset</b>		<b>1,155,918,538</b>
<b><u>Liabilities and Capital</u></b>		
<b>Borrowing from other Banks, Financial Institutions &amp; Agents</b>		-
<b>Deposit and Other Accounts</b>	<b>6.00</b>	<b>995,474,647</b>
Current Deposit & Other Accounts		2,887,001
Bills Payable		-
Short Notice Deposit		180,413,251
Savings Deposit		44,701,029
Fixed Deposit		764,605,518
Deposit Scheme		2,867,849
<b>Other Liabilities</b>	<b>7.00</b>	<b>160,443,891</b>
<b>Total Liabilities</b>		<b>1,155,918,538</b>
<b>Capital/Shareholders' Equity</b>		
Paid up Capital		-
Statutory Reserve		-
Revaluation Reserve on Investment in Securities		-
Retained Earnings		-
<b>Total Shareholders' Equity</b>		-
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,155,918,538</b>
<b><u>Off-Balance Sheet Items</u></b>		
<b>Contingent Liabilities</b>	<b>8.00</b>	
Acceptance and endorsements		-
Letter of Guarantee		848,000,000
Irrevocable Letter of Credit		-
Bills for Collection		-
Other Contingent Liabilities		-
<b>Total Off Balance Sheet Items including Contingent Liabilities</b>		<b>848,000,000</b>



# Midland Bank Limited

Annexure- G1

## Profit and Loss Account of Islami Banking Wing As on 31 December 2020

Particulars	Note	2020
		BDT
Profit on Investment	9.00	17,388,343
Less: Profit Paid on Deposit and Borrowing, etc.	10.00	19,291,777
<b>Net Interest Income</b>		<b>(1,903,434)</b>
Income from Investment	11.00	5,102
Commission, Exchange and Brokerage	12.00	3,392,000
Other Operating Income		54,392
<b>Total Operating Income</b>		<b>1,548,060</b>
<b>Less: Operating Expenditure</b>		
Salary and Allowances	13.00	1,080,903
Rent, Tax, Insurance, Electricity		-
Legal Expense		-
Postage, Stamps and Telephone		5,020
Printing, Stationery, Advertisement	14.00	51,903
Managing Director's Remuneration		-
Directors' Fee		73,555
Audit Fee		-
Depreciation on and Repair to Bank's Property		17,810
Other Expenditure		34,416
<b>Total Operating Expenses</b>		<b>1,263,607</b>
<b>Profit Before Provision &amp; Tax</b>		<b>284,453</b>

# Midland Bank Limited

Annexure- G2

## Notes to the Financial Statements of Islami Banking Wing As on 31 December 2020

<b>1.00 Cash</b>	
In Hand (Including foreign currency) (note 3.01)	1,456,835
Balance with Bangladesh Bank and its Agent Bank (note 3.02)	181,347,228
	<b>182,804,063</b>
<b>1.01 In Hand (Including foreign currency)</b>	
Local Currency	1,456,835
Foreign Currency	-
	<b>1,456,835</b>
<b>1.02 Balance with Bangladesh Bank and its Agent Bank</b>	
With Bangladesh Bank	
Local Currency	181,347,228
Foreign Currency	-
With Sonali Bank (as agent of Bangladesh Bank-Local Currency)	-
	<b>181,347,228</b>
<b>2.00 Balance with other Banks and Financial Institutions</b>	
In Bangladesh	110,000,000
Outside Bangladesh	-
	<b>110,000,000</b>
<b>3.00 Investments</b>	
Government (note 3.01)	53,200,000
Others	-
	<b>53,200,000</b>
<b>3.01 Investment Classified as per Bangladesh Bank Circular</b>	
Held to Maturity (HTM)	40,000,000
Held for Trading ( HFT)	-
Reverse Repo	-
Prize Bond	-
Government Securites Encumbered	-
Government Securites -SUKUK Bond	13,200,000
Other Investments	-
	<b>53,200,000</b>
<b>4.00 Investments</b>	
Bai-Murabaha	797,611,250
Bai-Muajjal	1,022,240
Hirepurchase Shirkatul Melk	10,325,883
Bills Purchased and Discounted	-
	<b>808,959,373</b>
<b>5.00 Other Asset</b>	
<b>Classification of Other Asset</b>	
Profit receivable on Investment	5,102
Profit receivable on Deposit with Other Bank	950,000
<b>Total Other Asset</b>	<b>955,102</b>
<b>6.00 Deposit and Other Accounts</b>	
From Banks	450,000,000
From Customers (note 6.01)	545,474,647
	<b>995,474,647</b>
<b>6.01 Customer Deposit and Other Accounts:</b>	
<b>Current Deposit &amp; Other Accounts :</b>	
Current Deposit	1,363,891
Sundry Deposit	1,523,109
	<b>2,887,001</b>
<b>Bills Payable</b>	-
<b>Short Notice Deposit</b>	180,413,251
<b>Savings Deposit</b>	44,701,029
<b>Fixed Deposit</b>	764,605,518

<b>Deposit Schemes:</b>		
MDB Saalam Monthly Scheme		2,758,102
MDB Saalam Hajj Savings Scheme		48,069
MDB Digital Monthly Savings Scheme		51,313
MDB Digital Hajj Savings Scheme		10,365
		<b>2,867,849</b>
<b>Total</b>		<b>995,474,647</b>
<b>7.00 Other Liabilities</b>		
Unearned Income		31,289,678
Inter Bank General Account Balance (note 7.01)		129,154,213
		<b>160,443,891</b>
<b>7.01 Inter Bank General Account Balance (net)</b>		
Credit entries		345,502,330
Debit entries		216,348,117
		<b>129,154,213</b>
<b>8.00 Contingent Liabilities</b>		
Acceptance and endorsements		-
Letter of Guarantee		848,000,000
Irrevocable Letter of Credit		-
Bills for Collection		-
Other Contingent Liabilities		-
		<b>848,000,000</b>
<b>8.01 Letter of Guarantee</b>		
Foreign		-
Local		848,000,000
		<b>848,000,000</b>
<b>9.00 Profit on Investment</b>		
General Investment (note 9.01)		16,438,343
Balance with Other Banks and Financial Institutions		950,000
		<b>17,388,343</b>
<b>9.01 Profit on Investment</b>		
Income on Saalam Murabaha Local Purchase		16,262,202
Income on Saalam Home Finance		159,931
Income on Saalam SME Bai Muajjal		16,210
		<b>16,438,343</b>
<b>10.00 Profit on Deposits and Other Accounts</b>		
Current Deposit		26
Special Notice Deposit		7,394,806
Savings Deposits		449,469
Fixed Deposits		11,383,883
Deposit Scheme		63,593
		<b>19,291,777</b>
<b>11.00 Income From Investments</b>		
Profit on Investment in SUKUK Bond		5,102
		<b>5,102</b>
<b>12.00 Commission, Exchange and Brokerage</b>		
Commission		3,392,000
Exchange		-
Brokerage		-
		<b>3,392,000</b>
<b>13.00 Salary &amp; Allowances</b>		
Basic Salary		451,161
Allowances		501,742
Bonus		128,000
		<b>1,080,903</b>
<b>14.00 Printing, Stationery, Advertisement etc.</b>		
Printing & Stationery		51,903
Computer Stationery		-
Publicity & Advertisement		-
		<b>51,903</b>

# Midland Bank Limited

Annexure- H

## Balance Sheet of Off-Shore Banking Unit As on 31 December 2020

	Notes	2020	
		USD	BDT
<b><u>Property and Asset</u></b>			
<b>Cash</b>		-	-
In Hand (Including Foreign Currency)		-	-
With Bangladesh Bank and its agent Bank (including Foreign Currency)		-	-
<b>Balance with other Banks &amp; Financial Institutions</b>	1.00	(512,279)	(43,441,466)
In Bangladesh		-	-
Outside Bangladesh		(512,279)	(43,441,466)
<b>Money at Call and Short Notice</b>		-	-
<b>Investments</b>		-	-
Government		-	-
Others		-	-
<b>Loans and Advances</b>	2.00	11,614,220	984,890,486
Loans, Cash Credit, Overdrafts, etc.		-	-
Bills Purchased and Discounted		11,614,220	984,890,486
<b>Fixed Asset including Premises, Furniture &amp; Fixtures</b>		-	-
<b>Other Asset</b>		-	-
<b>Non-Banking Asset</b>		-	-
<b>Total Property and Asset</b>		11,101,941	941,449,021
<b><u>Liabilities and Capital</u></b>			
<b>Borrowing from other Banks, Financial Institutions &amp; Agents</b>	3.00	11,000,000	932,804,400
<b>Deposit and Other Accounts</b>		1,425	120,852
<b>Other Liabilities</b>	4.00	100,516	8,523,769
<b>Total Liabilities</b>		11,101,941	941,449,021
<b>Capital/Shareholders' Equity</b>			
Paid up Capital		-	-
Statutory Reserve		-	-
Revaluation Reserve on Investment in Securities		-	-
Retained Earnings		-	-
<b>Total Shareholders' Equity</b>		-	-
<b>Total Liabilities and Shareholders' Equity</b>		11,101,941	941,449,021
<b><u>Off-Balance Sheet Items</u></b>		-	-
<b>Contingent Liabilities</b>		-	-
Acceptance and endorsements		-	-
Letter of Guarantee		-	-
Irrevocable Letter of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		-	-
<b>Other Commitments</b>		-	-
Total Off Balance Sheet Items including Contingent Liabilities		-	-

# Midland Bank Limited

Annexure- H-1

## Profit and Loss Account of Off-Shore Banking Unit As on 31 December 2020

<u>Particulars</u>	Notes	2020	
		USD	BDT
Interest Income	5.00	90,103	7,640,789
Less: Interest Paid on Deposit and Borrowing, etc.	6.00	76,769	6,510,021
<b>Net Interest Income</b>		<b>13,334</b>	<b>1,130,768</b>
Income from Investment		-	-
Commission, Exchange and Brokerage		-	-
Other Operating Income		19,243	1,631,838
<b>Total Operating Income</b>		<b>32,578</b>	<b>2,762,606</b>
<b>Less: Operating Expenditure</b>			
Salary and Allowances		-	-
Rent, Tax, Insurance, Electricity		-	-
Other Expenditure		130	11,024
<b>Total Operating Expenses</b>		<b>130</b>	<b>11,024</b>
<b>Profit Before Provision &amp; Tax</b>		<b>32,448</b>	<b>2,751,582</b>

# Midland Bank Limited

Annexure- H-2

Notes to the Financial Statements of Off-Shore Banking Unit  
As on 31 December 2020

	2020	
	USD	BDT
<b>1.00 Balance with other Banks and Financial Institutions</b>		
In Bangladesh	-	-
Outside Bangladesh	(512,279)	(43,441,466)
	<b>(512,279)</b>	<b>(43,441,466)</b>
<b>2.00 Loans &amp; Advances</b>		
Deemed Export Bill Discounting	714,308	60,573,585
Import Bill Discounting	10,899,912	924,316,902
	<b>11,614,220</b>	<b>984,890,486</b>
<b>3.00 Borrowing from other Banks, Financial Institutions &amp; Agents</b>		
In Bangladesh	11,000,000	932,804,400
Outside Bangladesh	-	-
	<b>11,000,000</b>	<b>932,804,400</b>
<b>4.00 Other Liabilities</b>		
Interest Payable	68,068	5,772,187
Profit Payable	32,448	2,751,582
	<b>100,516</b>	<b>8,523,769</b>
<b>5.00 Interest Income</b>		
Loans and Advances	81,381	6,901,141
Balance with Other Banks and Financial Institutions	8,722	739,648
	<b>90,103</b>	<b>7,640,789</b>
<b>6.00 Interest Paid on Deposit and Borrowing, etc.</b>		
Interest Paid on Borrowing from Foreign Bank	55	4,664
Interest Paid on Borrowing from Local Bank	76,714	6,505,357
	<b>76,769</b>	<b>6,510,021</b>



# MDB Products and Services

At Midland Bank, we believe products are meant to serve customers' needs in this ever-changing environment in terms of technology and new regulatory laws in place. Keeping in mind of customers' needs and abiding by the law, we always push ourselves ahead by introducing innovative products and services and thus fulfilling our promises of being responsive to our customers' needs. Customers can avail all types of banking services from any of our branches, sub branches and agent banking centers including the Bank's digital channels across the country. Islamic Banking has also been introduced with the brand "MDB Saalam" to serve the same purpose. Innovation has been emphasized on technology and new products have been developed namely MDB digital account opening service, MDB Cash Management (MCM) etc.

MDB comprises a wide range of deposit and investment products which are designed in such a way that they are in line with compliance, easiness and featured with digitalization. Our customer relationship offers you a banking experience that is simple, convenient, smart and compliant.

## RETAIL BANKING PRODUCTS

MDB Retail banking offers a wide array of products and services, which includes:

- MDB E-SAVER
- MDB DIGITAL FIXED DEPOSIT ACCOUNT
- MDB DIGITAL FAMILY SUPPORT SCHEME
- MDB INTEREST FIRST
- MDB SUPER SAVER
- MDB CPP SAVINGS
- MDB DIGITAL SAVINGS ACCOUNT
- MDB SCHOOL SAVER
- MDB COLLEGE SAVER
- MDB BIKE LOAN
- MDB EARNEST FINANCING
- MDB DOUBLE BENEFIT
- MDB DIGITAL MONTHLY SAVINGS SCHEME
- MDB KOTIPOTI
- MDB MILLIONAIRE SAVINGS SCHEME
- MDB PLATINUM SAVINGS SCHEME
- MDB TRAVELLER'S SAVINGS
- MDB SECURED LOAN
- MDB PERSONAL LOAN
- MDB HOME LOAN
- MDB AMAR BARI

## INSTITUTIONAL BANKING PRODUCTS

MDB Institutional banking has got 3600 solution to serve corporate and SME customers with full array of products and services:

- LONG TERM AND SHORT TERM LOANS
- DEMAND LOANS AND OVERDRAFTS
- TRADE SERVICES (LC, GUARANTEES, UPAS)
- CASH MANAGEMENT
- SME LOANS  
(IPFF II, LTFF, GTF, TDF, FBKEIP, EDF, UBSP)
- STRUCTURED FINANCE SOLUTIONS
- PROJECT FINANCE
- AGENCY SERVICES
- OFFSHORE BANKING SERVICES
- LOW COST REFINANCING/ON-LENDING FACILITEIS

## CARD PRODUCTS

To meet the customer demand to go cashless, MDB has full range of products:

- MDB VISA CREDIT CARD  
(SILVER, GOLD, PLATINUM)
- MDB VISA DEBIT CARD
- MDB VISA PREPAID CARD

## MDB SERVICES

### MDB INTERNET BANKING

Internet-based banking services, Midland Online and MDB Apps have added new chapters to digital banking services. If you want, you can also associate yourself with these services and take the facility of instant fund transfer from bank account through RTGS, BEFTN, NPSB, bKash, Rocket and Nagad. Credit card bills, DESCO, DPDC bill payment, mobile top up, digital fixed deposit account, digital monthly savings scheme account opening, check book requisition etc. are also available at your fingertips.

### **MDB MCM**

In a continuation of innovative banking, Midland Bank has launched MDB Cash Management (MCM) for corporate customers. In the process of executing MCM transactions, corporate users can transact individually or in bulk. MDB Cash Management (MCM) is currently at the top of the list of interests and needs of corporate customers for its three-tier approval, easy transaction process and sophisticated digital security.

### **MDB VAT ONLINE**

Midland Bank has come up with the much awaited system of online VAT payment for corporate customers which can now be paid from the office or home under NBR's e-payment system through the e-payment module of the internet based banking service Midland Online VAT Online Project. After each successful transaction made online at Midland, the customer will instantly receive an SMS with a VAT invoice number.

### **SMS /ALERT BANKING**

Our SMS banking service keeps you abreast of any activity, debit or credit, in your accounts.

### **TIE UP WITH MFS**

Midland Bank has joined with the mobile banking system. Mobile banking service providers like bKash, Rocket, Nagad have confidence in this fast growing fourth generation bank. That's why customers of MDB can transfer money from their bank account to bKash, Rocket and Nagad with internet based banking service midland online and MDB app. Customers can also transfer money directly from the rocket account to their MDB account.

### **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.

### **BILLS PAY AND BRTA BOOTH**

Our competent branch personnel are trained to deal with paying bill of WASA, DESCO, Titas Gas, REB or DPDC for example. We have deployed a collection booth of BRTA fees for customer convenience. Midland digital billing services are not far behind. Midland Bank is working hand-in-hand with the government's A2I project's digital platform Ekpays to provide citizens with the facility to pay bills or other bills of any service company, from anywhere and anytime.

### **MDB STUDENT FILE**

MDB Student File Service is a customized banking solution for students which eases education related financial transactions abroad. Through Student File, students can pay for their tuition fees and living expenses overseas.

### **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.

## MDB Service Network (Branch)

Sl.	Branch Name	Address	Branch Manager
1	Dilkusha Corporate Branch	Chini Shilpa Bhaban (1 <sup>st</sup> floor) 3, Dilkusha C/A, Dhaka 1000 Email: hob.dilkusha@midlandbankbd.net PABX: 09666-410901	Abdullah Al Mamun, AVP Phone: +8801985700090, 01711359239 Email: abdullah.mamun@midlandbankbd.net PBX: 09666-410901 Ext.901-090
2	Banani Branch	Hong Kong Shanghai Tower (Ground & 1 <sup>st</sup> floor) Plot 106, Road 11, Block C, Banani, Dhaka 1213 Email: banani@midlandbankbd.net PABX: 09666-410902	Mr. Md. Ibrahim Khalil, AVP Phone: +8801985700045, 01711106643 Email: ibrahim.khalil@midlandbankbd.net PBX: 09666-410999 Ext.902-045
3	Agrabad Branch	As- Salam Tower (1 <sup>st</sup> floor) 57, Agrabad C/A, Chattogram Email: hob.agrabad@midlandbankbd.net PABX: 09666-410903	Md. Shaiful Alam Chowdhury, SVP Phone: +8801973423777, +8801713423777 Email: shaiful.alam@midlandbankbd.net PBX: 09666-410903 Ext.903-127
4	Mirzapur Bazar Branch	Mannan Plaza (1 <sup>st</sup> floor), Mirzapur Bazar, Bhawal, Mirzapur Sadar, Gazipur Email: hob.mirzapur@midlandbankbd.net PABX: 09666-410904	Shafiqul Islam Faquir Pintu, JAVP Phone: 01819261261 Email: shafiqul.pintu@midlandbankbd.net PBX: 09666-410904 Ext.1072
5	Panchar Branch	Dia-Moni Plaza (1 <sup>st</sup> floor), Panchar, Shibchar, Madaripur Email: hob.panchar@midlandbankbd.net PABX: 09666-410905	Abul Kalam, JAVP Phone: 01985700764, 01716479404 Email: abul.kalam@midlandbankbd.net PBX: 09666-410928 Ext.928-764
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 Phone: +8801985700047, 01717667203 Email: shakhawat.hossain@midlandbankbd.net PBX: 09666-410906 Ext.906-047
7	Aganagar Branch	Maksuda Garden City (2 <sup>nd</sup> floor), Aganagar, South Keranigonj, Dhaka Email: hob.aganagar@midlandbankbd.net PABX: 09666-410907	Imran Al Habib Xulius, AVP Phone: 01985700359, 01976688440 Email: imran.habib@midlandbankbd.net PBX: 09666-410907 Ext.907-359
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, AVP Phone: 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. Asaduzzaman Khan, FAVP Phone: 01985700461, 01708737900 Email: asaduzzaman.khan@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	Md. Mahfuz Alam, FAVP Phone: 01730052214, 01718798180 Email: mahfuz.alam@midlandbankbd.net PBX: 09666-410910 Ext.1066
11	Gulshan Branch	NB Tower, Level 5, 40/7 North Avenue, Gulshan 2, Dhaka 1212, Email: hob.gulshan@midlandbankbd.net PABX: 09666-410911	Faisal Ahmed, VP Phone: 01985700356, 01714359203 Email: faisal.ahmed@midlandbankbd.net PBX: 09666-410999 Ext.911-356
12	Panchrukhi Branch	Shopon Tower, Panchrukhi Bazar, Araihaajar, Narayanganj Email: hob.panchrukhi@midlandbankbd.net PABX: 09666-410912	Md. Nazmul Haque, FAVP Phone: 01985700308, 01712752405 Email: md.nazmulhaque@midlandbankbd.net PBX: 09666-410912 Ext.912-308

Sl.	Branch Name	Address	Branch Manager
13	Kamarpara Branch	JomJom Tower, Kamarpara School Road, Dhaka Email: hob.kamarpara@midlandbankbd.net PABX: 09666-410913	Mr. Md. Abdullah, JAVP Phone: 01985700541, 01956685532 Email: md.abdullah@midlandbankbd.net PBX: 09666-410913 Ext.913-541
14	Narsingdi Branch	Helal Tower, First & second floor, 211 ShahidShorwadi Park Road, Narshingdi Email: hob.narsingdi@midlandbankbd.net PABX: 09666-410914	Mr. Mohammad Faruq Ur Rahman, AVP Phone: 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 Phone: +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	Mr. Abu Sayed Mohammad Zakaria Khan, JAVP Phone: 01985700687, 01715281296 Email: zakaria.khan@midlandbankbd.net PBX: 09666-410916 Ext.916-687
17	CDA Avenue Branch	EVE's Centre (1 <sup>st</sup> floor) A 1/47 P, East Nasirabad, Panchlaish, Chattogram Email: hob.cda@midlandbankbd.net PABX: 09666-410917	Mr. Syed Mohammed Omar, AVP Phone: 01985700355, 01819863857 Email: syedmohammed.omar@midlandbankbd.net PBX: 09666-410917 Ext.917-355
18	Mokamtola Branch	Majeda Plaza (1st floor), Talukdar Market, Mokamtola, Shibganj, Bogura Email: hob.mokamtola@midlandbankbd.net PABX: 09666-410918	Mr. Md. Mejbahur Rahman, FAVP Phone: 01718881471 Email: mejbahur.rahman@midlandbankbd.net PBX: 09666-410918, Ext. 1085
19	Chowdhuryhat Branch	Abdul Rashid Market (1st & 2nd floor) Chowdhuryhat, Hat Hajari, Chattogram Email: hob.chowdhuryhat@midlandbankbd.net PABX: 09666-410919	Mr. Milton Chowdhury, FAVP Phone: 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	Mr. Md. Ahsan Habib, AVP Phone: 01985700302, 01711107239 Email: ahsan.habib@midlandbankbd.net PBX: 09666-410920 Ext.920-302
21	Dalal Bazar Branch	Montaz patwary Mansion (1 <sup>st</sup> floor), Lakshmipur Sadar, Lakshmipur Email: hob.dalalbazar@midlandbankbd.net PABX: 09666-410921	Mr. Md. Mizanur Rahman, JAVP Phone: 01985700660, 0171123750 Email: mm.rahman@midlandbankbd.net PBX: 09666-410921 Ext.921-660
22	Sylhet Branch	M.S Tower (1st Floor), Mirboxtola, Chowhatta, Sylhet Email: hob.sylhet@midlandbankbd.net PABX: 096 66 410 922	Mr. Ahbab Ahmed Jaigirder, AVP Phone: 01985700647, 01717130877 Email: ahabab.jaigirder@midlandbankbd.net PBX: 09666-410922 Ext.922-647
23	Khulna Branch	Tayamun Centre (1st Floor), 181/1 Jashore Road, Khulna Email: hob.khulna@midlandbankbd.net PABX: 096 66 410 923	Mr. Md. Rezaul Huq, AVP Phone: 01711428099 Email: rezaul.huq@midlandbankbd.net PBX: 09666-410923 Ext.923-269
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	Mr. Md. Syful Alam, FAVP Phone: 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	Mr. Md. Tahidul Amin Mojumder, FAVP Phone: 01985700697, 01828058652 Email: tahidul.amin@midlandbankbd.net PBX: 09666-410925 Ext.925-697

Sl.	Branch Name	Address	Branch Manager
26	Mirpur Branch	Hyperion Rose, Holding No -61/1-2, Block-B, Road No- 4, Ward No-2,Section-12, Pallabi, Dhaka Mail: hob.mirpur@midlandbankbd.net PABX: 096 66 410 926	Md. Rashid-Un-Nabi, FAVP Phone: 01985700193, 01611183896 Email: rashid.nabi@midlandbankbd.net PBX: 09666-410911 Ext.926 -193
27	Foyla Bazar Branch	98/1 Haji Market, Bara Nawabpur, Faylabazar, Ujalkur, Rampal, Bagerhat Mail: 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 Mail: hob.maligram@midlandbankbd.net PABX: : 096 66 410 928	Md. Asif Iqbal, EO Phone: 01985700305,01713481696 Email: asif.iqbal@midlandbankbd.net PBX: 09666-410905 Ext.905 -305
29	Rajshahi Branch	Rahamania Tower, Holding -57,58 & 60, Ganok Para, Station Road, Ward -12, P.S.-Boalia, Dist - Rajshahi Mail: 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 Mail: hob.islampur@midlandbankbd.net PABX: : 096 66 410 930	Ha-Mim Muhammad Molla, AVP Phone: 01985700527,01712611775 Email: muhammad.molla@midlandbankbd.net PBX: 09666-410930 Ext.930 -527
31	Shashongacha Branch	Meem Tower, Shashongacha, Adarsha Sadar, Cumilla, Mail: hob.shashongacha@midlandbankbd.net , PABX: +(88) 096 66 410 931 / +(88) 096 11 410 931	Mahamudul Hasan, FAVP Phone: 01985700974,01717910524 Email: mahamudul.h@midlandbankbd.net PBX: 09666-410931 Ext.931 -974
32	Bheramara Branch	Godown Moor, Bheramara Highway, Kushtia, Mail: hob.bheramara@midlandbankbd.net PABX: +(88) 096 66 410 932 / +(88) 096 11 410 932	K.M. Shafiqur Rahman, FAVP Phone: 01985700619,01941222424 Email: shafiqur.rahman@midlandbankbd.net PBX: 09666-410932 Ext.932 -619
33	Doshmile Branch	Hossain Monzil, East Sadipur, Doshmile, Dinajpur Mail: hob.doshmile@midlandbankbd.net PABX: +(88) 096 66 410 933 / +(88) 096 11 410 933	Md. Ahsanul Alam, JAVP Phone: 01712068328 Email: ahsanul.alam@midlandbankbd.net PBX: 09666-410933 Ext.1063
34	Fatullah Branch	Islam Super Market, Fatullah Bazar, Narayanganj Mail: hob.fatullah@midlandbankbd.net PABX No : +(88) 096 66 410 934 / +(88) 096 11 410 934	S M Syed-Al-Islam, FAVP Phone: 01985700290,01818502352 Email: syed.islam@midlandbankbd.net PBX: 09666-410934 Ext.934 -290

## MDB Service Network (Sub-Branches)

Sl.	Sub-Branch Name	Address	Manager, Sub-Branch
1	Madhabdi Sub-Branch	Madhabdi Pourashava office Bhaban, Madhabdi, Narsingdi	Monir Hossain, PO - Cash Phone: 01985700251,01611099977 Email: monir.hossain@midlandbankbd.net PBX: 09666-410914 Ext.914 -251
2	Lakshmipur Sub -Branch	R. S. Tower (1st floor), Hospital Road, Sador , Lakshmipur	G. M. Bakibillah, EO Phone: 01985700979,01724896617 Email: m.bakibillah@midlandbankbd.net PBX: 09666-410921 Ext.921 -979

Sl.	Sub-Branch Name	Address	Manager, Sub-Branch
3	Rupnagar Sub-Branch	House #56, Road#19, Rupnagar R/A Rupnagar, Mirpur Dhaka	Md. Nazir- Uz-Zaman, EO Phone: 01958700267, 01987111666 Email: mdnaziruz.zaman@midlandbankbd.net PBX: 09666-410926 Ext.926-267
4	Motijheel Sub-Branch	Showantex Tower (ground floor), House no. 9/I, Motijheel C/A, Dhaka	A. M. Sadeeque Hassan Phone: 01985700261, 01819185656 Email: sadeeque.hassan@midlandbankbd.net PBX: 09666-410901 Ext.901-261
5	Shahjadpur Sub-Branch	CCMPSL Tower, Holding No. 412, Ward No. 06, Shahjadpur, Shirajgonj	Md. Salim Hossain, EO Phone: 01985700622, 01911666669 Email: salim.hossain@midlandbankbd.net PBX: 09666-410920 Ext.920-622
6	Chatkhil Sub-Branch	Aziz Super Market, Holding No -629, C&B Road, Ward No-3, Chatkhil, Noakhali	Md. Shofiquel Islam, EO Phone: 01923288297, 01610-173536 Email: mdshofiquel.islam@midlandbankbd.net PBX: 09666-410924 Ext.1067
7	Rajshahi City Corporation Sub-Branch	Nagar Bhaban, Holding No -142, Greater Road, Ward No-13, Rajshahi City Corporation, P.S - Boalia, Dist. -Rajshahi	Mr. Kudrat -E-Khoda Md. Samiul Karim, SAVP Phone: 01711951247, Email: samiul.karim@midlandbankbd.net PBX: 09666-410929 Ext.929-312

## MDB Service Network (Collection Booths)

Sl.	Name of Collection Booth	Address	Assigned Officer
1	BRTA Collection Booth	DC Office, Bogura.	Mr. Md. Ahsan Habib, AVP Phone: 01985700302, 01711107239 Email: ahsan.habib@midlandbankbd.net PBX: 09666-410920 Ext.920-302
2	REB Collection Booth	Silimpur, Bogura	Mr. Md. Ahsan Habib, AVP Phone: 01985700302, 01711107239 Email: ahsan.habib@midlandbankbd.net PBX: 09666-410920 Ext.920-302
3	Bogura Pouroshova Collection Booth	Pouroshova, Bogura	Mr. Md. Ahsan Habib, AVP Phone: 01985700302, 01711107239 Email: ahsan.habib@midlandbankbd.net PBX: 09666-410920 Ext.920-302
4	REB Collection Booth	Shibgonj, Mokamtola	Mr. Md. Mejbahur Rahman, Phone: 01718881471 Email: mejbahur.rahman@midlandbankbd.net PBX: 09666-410918, Ext. 1085
5	Southeast University Booth -1 (Banani)	House # 64, Road # 18, Block -3, Banani, Dhaka-1213	Mr. Md. Ibrahim Khalil, AVP Phone: +8801985700045, 01711106643 Email: ibrahim.khalil@midlandbankbd.net PBX: 09666-410999 Ext.902-045
6	Southeast University Booth -2 (Tejgaon)	251/A p; 252, Tejgaon I/A Dhaka-1215	Mr. Md. Ibrahim Khalil, AVP Phone: +8801985700045, 01711106643 Email: ibrahim.khalil@midlandbankbd.net PBX: 09666-410999 Ext.902-045
7	Narsingdi Pouroshova Collection Booth	Pouroshova, Narsingdi	Mohammad Faruq Ur Rahman, AVP Phone: 01985700307, 01715186240 Email: faruq.rahman@midlandbankbd.net PBX: 09666-410914 Ext.914-307



## Agent Banking Centres

SL.	Name of Agent	SL.	Name of Agent
1	Maf Electric Agent Banking Centre, Thanar More, Anwara, Chottogram.	31	Population Crisis Control & Mass Education Committee Agent Banking Centre, House# 180, Road# 12, Sonadanga, Khulna.
2	BASTOB-Initiative For People's Self-Development Agent Banking Centre, Malumghat Bazar, Dulahazra, Chakaria, Coxsbazar	32	Population Crisis Control & Mass Education Committee Agent Banking Centre, Ashashuni Satkhira -9460, Satkhira
3	Costal Association for Social Transformational Trust Agent Banking Centre, Torabganj Bazar, Torabganj, Kamalnagar, Lakshmipur	33	Population Crisis Control & Mass Education Committee Agent Banking Centre, Shyamnagar, Satkhira -9450, Satkhira
4	Tracer Service Limited Agent Banking Centre, 134/3, ECB Chattar, Matikata, Dhaka Cantonment, Dhaka	34	Raju Poultry Firm Agent Banking Centre, Lobonchara Nodir Teer, Shipyard, Lobonchara, Khulna
5	MA Enterprise Agent Banking Centre, Chanderchar bazar, Umedpur, Shibchar, Madaripur	35	A K Traders Agent Banking Centre, Dharampur Bazar, Bheramara, Kushtia
6	Janani Traders Agent Banking Centre, Fatepur bazar, Chandahar, Singair, Manikganj	36	Raju Poultry Firm Agent Banking Centre, Shingher Char, Natun Bazar, Rupsha, Khulna
7	Z.R. Corporation Agent Banking Centre, 1 no Kalma bazar, Savar, Dhaka	37	Maysha Enterprise Agent Banking Centre, Dhakkin Khanpur, Khanpur, Bagerhat Sadar, Bagerhat
8	Shiza Enterprize Agent Banking Centre, Hossen Market, Dattapara, Tongi, Gazipur	38	M/S Shikder Fisheries Agent Banking Centre, Churkhai Bazar, Churkhai, Kotwali, Mymensingh
9	Yes Engineering & Technology Agent Banking Centre, Chandrapara Bazar, Sadarpur, Faridpur	39	M/S Shikder Fisheries Agent Banking Centre, Shomvuganj Bazar, Mymensingh Sadar, Mymensingh
10	Bhai Bhai Garage Agent Banking Centre, Shahorail Bazar, Singair, Manikgonj	40	Gazi Agro Farm Agent Banking Centre, Kashore Bazar, Habirbari, Valuka, Mymensingh
11	Mandol Hardware Agent Banking Centre, Jhaturdia Bazar, Nagarkanda, Faridpur	41	Ababil Telecom Agent Banking Centre, Puranakoil bazar, Puranakoil, Sadar, Joypurhat
12	Society for Family Happiness and Prosperity (FHP) Agent Banking Centre, Darikandi, Bajitpur, Kishoreganj	42	M/S. Robin Traders Agent Banking Centre, Mostail Bazar, Bohail, Shahjahanpur, Bogra
13	Mahi Enterprise Agent Banking Centre, Baliyahati Bazar, Baliyahati, Bhanga, Faridpur	43	Ha-Mim Enterprise Agent Banking Centre, Monjhar Bazar, Khetlal, Joypurhat
14	Roni Enterprise Agent Banking Centre, Paril Bazar, Paril, Singair, Manikganj	44	Deshbondhu Solar and Electronics Agent Banking Centre, Amtoli Bazar, Guzia, Shibgonj, Bogura
15	Protik Electronics Agent Banking Centre, Tuitail Bazar, Tashulla Banglabazar, Nawabganj, Dhaka.	45	Forid Traders Agent Banking Centre, Sonahata bazar, Dhunot, Bogura
16	Shahin Enterprise Agent Banking Centre, Salna Bazar, Gazipur Sadar, Gazipur	46	Tonoya Traders Agent Banking Centre, Kundugram, Adomdighi, Bogura
17	SM LINK Agent Banking Centre, Shiruail Bazar, Hat Shiruail, Shibchar, Madaripur	47	Master & Sons Agent Banking Centre, Oddirgola Bazar, Sabgram, Bogura Sadar, Bogura
18	Sadekul Agro Farm Agent Banking Centre, Koroitola Bazar, Sreepur, Gazipur	48	Protik Electronics Agent Banking Centre, Horishkul Bazar, Jantrail, Nawabganj, Dhaka
19	Mehjabin Traders Agent Banking Centre, Palora Bazar, Betila, Sadar, Manikganj	49	M/S. Mozaddediya Enterprise Agent Banking Centre, Vill: Moshipur, UP: Shahjadpur, District: Sirajganj
20	United Social Human Advancement (USHA) Foundation Agent Banking Centre, Vill: Dighi Borabo, P.O: Jatramura, Rupganj, Narayanganj -1360	50	M/S. Prapti Dairy Farm Agent Banking Centre, Vill: Dhunot officer para, psot: Dhunot, UP: Dhunot, Dist: Bogra -5850
21	Mehjabin Traders Agent Banking Centre, Lemubari notunhat, balirtek Road, Manikgonj	51	Deshbondhu Solar and Electronics Agent Banking Centre, Gujia Bazar Shibgonj, Bogra
22	K. H. Enterprise Agent Banking Centre, Narayanpur Bazar, Belabo, Narsingdi	52	M/S Fahmida Enterprise Agent Banking Centre, Shabrul Bazar, Shabrul, Shahjahanpur, Bogura.
23	Village Association for Social Development (VASD) Agent Banking Centre, Dholla Bazar, Dholla, Shingair, Manikganj	53	Sufia Traders Agent Banking Centre, Buriganj Bazar, Shibganj, Bogura
24	Sarker Apparels Food & Trading Limited Agent Banking Centre, Kadamtala, Basabo, Sabujbag, Dhaka -1214	54	Esrat Koushik Traders Agent Banking Centre, Rameshwarpur, Pirgacha, Gabtoli, Bogura
25	Wali Enterprise Agent Banking Centre, Shibchar bazar, Shibchar, Madaripur	55	Zahanara Agro International Agent Banking, Altafnagar bazar, Altafnagar, Dupchachia, Bogura -5881 Centre
26	Population Crisis Control & Mass Education Committee Agent Banking Centre, Paikgacha Bazar, Paikgacha, Khulna -9280	56	Durjoy Medical Store Agent Banking Centre, Kagail bazar, Kagail, Gabtoli, Bogura
27	Raju Poultry Firm Agent Banking Centre, Rahimnagar, Rupsha, Khulna	57	R N Enterprise Agent Banking Centre, Atapara bazar, Sonarai, Gabtoli, Bogura
28	Zahid Enterprise Agent Banking Centre, 48/1 Lobonchora Nodir Teer, Khulna	58	Mehedi Traders Agent Banking Centre, Pakerhat, Khanshama, Dinajpur
29	Population Crisis Control & Mass Education Committee Agent Banking Centre, Koyra, Khulna -9290	59	M/S Bornomala Agent Banking Centre, Mohimaganj Bazar, Mohimaganj, Gobindaganj, Gaibandha
30	Population Crisis Control & Mass Education Committee Agent Banking Centre, Dakop, Khulna -9272	60	Ogrozatra Private Limited Agent Banking Centre, Jumarbari bazar, Saghata, Gaibandha

## ATM/Fast Track

SI No	ATM Name	Location	Site	Tagged Branch
1	Banani	Hong Kong Shanghai Tower, Plot #106, Road#11, Block#C, Banani, Dhaka	Onsite	Banani Branch
2	Agrabad	As- Salam Tower, 57, Agrabad Commercial Area (1st Floor), Chittagong	Onsite	Agrabad Branch
3	Dhanmondi	Green Rowshanara Tower, House# 755(Old), 55(New), Satmasjid Road, Dhanmon di, Dhaka 1205	Onsite	Dhanmondi Branch
4	Hemayetpur	Ayesha Tower (1st Floor), 522 Singair Road, Hemayetpur, Savar, Dhaka	Onsite	Hemayetpur Branch
5	Mirzapur Bazar	Mannan Plaza, Mirzapur Bazar, Bhawal, Mirzapur Sadar, Gazipur	Onsite	Mirzapur Bazar Branch
6	Panchar	Dia-Moni Plaza (1st Floor), Panchar, Shibchar, Madaripur	Onsite	Panchar Branch
7	Aganagar	Maksuda Garden City (Ground Floor), Aganagar, South Keranigonj, Dhaka	Onsite	Aganagar Branch
8	Gulshan	NB Tower, Level -5, 40/7 North Avenue, Gulshan -2, Dhaka-1212	Onsite	Gulshan Branch
9	Panchrukhi	Shopon Tower, Panchrukhi Bazar, Araihaajar, Narayanganj	Onsite	Panchrukhi Branch
10	Kamarpara	JomJom Tower, Kamarpara School Road, Dhaka	Onsite	Kamarpara Branch
11	Narshingdi	Helal Tower, First & second floor, 211 Shahid Shorwadi Park Road, Narshingdi	Onsite	Narsingdi Branch
12	Narayanganj	55/A, Ground Floor, Tanbazar, Narayanganj	Onsite	Narayanganj Branch
13	Valuka	Jamirdia, Masterbari, Valuka, Mymensingh	Onsite	Valuka Branch
14	Amtranet - Tongi	Amtranet Group, Maa Tower (Ground Floor), KBM Road, Tongi I/A , Gazipur	Offsite	Uttara Branch
15	Amtranet - Savar	Amtranet Limited , KASBA TOWER, Rajashan Industrial Area, Savar	Offsite	Hemayetpur Branch
16	Mokamtola	Majeda Plaza (Ground Floor), Talukdar Market, Mokamtola, Shibganj, Bogura	Onsite	Mokamtola Branch
17	CDA Avenue	EVE's Centre (Ground Floor) , A 1/47 P, East Nasirabad, Panchlaish, Chattogram	Onsite	CDA Avenue Branch
18	Chowdhuryhat	Abdul Rashid Market (Ground Floor), Chowdhury Hat , Hat Hajari, Chattogram	Onsite	Chowdhuryhat Branch
19	Bogura	Amicus Plaza, 1st floor, Shahid Abdul Jabbar Sarak, Joleshwari Tola, Bogura	Onsite	Bogura Branch
20	Zirabo	Razzak Commercial Complex, Zirabo, Ashulia, Savar, Dhaka	Onsite	Zirabo Branch
21	Uttara	ABC Heritage (Ground Floor), Plot 2 & 4, Sector 3, Jashimuddin Avenue, Uttara Model Town, Dhaka	Onsite	Uttara Branch
22	Amanat Shah - Narsingdi	Amanat Shah Spinning Mills, Vatara, Panchdona, Narsingdi	Offsite	Narsingdi Branch
23	Dalal Bazar	Montaz patwary Mansion (Ground floor) , Lakshmipur Sadar, Lakshmipur	Onsite	Dalal Bazar Branch
24	Sylhet	M.S Tower (Ground floor), Mirboxtola, Chowhatta, Sylhet	Onsite	Sylhet Branch
25	Madhabdi Uposhakha	Madhabdi Pourashava Office Bhaban, Madhabdi, Narsingdi	Onsite	Narsingdi Branch
26	Mirpur	Hyperion Rose, Holding No -61/1-2, Block-B, Road No-4, Ward No-2, Section-12, Pallabi, Dhaka	Onsite	Mirpur Branch
27	Foyla Bazar	98/1 Haji Market, Bara Nawabpur, Faylabazar, Ujalkur, Rampal, Bagerhat	Onsite	Foyla Bazar Branch
28	Khulna	Tayamun Centre (Ground Floor), 181/1 Jessore Road, Khulna	Onsite	Khulna Branch
29	Sompara Bazar	Islam Plaza (Ground Floor), School Road, Sompara Bazar, Chatkhil, Noakhali	Onsite	Sompara Bazar Branch
30	Maligram	Vashra, Maligram, Deora, Bhanga, Faridpur	Onsite	Maligram Branch

SI No	ATM Name	Location	Site	Tagged Branch
31	Paragram	West Paragram Bazar, Nawabganj, Dhaka (Right side of Singair Road)	Onsite	Paragram Branch
32	Rajshahi	Rahamania Tower, Holding -57,58 & 60, Ganok Para, Station Road, Ward -12, P.S.-Boalia, Dist - Rajshahi	Onsite	Rajshahi Branch
33	Islampur	Emon Tower, Holding -61, Islampur Road, Ward -36, P.S.-Kotowali, Dist - Dhaka	Onsite	Islampur Branch
34	Dilkusha	Chini Shilpa Bhaban, 3, Dilkusha C/A, Dhaka -1000	Onsite	Dilkusha Corporate Branch
35	Doshmile	Hossain Monzil, East Sadipur, Doshmile, Dinajpur	Onsite	Doshmile Branch
36	Bheramara	Godown Moor, Bheramara Highway, Kushtia	Onsite	Bheramara Branch
37	Shashongacha	Meem Tower, Shashongacha, Adarsha Sadar, Cumilla	Onsite	Shashongacha Branch
38	Lakshmipur Sub-Branch	R.S Tower, Hospital Road, Lakshmipur Sadar, Lakshmipur	Onsite	Mirpur Branch
39	Rupnagar Sub-Branch	House # 56, Road # 19, 1st Floor, Rupnagar, Mirpur, Dhaka	Onsite	Mirpur Branch
40	Motijheel Sub-Branch	Swantex Bhaban, 9/i, Motijheel C/A, Dhaka	Onsite	Dilkusha Corporate Branch
41	Fatullah Branch	Fatullah Bazar, Ward: 04, Union: Fatullah, Thana: Narayanganj, Dist: Narayanganj	Onsite	Fatullah Branch
42	Shahjadpur Sub-Branch	Sahajadpur CCMPSL Bhaban, Sahajadpur, Sirajgonj	Onsite	Bogura Branch
43	Rajshahi City Copr. Sub-Branch	Nagar Bhaban, Holding No -142, Greater Road, Ward No -13, Rajshahi City Corporation, P.S -Boalia, Dist.-Rajshahi	Onsite	Rajshahi Branch
44	Chatkhil Sub-Branch	Aziz Super Market, Holding No -629, C&B Road, Ward No-3, Chatkhil, Noakhali	Onsite	Sompara Bazar Branch





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