

Directors' Report



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Dear Stakeholders,

The Board of Directors welcome you all in the 10th 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, 2022. 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 Economy

While global economy was recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. International organisations revised their forecasts for economic growth prospects and inflations. As per the United Nations (UN) publication 'World Economic Situation and Prospect 2022', the global economy grew by 5.50% in 2021, the highest growth rate since 1976, after contracting 3.40% in 2020. Global economy is expected to grow by 4.00% in 2022 and 3.50% in 2023. In the World Bank's Global Economic Prospect, January 2022, the global economic growth is projected 4.10% and 3.20% in 2022 and 2023 respectively, while growth was estimated 5.50% in 2021.

Sluggish growth rates between advanced economies and emerging and developing economies will be divergent. Growth in advanced economies is expected to decline from 5.00% in 2021 to 3.80% in 2022 and 2.30% in 2023. This growth rate will be sufficient to restore output and investment to their pre-pandemic trend in these economies. In emerging and developing economies, however, growth is expected to drop from 6.30% in 2021 to 4.60% in 2022 and 4.40% in 2023. The report stressed that by 2023, all advanced economies will have achieved a full output recovery; yet output in emerging and developing economies will remain 4.00% below its pre-pandemic trend. For many vulnerable economies, the setback is even larger: output of fragile and conflict-affected economies will be 7.50% below its pre-pandemic trend, and output of small island states will be 8.50% below.

In the World Economic Outlook (WEO) April 2022, International Monetary Fund (IMF) projected that the global economy will grow by 3.60% both in 2022 and 2023. The projections for 2022 and 2023 are 0.80% and 0.20% points lower than in the January 2022 WEO update. Global growth is forecasted to decline to about 3.30% over the medium term beyond 2023.

Macroeconomic Situation: Bangladesh Context

Bangladesh economy was growing consistently high over a decade crossing 7.00% milestone in FY 2015-16 and 8.00% milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.45% in FY 2019-20. The economy grew by 6.94% in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25% in FY 2021-22,

0.05% point higher than the target rate and 0.31% point higher than the previous fiscal year.

According to provisional estimate of BBS, per capita GDP and per capita national income stood respectively at US\$ 2,723 and US\$ 2,824 in FY 2021-22 compared to US\$ 2,462 and US\$ 2,591 respectively in FY 2020-21. The consumption increased to 78.44% of GDP in FY 2021-22 from 74.66% in FY 2020-21. The gross investment stood at 31.68% of GDP in FY 2021-22, where public investment and private investment accounted for 7.62% and 24.06% of GDP, respectively. Medium-term forecasts for GDP growth rates are 7.50% in FY 2022-23, 7.80% in FY 2023-24 and 8.00% in FY 2024-25.

Inflation in FY 2020-21 stood at 5.56%, which is 0.09% point lower than FY 2019-20. Of which food and non-food inflation accounted for 5.73% and 5.29%, respectively. Like all other countries of the world, an upward trend of price level is being observed in Bangladesh as the economic damages created by COVID-19 pandemic which is triggered by war in Ukraine. The point-to-point inflation in March 2022, stood at 6.22%, compared to the inflation rate 5.47% in March 2021.

The recent trends in weighted average lending and deposit rates show downward movement. The weighted average lending rate decreased to 7.10% at the end of February 2022 from 7.48% of end February 2021. Similarly, the deposit rate continuously decreased to 4.02% in February 2022 from 4.44% in February 2021. The reduction in market-based interest rates has been due to the increase in excess liquidity available to banks and the reduction in interest rates, bank rate and refinancing scheme policies adopted by Bangladesh Bank. [source: mof.portal.gov.bd]

Executive Summary

- ❖ Growth of broad money (M2) decelerated while growth of credit to the private sector accelerated in Oct'22 than that of the same month of the preceding year;
- ❖ Reserve money growth was lower in Oct'22 than that of Oct'21;
- ❖ Weighted average call money rate in the inter-bank money market soared to 5.80% in Nov'22;
- ❖ Weighted average interest rate spread of all banks and NBFIs narrowed in Oct'22;
- ❖ NBR tax revenue collection augmented notably during July-September of FY23;
- ❖ Banking sources have been the main component of Government deficit financing during July-October of FY23;
- ❖ Headline inflation rate (point to point) inched down in Nov'22 while 12-month average inflation edged up;
- ❖ The average general index of industrial production rose significantly during July-August, 2022;

- ❖ The disbursement of agricultural credit increased while that of non-farm rural credit dropped during July-October of FY23;
- ❖ Both the disbursement and the recovery of industrial term loans increased during April-June of FY22;
- ❖ Merchandise commodity exports climbed up during July-November of FY23;
- ❖ Merchandise imports rose during July-October of FY23;
- ❖ Fresh opening of import LC fell during July-September of FY23;
- ❖ Inflow of remittances increased during July-November of FY23;
- ❖ Forex reserves registered at USD 33.79 billion as on Nov'22;
- ❖ Receipts of total foreign aid and net foreign aid decreased during July-October of FY23;
- ❖ Current account balance and overall balance recorded a higher deficit during July-October of FY23.

Movements of monetary indicators

Broad money (M2) recorded to 8.30% growth (y-o-y) at the end of October 2022 as compared with 10.75% growth at the end of the same month of the previous year because of the negative growth of 13.46% in net foreign assets (NFA) of the banking system. On the other hand, private sector credit growth surged to 13.91% (y-o-y) in October 2022 compared with 9.44% growth at the end of the same month of the preceding year.

Reserve money registered a 4.85% growth (y-o-y) at the end of Oct'22 compared to 10.65% growth at the end of Oct'21; due to a decrease of net foreign asset (NFA) by 13.72% at the end of Oct'22, while it had increased by 11.23% at the end of the same month of the preceding year.

Financial sector prices

The weighted average call money rate in the inter-bank money market soared up to 5.80% in Nov'22 from 4.88% in June'22, indicating waning of excess reserves in the banking system. The spread between the weighted average interest rate on advances and deposits of all banks and NBFIs slightly narrowed to 3.02 percent and 1.59 percent respectively in October 2022 from 3.03 percent and 1.63 percent of September 2022.

Public finance

NBR tax revenue collection during July-September of FY23 increased 15.68% to BDT 671,244.50 million against the collection of BDT 580,235.10 million during the corresponding period of FY22. However, this amount of collection during July-September of FY22 was 18.14% of the target set for FY23 (Budget for FY23). Among the three sources (banking system, non-bank and foreign) of government deficit financing, the largest share was from the banking sources during July-October of FY23. Domestic debt to GDP ratio narrowed to 16.05% in October of FY23 from 17.38% in June of FY22.

Inflation scenario and index of industrial production

The point-to-point headline inflation inched down to 8.85% in Nov'22 from 8.91% in Oct'22 while twelve-month average headline inflation was pulled up to 7.48% in Nov'22 from 7.23% in Oct'22.

External sector performance

Merchandise commodity exports during July-November of FY23 increased 10.89% to USD 21,946.06 million compared to USD 19,790.87 million during July-November of FY22. Custom based imports increased by 6.69% to USD 27,560.00 million during July-October of FY23 against USD 25,831.20 million during July-October of FY22. Fresh opening of import LCs during July-September of FY23 fell by 8.57% to USD 18,580.92 million. Total receipts from overseas workers' remittances 2.14% to USD 8,793.12 million during July-November of FY23 against USD 8,608.87 million during July-November of FY22.

Gross foreign exchange reserves of BB reached USD 33,789.62 million at the end of Nov'22 declining from USD 35,808.73 million at the end of Oct'22. Total foreign aid receipts lowered by 25.02% during July-October of FY23 to USD 1970.61 million compared to the level of July-October of FY22. Net foreign aid also lowered by 31.69% during July-October of FY23 compared to the period under review. Deficit in current account balance widened to USD 4501 million during July-October, FY23 from USD 3834 million during July-October, FY22. In addition, overall balance recorded a deficit of USD 4872 million during July-October, FY23 against deficit of USD 1339 which is USD 3533 million higher than the same period of previous year. [source: BB website]

The impact of monetary tightening and cooling export growth will be a major drag on economic growth in 2023/24. It is forecasted that; real GDP to grow by 5.90% in 2023/24, picking up slightly from an estimated 5.50% in 2022/23. It is also considering that financial assistance from the IMF will help Bangladesh to preserve its macroeconomic stability and bolster its foreign-exchange reserves. It is expected that the sovereign will meet its debt repayments (source: Economist Intelligence Unit).

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), Collection Booths and Alternative Delivery Channels (ATM booths, Internet Banking, Debit/Credit/Prepaid Cards, etc.) across the country. 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 200 retailers. MDB digital banking service is integrated with bKash, Rocket, Nagad and Upay 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 actions plan 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 introducing 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 resources management system to motivate and retain the workforce and transform into human assets through appropriate and extensive training and learning culture.
- ❖ Strengthen internal control & compliance and monitoring thereon.
- ❖ Introduce in-depth research for developing brand strategy to create an optimum brand value.
- ❖ Control of cost at every level of operations by ensuring budgetary goal.
- ❖ Improve internal governance through strengthening good corporate cultures, motivation, training and supervision as per KPIs in all level of management.
- ❖ Expand CSR related activities and ensure the green banking activities.

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

Branch Network:

Midland Bank Limited commenced its business on 20 June 2013. The first branch was opened at Dilkusha commercial area in the name and style "Dilkusha Corporate Branch" on the inauguration day of the Bank. At the end of 2022, the number of branches stood at 37 (18 Urban and 19 Rural), 16 Sub-Branches, 58 ATMs, 109 Agent Banking Centers (ABCs) and 11 Bill Collection Booths covering commercially important locations across the country. The Management foresees to open another 2 Urban Branches, 2 Rural Branches, 6 Sub-Branches, 66 Agent Banking Centers in the coming year 2023.

Islami Banking Window (MDB Saalam)

The Bank obtained permission for Islami Banking Windows (IBW) from Bangladesh Bank. Islami banking windows (MDB Saalam), after getting approval from Bangladesh Bank was launched on 23 April 2020. The Bank is operating its Islami banking under one window in Gulshan Branch, Dhaka. Through the IBW, 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 Annexure 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 Annexures H.

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

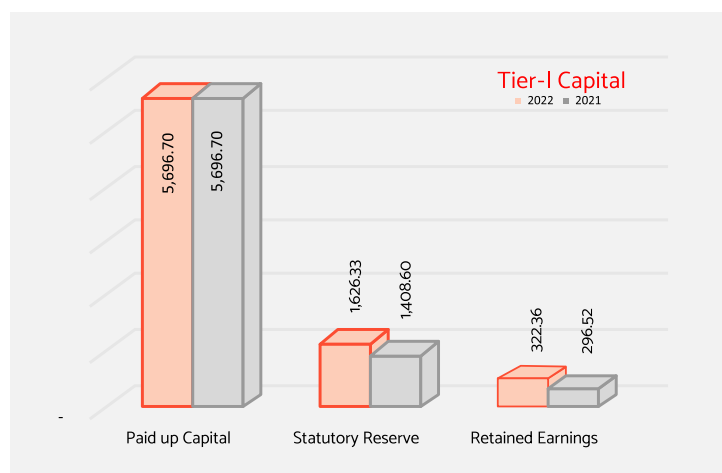
We firmly believe that capital base of the Bank is our ultimate strength. This is the first time ever in Bangladesh, all the 4th Generation Banks commenced their commercial operation with huge initial paid-up capital of BDT 4,000 million. Apart from the

paid-up capital, we were able to enlarge the shareholders' equity of the Bank to BDT 7,646.54 million at the end of 2022 from BDT 7,404.26 million in 2021. The Capital to Risk Weighted Assets of the Bank increased to BDT 55,257.43 million in 2022 from BDT 51,240.21 million in 2021. As a result, Capital to Risk Weighted Assets Ratio (CRAR) reported to 14.83% in 2022, against regulatory requirement of 12.50% under BASEL-III regime including 2.50% capital buffer.

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

Core Capital (Tier- I)

Particulars	In BDT Million		% of Growth in 2022 over 2021
	December 2022	December 2021	
Paid-up Capital	5,696.70	5,696.70	0.00%
Statutory Reserve	1,626.33	1,408.60	15.46 %
Retained Earnings	322.36	296.52	8.71 %
Intangible Assets	(14.78)	(22.00)	(32.8 2%)
Sub -Total (A)	7,630.60	7,379.82	3.40 %

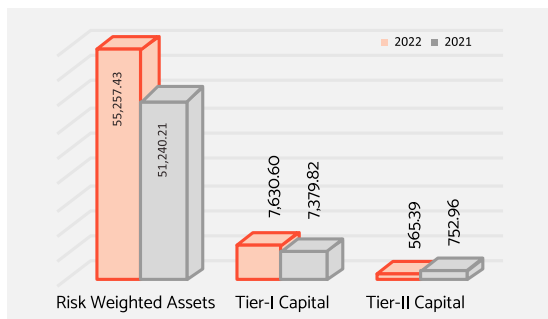


Supplementary Capital (Tier- II)

Particulars	In BDT Million		% of Growth in 2022 over 2021
	December 2022	December 2021	
General Provision	565.39	752.96	(24.91%)
Securities Revaluation Reserve	-	-	-
Sub -Total (B)	565.39	752.96	(24.91%)
Sub -Total (A)	8,196.00	8,132.78	0.78%

Capital to Risk Weighted Assets Ratio (CRAR)

Particulars	In BDT Million		% of Growth in 2022 over 2021
	December 2022	December 2021	
Total Risk Weighted Assets	55,257.43	51,240.21	7.84%
Tier-I (Core) Capital Ratio	13.81%	14.40%	(0.59%)
Tier-II (Supplementary) Capital Ratio	1.02%	1.47 %	(0.45%)
Capital to Risk Weighted Asset Ratio (CRAR) (Minimum Requirement is 12.50%)	14.83%	15.87%	(1.04%)



Financial Performance of MDB

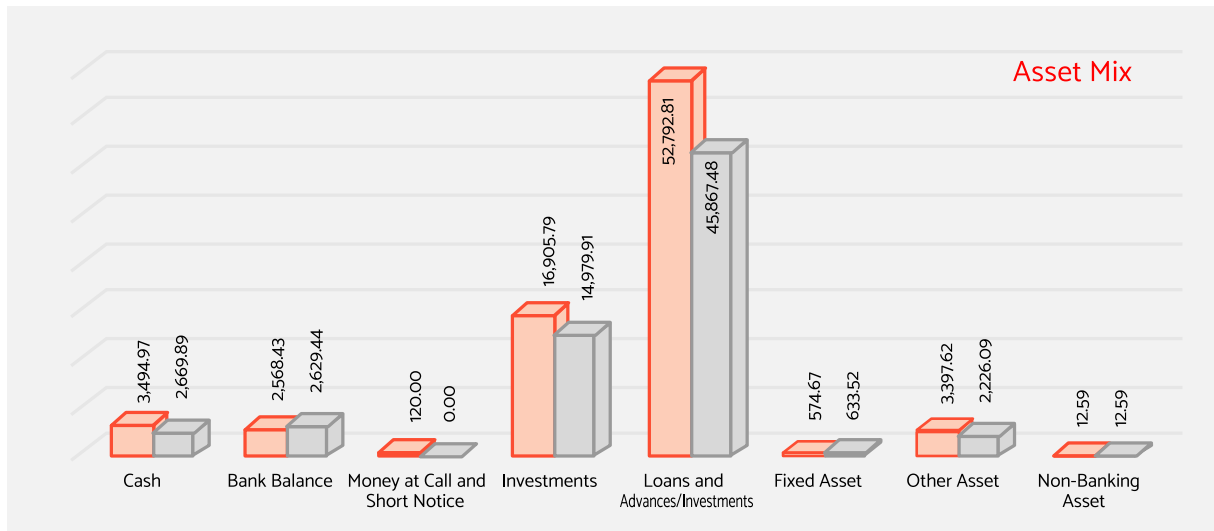
❖ Balance Sheet

Particulars	In BDT Million		% of Growth in 2022 over 2021
	December 2022	December 2021	
Cash and Bank Balances	6,063.39	5,299.33	16.68%
Investments	16,905.79	14,979.91	12.86%
Loans & Advances	52,792.81	45,867.48	15.10%
Fixed Assets	574.67	633.52	-9.29%
Other Assets	3,397.62	2,226.09	52.63%
Non-banking Assets	12.59	12.59	0.00%
Total Assets	79,866.87	69,018.91	15.72%
Borrowings from other Banks, Financial Institutes and Agents	8,243.23	5,949.30	38.56%
Deposits and Other Accounts	57,763.01	50,730.04	13.86%
Other Liabilities	6,214.09	4,935.31	25.91%
Capital/Shareholders' Equity	7,646.54	7,404.26	3.27%
Total Liabilities	79,866.87	69,018.91	15.72%

❖ Assets

Total Assets of the Bank stood at BDT 79,866.87 million in 2022 compared to BDT 69,018.91 million in 2021, i.e., growth up by 15.72% over 2021. During the year 2022, Loans & Advances growth was 15.10% and Investment in Govt. Treasury bills/bonds and others increased by 12.86% over the previous year 2021. Fixed assets decreased by 9.29% over 2021, due to amortisation of fixed assets and no remarkable assets were procured during the reporting year.

On the other hand, the growth of deposits was at 13.86% and shareholders' equity grew by 3.27% over 2021. 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 and SLR purpose with Bangladesh Bank in accordance with Bangladesh Bank guideline.



❖ Cash in hand

Cash in hand balance stood at BDT 3,494.97 million in 2022 compared to BDT 2,669.89 million in 2021, i.e., 30.90% growth over 2021.

❖ Balance with other Banks, Financial Institutions and its Agents

The aggregate position of cash at Banks and NBFIs, including call money was BDT 2,568.43 million in 2022, compared to BDT 2,629.44 million in 2021, i.e., 2.32% behind over 2021, due to encashment of matured placement fund with other Banks and NBFIs for keeping ADR and wholesale borrowing limit in line with regulatory guideline.

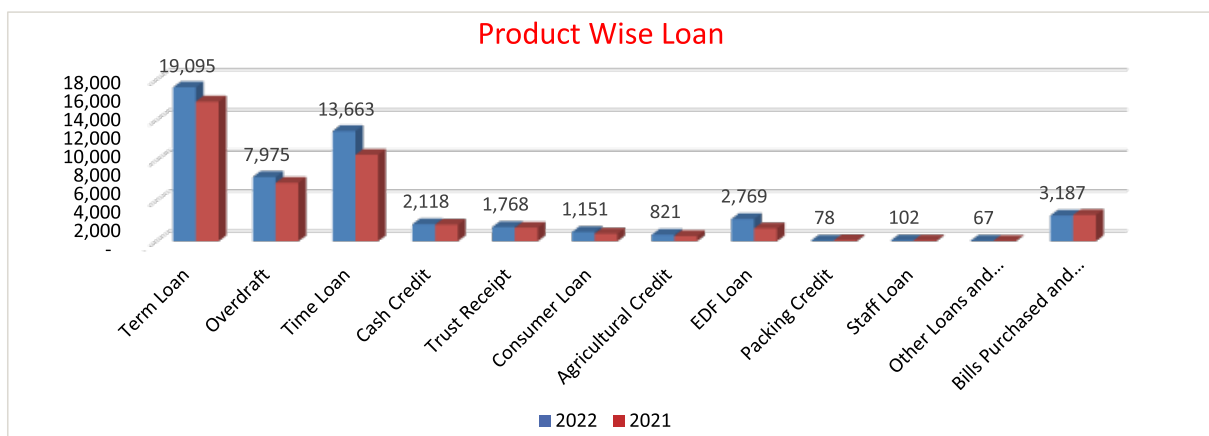
❖ Investments

During the year ended on December 31, 2022, the investment increased by 12.86% to BDT 16,905.79 million in 2022 from BDT 14,979.91 million in 2021. Bank's investment comprises of government securities of BDT 13,186.01 million and other investments of BDT 3,719.78 million (investment in debenture, corporate bond, etc.). Investment in government securities increased by BDT 824.94 million over 2021, due to fresh investment in Treasury bills/bonds during the year.

❖ Loans and Advances

Loans and Advances was at BDT 52,792.81 million in 2022 compared to BDT 45,867.48 million in 2021, i.e. representing a growth up by 15.10% year-on-year basis. Yield on loans and advances decreased to 7.47% in 2022 from 7.69% in 2021, due to decrease in the lending rate into single digit, i.e. @ 9% effective from April 2020, as well as increasing NPL during the year. Non-performing Loans (NPLs) increased to BDT 1,469.65 million in 2022 from BDT 1,455.05 million in 2021. NPL ratio decreased to 2.78% in 2022 from 3.17% in 2021.

Concentration of loans and advances was well diversified details of which are explained in the financial statements (note # 07). Strategic focus on no-compromise with asset quality from the onset of our journey has been pursued in every standard of credit management. Based on contractual maturity terms 52.95% of the current loan portfolio will be matured less than one year, 28.16% will be matured more than one year, but less than 5 years and rest 18.89% will be matured more than 5 years (note # 7.04). Bank's Advance to Deposit Ratio (ADR) at the end of 2022 increased to 81.64% from 83.54% in 2021, 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 574.67 million in 2022, compared to BDT 633.52 million in 2021 (note # 8), demonstrating negative growth of 9.29%, due to amortization of assets, as well as no significant fixed assets procured during the reporting year. On the other hand, other assets comprise of advance income tax, advance office rent, accrued interest on investment, etc., amounted to BDT 3,397.62 million in 2022, compared to BDT 2,226.09 million in 2021 (note # 9B), showing growth of by 52.63% over 2021.

❖ 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 orders 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 and 100% provision has been kept against the said non-banking assets as per guidance of central bank.

❖ 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, 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 2022, Borrowings of the Bank increased by 38.56% to BDT 8,243.23 million in 2022 from BDT 5,949.30 million in 2021 (note # 11).

❖ Deposits

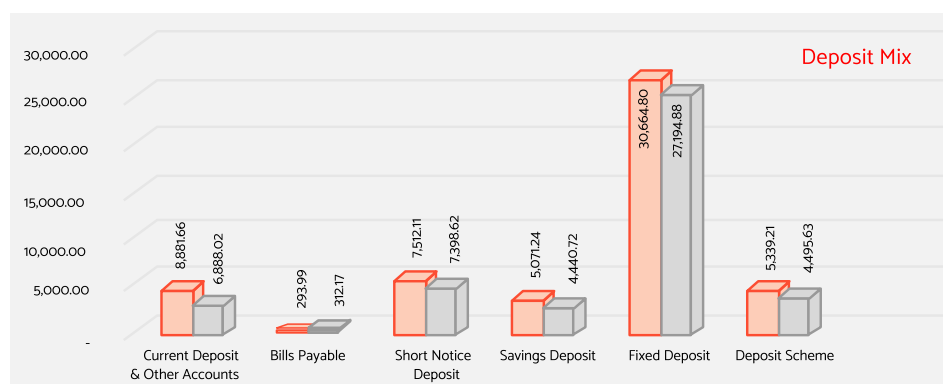
Customer Deposits are core source of funding for commercial banks. To scout the new customers, it was really challenging, being a fourth generation Bank in the industry. However, we were able to manage efficient mobilization of deposit mix. The success was well supported by expansion of Branch Network, ATM Booths, Agent Banking Centers (ABCs), Collection Centers, Central Liabilities Team, 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 and Institutional liability team for no-cost and low-cost deposits. The Bank also offered a number of attractive deposit schemes to cater to the needs of small and medium savers for improving not only the quantum of deposits, but also focusing on qualitative changes in future to the deposits structure.

The Bank successfully enhanced the deposit portfolio to BDT 57,763.01 million in 2022 with a growth of 13.86% compared to BDT 50,730.04 million in 2021 (note # 12). Cost of deposit and cost of fund stood at 5.01% and 6.38% in 2022, respectively as against 4.17% and 5.69% in 2021, 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 2022, MDB's deposit blend was stable with No-cost and Low- cost Deposits was at 37.67% of total Deposits,

Fixed Deposits to total Deposits was at 53.09% and Scheme Deposits to total Deposits was at 9.24%. 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 2022 over 2021	Deposit Mix(%)	
	2022	2021		2022	2021
Current Deposits	8,881.66	6,888.02	28.94%	15.38%	13.58%
Bills Payables	293.99	312.17	-5.82%	0.51%	0.62%
Short Notice Deposits	7,512.11	7,398.62	1.53%	13.01%	14.58%
Saving Deposits	5,071.24	4,440.72	14.20%	8.78%	8.75%
Fixed Deposits	30,664.80	27,194.88	12.76%	53.09%	53.61%
Scheme Deposits	5,339.21	4,495.63	18.76%	9.24%	8.86%
Total Deposits	57,763.01	50,730.04	13.86%	100.00%	100.00%



❖ Total liabilities other than shareholders' equity

Total liabilities excluding shareholders' equity of the Bank registered growth of 17.21% with a total volume of BDT 72,220.33 million in 2022 against BDT 61,614.65 million in 2021. Core Deposits of the Bank increased by 13.86% to BDT 57,763.01 million in 2022 from BDT 50,730.04 million in 2021.

❖ Equity

The shareholders' equity stood at BDT 7,646.54 million in 2022 compared to BDT 7,404.26 million in 2021, i.e., up by 3.27% over 2021. Statutory reserve was increased by BDT 217.73 million to BDT 1,626.33 million in 2022 against BDT 1,408.60 million in 2021, i.e., 15.46% up over 2021, while retained earnings increased by BDT 25.82 million to BDT 322.36 million in 2022, as against BDT 296.52 million in 2021, i.e., up by 8.72% over 2021, due to regularization of a large classified loan A/C: Sinha Spinning, which was classified as DF in 2021 by confiscation of its collateral securities of 54 lacs of shares of Lafarge Holcim Bangladesh.

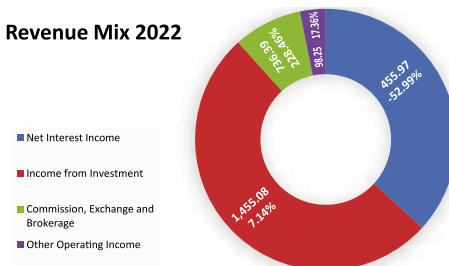
Income Statements

❖ Operating profit and Net profit after tax

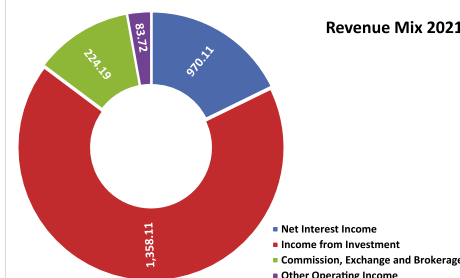
The Bank registered operating profit before tax and provision of loans BDT 1,526.73 million in 2022 against BDT 1,570.90 million in 2021, representing 2.81% behind of 2021. On the other hand, net profit after tax increased by 9.33% to BDT 561.97 million in 2022 from BDT 514.02 million in 2021, due to regularized one large loan A/C: Sinha Spinning by confiscation the lien collateral 54 lacs shares of LHBL, which was classified as DF in 2021. As a result, EPS stood at BDT 0.99 in 2022 against BDT 0.90 in 2021 and corresponding ROA during the period grew to 0.75% in 2022 from 0.78% in 2021 and ROE also grew to 7.47% in 2022 from 6.85% in 2021. Besides NAV per share grew to BDT 13.42 in 2022 against 13.00 in 2021. Details of net profit after tax given as under:

Particulars	BDT in Million		% of Growth in 2022 over 2021
	2022	2021	
Interest income	3,657.21	3,232.76	13.13%
Interest paid	(3,201.24)	(2,262.66)	41.48%
Net interest income	455.97	970.10	-52.99%
Investment income from Dividend	1,455.08	1,358.11	7.14%
Commission, fees and brokerage, etc.	736.39	224.19	228.46%
Other operating income	98.25	83.72	17.36%
Total operating income	2,745.69	2,636.12	4.16%
Operating expenses	(1,218.96)	(1,065.22)	14.43%
Net operating profit before provision and tax	1,526.73	1,570.90	-2.81%
Provision on Loans and Advances	(438.09)	(444.73)	-1.48%
Net Profit before tax	1,088.64	1,126.17	-3.33%
Provision for corporate tax	(526.67)	(612.15)	-13.96%
Net Profit after tax	561.97	514.02	9.33%
Earnings per share (EPS)	0.99	0.90	10.00%

Revenue Mix 2022



Revenue Mix 2021



❖ Net Interest Income

The interest income on loans and advances increased by BDT 424.45 million to BDT 3,657.21 million in 2022 against BDT 3,232.76 million in 2021, i.e., 13.13% growth up over 2021, due to increase loan portfolio by BDT 6,925.32 million during the financial year.

On the other hand, interest paid on deposit & borrowings increased by BDT 938.59 million to BDT 3,201.24 million in 2022 from BDT 2,262.66 million in 2021, i.e., increased by 41.48% over 2021, due to rise in cost of deposit by 0.84 basis point over 2021, as well as our deposit & borrowings increased by BDT 9,326.90 million over 2021. As a result, net interest income decreased by BDT 514.13 million to BDT 455.97 million in 2022 from BDT 970.11 million in 2021, i.e., growth down by 53.00% over 2021.

❖ Operating Expenses

Operating expenses of the Bank increased by BDT 153.74 million to BDT 1,218.96 million in 2022 compared from BDT 1,065.22 million in 2021, i.e., increased by 14.43% over 2021, due to increasing the branch networks and expansion of business activities during the year. By and large, Bank's administrative expenses remained steady during 2022 and other operational cost also kept in control during reporting period. However, a prudent management of expenses and cost-control are our relentless concern and we put in practice of our commitment to fair expenses in all banking operations under a strong accounts and auditing system.

❖ HR Productivity

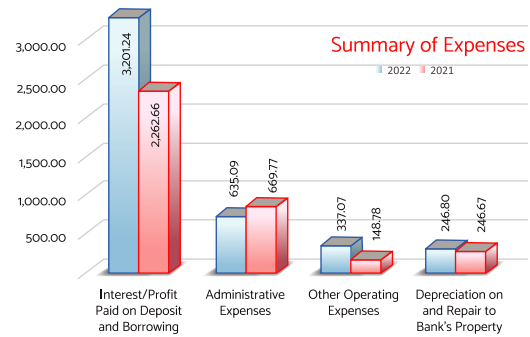
The proficiency of the employees contributed to grow which is evident from the following table:

Particulars	2022	2021	% of Growth in 2022 over 2021
Number of regular employee (excluding contractual employees in 2022 and 2021 were 239 and 225, respectively)	488	486	0.41 %
In BDT Million			
Operating income per employee	5.63	5.42	3.87 %
Operating expenses per employee	2.50	2.19	13.96 %
Operating profit before provision and tax per employee	3.14	3.23	(2.98 %)
Net profit after tax per employee	1.36	1.06	29.00 %

❖ General provision against Unclassified Loans (UCL)

General provision against UCLs (Standard & SMA) was BDT 452.40 million in 2022 against BDT 643.11 million in 2021 (note # 13.01).

General provision decreased by 190.71 million over the last same corresponding year, due to release of general provision for regularised of a large loan A/C: Sinha Spinning as DF last year. The Bank also maintained general provision against off-balance sheet exposures of BDT 112.99 million in 2022, compared to BDT 109.85 million in 2021 (note # 13.03) in compliance with regulatory guidelines. General provision is considered as Tier- ii capital of the Bank and acts as safeguard against future default and for supporting business growth by strengthening the capital base of the Bank.



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

Specific provision is required to keep against classified loans and advances (Sub-standard-SS, Doubtful Debts-DF & Bad Loss-BL) as per Bangladesh Bank guidelines. During the year 2022, Bank's specific provision increased by BDT 499.98 million to BDT 954.67 million in 2022 from BDT 454.69 million in 2021, due to classification of some default loan accounts during the year, so that NPL ratio stood at 2.78% against 3.17% in 2021 (note # 13.01).

❖ **Provision for investment in Shares/Debentures:**

General provision against investment in Shares/Debentures/Commercial Papers was BDT 242.94 million in 2022 compared to BDT 133.71 million in 2021. The provision increased by 109.23 million over the last same corresponding period, due to increase in the overdue of treasury investment during the year, as such additional provision has been kept as a matter of regulatory compliance (note # 13.00).

❖ **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% to 2.00% Special General Provision COVID-19 on all unclassified loans including SMA loans. As of December 2022, it was stood at BDT 170.87 million against BDT 186.29 million in 2021.

❖ **Net profit after tax:**

As per Income Tax Ordinance 1984 and Finance Act 2022, the Bank has to made adequate provision of current tax and deferred tax. As such, we have made a provision of BDT 526.67 million in 2022 against BDT 612.15 million in 2021 (note # 36.00). After making appropriate provision of tax, net profit after tax stood at BDT 561.97 million in 2022, compared to BDT 514.02 million in 2021, representing 9.33% growth over 2021. The significant growth in net profit after tax during the period is largely due to adjustment of BDT 37.63 crore from recovery.

❖ **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 before tax (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 2022 stood at BDT 1,626.33 million, compared to BDT 1,408.60 million in 2021, i.e., increased by BDT 217.73 million, or 15.46% growth over 2021.

❖ **Key Financial Ratios of the Bank:**

Particulars	In BDT Million	
	2022	2021
ROE - Return on average equity	7.47%	6.8 5%
ROA -Return on average assets	0.75%	0.78%
Cost to income ratio	44.40%	40.41%
Capital to Risk Weighted Assets Ratio (CRAR)	14.83%	15.87%
Advance Deposit Ratio (AD Ratio)	81.71%	83.54%
Non-Performing Loans (NPLs) Ratio	2.78%	3.17%
Earnings per share (EPS) in BDT	0.99	0.90
Net Asset Value per Share (NAV) in BDT	13.42	13.00

❖ Appropriation of Profit

Profit after tax (PAT) stood at BDT 561.96 million at the end of 2022, compared to BDT 514.02 million in 2021. Profit available for distribution among the shareholders is BDT 322.34 million after a mandatory transfer to statutory reserve of BDT 217.73 million, i.e., 20% on profit before tax, BDT 27.95 million for Corporate Social Responsibility (CSR) and BDT 5.62 million for Startup Fund, i.e., 1% of net profit after tax. The Board of Directors in its 137th meeting held on April 27, 2023 recommended 5.00% cash dividend for the financial year 2022 which will be reviewed and approved by the shareholders in its next 10th Annual General Meeting (AGM).

❖ Summary of appropriation of profit

Particulars	In BDT Million		% of Growth in 2022 over 2021
	2022	2021	
Profit after tax (PAT)	561.97	514.02	9.33%
Retained earnings brought forward from previous year	11.68	17.87	-34.63%
To be appropriated	573.65	531.89	7.85%
Transfer to statutory reserve	-217.73	-225.23	-3.33%
Transfer to CSR	-27.95	-5.00	45 8.91%
Transfer to Startup Fund	-5.62	-5.14	9.33 %
Distributable profit for the financial year 2021	322.36	296.52	8.71%
Paid up capital (before issue of IPO)	5,696.70	5,696.70	0.00%
Dividend Payout Ratio (before issue of IPO)	5.66%	5.20%	0.46%
Post IPO paid up capital	6,396.70	5,696.70	12.29%
Dividend Payout Ratio (Post issue of IPO)	5.04%	4.64%	0.40%

- We have to pay dividend on the post IPO capital of the bank as per guidance of Bangladesh Securities and Exchange Commission (BSEC). Details as explained in policy note # 2.21 “Event after the reporting period”.

Human Resources

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

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

Correspondent Relationship

MDB has established correspondent relationship all over the world with a number of foreign Banks. The Bank continues to follow the needs and business opportunities of its clients. The Bank maintains 12 (Fifteen) Nostro Accounts in four major international currencies and ACU currency and 101 RMA relationships with reputed international Banks in the major financial centers around the globe, for settlement of trade finance and all other customer driven transactions denominated in foreign currency. We are constantly emphasizing the need for increasing correspondent partners and trying to develop business relationship with our correspondent Banks worldwide.

Risk Management

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

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

Maturity Analysis

Assets	Below 1 Year	1-5 Year	Above 5 Year	Total
Interest earning assets	29,565	22,975	17,279	69,819
Non-interest earning assets	4,659	1,806	3,583	10,048
Total assets	34,225	24,781	20,862	79,867
Interest bearing liabilities	26,012	35,515	4,479	66,006
Non-Interest bearing liabilities	166	2,103	3,945	6,214
Total liabilities	26,178	37,618	8,424	72,220
Maturity Gap	8,047	(12,838)	12,438	7,647

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.

Risks and Concerns

As a fourth generation Bank, Midland Bank has been operating in a challenging environment both internally and externally. Since the failure of one of the fourth generation banks, in failing to pay back depositors money, the growth prospect of all other fourth generation banks have been severely impacted. The asset and liability portfolio size of MDB are the main internal risks. The Board and management are fully aware of the threats and relentlessly working on the growth of the portfolio of the bank in the gradual deteriorating credit culture of Bangladesh. The risk associated with our portfolio size will gradually be eroded over the time as growth

of the portfolio of any financial institution is a natural phenomenon. The relevant economic concerns also discussed in the Managing Director and CEO's message and Chairperson's statement.

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.

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

Money laundering and Terrorist Financing

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

Corporate Social Responsibility (CSR)

Initiated by Bangladesh Bank (BB) in 2008, the Corporate Social Responsibility (CSR) mainstreaming campaign in Bangladesh's financial sector has entrusted all Banks and Financial Institutions into a broad range of direct and indirect CSR engagements including humanitarian relief and disaster response, widening of advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training, 'greening' initiatives to prevent environmental degradation, and so forth.

With a view to the above, a CSR Policy of Midland Bank Limited was earlier approved by the Board of Directors of the Bank in February 2015. The Sustainable Finance Department of Bangladesh Bank in January 2022 introduced a new Policy Guidelines on CSR for the Bank. Also, Policy on CSR needs to be reviewed/updated considering recent financial developments and changes in the global economy to generalize, emphasize and organize CSR activities for the environmental, social, equitable and sustainable development of the country.

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. During the financial year 2022, the Bank spent an amount of BDT 2,78,41,218 for annual CSR activities (details are discussed in CSR report in this annual report).

Corporate Governance

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

Related Party Transaction

The bank previously procured some of the items from related concerns fulfilling the required due-diligence. However, after issuance of the BPRD Circular no. 12 dated 15 June 2022, there is no scope to procure any goods and items from any related party of the bank and we are meticulously complying the circular accordingly. However, work-order allotted prior to issuance of the said circular executed during the financial year 2022 and that have been disclosed in the note# 44 of the notes to the financial statements.

Corporate Sustainability

In order to uphold corporate sustainability, MDB has concentrated in the key areas i.e. nation building, creation of healthy and congenial works place, enhancing the market place, support to the community and fortification of the environment. As a socially conscious and responsible corporate body, MDB is committed to the improvement of the society as a whole. MDB is continuously trying to put its efforts to help the disadvantaged population of the country in the sector of education, health, disaster management, sports, arts and culture, etc. The Bank is contributing a portion of its net profit every year to the CSR Fund. The Bank conducted various CSR activities during the year 2022 (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 are 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 preparation of 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.

Accounting policies and standards that have been applied in preparation of the financial statements have been described in a separate report of the Chief Financial Officer (CFO).

Internal Control

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

Standard Reporting

The financial statements have been prepared in accordance with Bangladesh Bank guidelines, 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, are signed off by each Head of Division/Branch to provide assurance that this SOP is communicated, understood and complied with accordingly. Every year top management team conducts a self-assessment of key control that affect the business and develop action plans to make the internal control environment stronger.

Supplier Payment Policy

The Bank has developed and implemented a set of vendor's payment policy in its procurement policy and procedures 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 are being deducted from bills and issue Pay Order/ Account Transfer in favor of the eligible vendors/beneficiaries. MDB is keen to build strong business relationship with its vendors and service providers. Hence, the Bank does not face any litigation from any customer or stakeholder since inception.

Shareholders' Value

The Board of Directors is fully committed to enhance the 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 2022. During the year, earning per share (EPS) stood at BDT 0.99 against BDT 0.90 in 2021, Return on Equity (ROE) at 7.47% in 2022 against 6.85% in 2021, Return on Average Assets (ROA) stood at 0.75% in 2022, against 0.78% in 2021 and Net Assets Value per share (NAV) stood at BDT 13.42 compared to BDT 13.00 in 2021.

Utilization of IPO Proceeds

After completion of the Initial Public Offering (IPO) procedures, Midland Bank received the IPO fund on 23 March 2023 and trading of the MDB shares commenced at DSE and CSE on 27 March 2023. We submitted the IPO Fund Utilization Report, duly audited by M/s. K. M. Hasan & Co., Chartered Accountants (a foreign affiliated firm) to Bangladesh Securities and Exchange Commission (BSEC) by 15 April 2023 as per the condition of the letter of consent of the IPO of MDB. The report on the utilization of IPO fund and auditor's report thereon, which has been duly submitted to the commission, furnished along with the annual report.

Meeting of the Board of Directors

The Board of Directors hold meeting on a regular basis, usually once in a month but emergency meetings are being called when deemed necessary. Management provides information, references and detailed working papers for each of the agenda to all Directors well ahead of the scheduled date for meeting. 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 2022, a total 14 meetings of the Board of Directors were held.

Appointment of Auditors

Hoda Vasi Chowdhury & Co., Chartered Accountants had conducted the audit of the Bank for the financial year 2022. They have completed 1st term (one year). As such, they are eligible for re-appointment for conducting audit for the FY 2023 as per guidelines set by Bangladesh Bank. The Board of Directors in its 137th meeting held on April 27, 2023 recommended to re-appoint Hoda Vasi Chowdhury & Co., Chartered Accountants as external auditors of the Bank for conducting the audit of the Bank for the financial year 2022. Shareholders of the Bank will approve the appointment of Hoda Vasi Chowdhury & Co., Chartered Accountants in its 10th AGM to conduct the audit of the Bank for the FY2023.

Annual General Meeting (AGM)

The 10th Annual General Meeting (AGM) of the Bank will be held on 14 June 2023. The Directors' Report along with the financial statements of the Bank was approved at the 137th meeting held on April 27, 2023 to be placed before the shareholders of the Bank in the 10th AGM for review and approval.

Outlook of Financial Year 2023

The Management of MDB is conscious of the aftermath of the effect of withdrawal of policy of deferral of further classification if the clients pay 15% of their dues which was ended on December 31, 2022 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, 2022. However, MDB has gained resilience to absorb any sudden shock of deposit outflow by huge improvement in the deposit mix. At present, 37.67% 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 coming year 2023.

A Management's Discussion and Analysis duly signed by the Managing Director and CEO presenting detailed analysis of the company's position and operations furnished separately in the Annual Report.

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 and patronization as well 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), Dhaka Stock Exchange (DSE), Chattogram Stock Exchange (CSE), 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 In-Sha-Allah by the grace of the Almighty and by virtue of the dedicated effort of our professional management team will be surely succeed to reach our cherished destination that is to turn Midland Bank into the one of the finest financial institution with resilient financial footing with sound fundamentals.

On behalf of the Board of Directors,



Nilufer Zafarullah
Chairman