

DIRECTORS' REPORT

Dear Stakeholders,

The Board of Directors welcome you all in the 12th 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, 2024. 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 2024

The global economy continues to confront the challenges of persistent inflation and subdued growth prospects. GDP growth has been stronger than expected so far in 2024, but is now moderating as the impact of tighter financial conditions, weak trade growth and lower business and consumer confidence is increasingly felt. Financial conditions are restrictive, with forward-looking real interest rates having generally risen further in recent months. Activity has slowed in interest-sensitive sectors, particularly housing markets, and in economies reliant on bank-based finance, especially in Europe. Heightened geopolitical tensions are also again adding to uncertainty about the near-term outlook. Headline inflation has fallen in almost all economies, easing pressures on household incomes, but core inflation remains relatively high.

According to the Asian Development Outlook, April 2025 by ADB, Bangladesh's GDP growth slowed to 4.2% in FY2024, down from 5.8% in the previous fiscal year. On the demand side, consumption and investment made positive contributions to growth. Inflation increased to an average of 9.7% in FY2024, up from 9.0% a year earlier. Despite inflationary pressures, the fiscal deficit improved, narrowing to 4.0% of GDP from 4.6%. Monetary indicators showed a slowdown, with money supply growth falling to 7.7% from 10.5%. At the same time, the current account deficit narrowed significantly to 1.4% of GDP, down from 2.6%. Despite these improvements, foreign exchange reserves continued to decline, adding pressure on the exchange rate.

Risks to the near-term global outlook remain tilted to the downside. Heightened geopolitical tensions due to the conflict of Israel and Hamas are a key near-term concern, particularly if the conflict were to broaden. This could result in significant disruptions to energy markets and major trade routes, and additional risk repricing in financial markets, that would slow growth and add to inflation. Headwinds from rising trade restrictions, inward-looking policies and the restructuring of global value chains are also contributing to the uncertain outlook for global trade, which is a key concern given the importance of trade for productivity and development. Continuing cost pressures, renewed rises in energy and food prices, or signs of an upward drift in inflation expectations could compel central banks to keep policy rates higher for longer than expected, potentially generating additional stress in financial markets. Conversely, the impact of higher interest rates and tighter credit standards could prove stronger than anticipated, leading to a more severe slowdown in spending, rising unemployment and higher bankruptcies. Tighter-than-expected global financial conditions would also intensify financial vulnerabilities, including in emerging-market and developing economies, and add to debt-servicing pressures in lower-income countries. On the upside, the global economy and financial markets have so far proved relatively resilient to the tightening of monetary policy, and inflation could return to target without a marked growth slowdown or a sharp rise in unemployment. A continuation of this pattern would imply better-than-expected growth in 2024 while inflation eases. Growth would also be stronger if households were willing to spend excess savings accumulated during the pandemic, but inflation persistence might also be prolonged.

Macroeconomic Situation: Bangladesh Context

Bangladesh's macroeconomic situation is characterized by rapid economic growth, but also faces challenges like high inflation and BOP imbalances. The economy has shown resilience, maintaining an average real GDP growth of 6.2% over the last decade. Recent growth has moderated, with an estimated 5.2% growth in FY24. Inflation remains high, and the BOP is facing difficulties.

Executive Summary

This report gives a brief look at Bangladesh's economic trends, showing both the chances for growth and the main challenges. As a *bank for inclusive growth*, Midland Bank PLC. uses these insights to plan and make smart decisions that support fair and sustainable progress for everyone. The macroeconomic fundamentals are as follows:

Real Sector

- 🌀 Bangladesh's GDP growth has exhibited resilience and steady performance over the past decade. The economy experienced disruptions during the COVID-19 pandemic, it rebounded strongly, achieving an average growth rate of around 6.0% over the last five years. The country's economic potential remains robust, but further acceleration hinges on addressing critical constraints such as governance inefficiencies, corruption, infrastructure deficits, underdeveloped financial markets, and limited FDI inflows.
- 🌀 The structural transformation of the economy continues, with a shift from agriculture to manufacturing and services. The agriculture sector's share of GDP has slightly decreased approximately 11.02% in FY2023-24, while the industrial sector—driven largely by manufacturing, including ready-made garments (RMG) has grown to contribute nearly 7.23% to GDP. The services sector remains the largest, accounting for about 51.04% of GDP, reflecting an increasingly diversified economy.
- 🌀 The investment-to-GDP ratio stood at 31.0% in FY2022-23. This progress is largely due to policy reforms, greater macroeconomic stability, and government efforts to streamline the business environment. Sustained investment at or above this level is essential to achieving higher, potentially double-digit GDP growth in the future.
- 🌀 Despite urbanization trends, approximately 61% of the population still resides in rural areas, with rural poverty remaining a key concern. Although poverty levels have declined over time, regional disparities and rural-urban income gaps persist. Thus, targeted investment in rural infrastructure, agriculture modernization, and rural SMEs remains crucial for inclusive development.
- 🌀 Regional inequality, particularly the persistent disparity between the western and eastern regions of the country, remains a significant development challenge. This imbalance has been rooted in a history of policy neglect, uneven investment in

infrastructure, and disproportionate allocation of public resources, which has led to unequal economic opportunities and varying standards of living across different parts of the country. The western regions, in particular, often lag behind in terms of industrial development, educational attainment, healthcare accessibility, and employment generation, while the eastern regions have typically received greater attention and investment due to historical, political, or strategic priorities. Addressing regional disparity is crucial for both social justice and sustainable, inclusive national development.

Fiscal Sector

- 🌀 The Revenue-to-GDP ratio in Bangladesh has seen gradual improvement over the decades but remains persistently low compared to other developing economies. As of FY2022-23, the ratio stood at approximately 9.47%, still one of the lowest globally, and lagging behind countries like Nepal and India.
- 🌀 The structure of revenue sources has undergone substantial transformation. Customs duties were once the dominant source, they have now been largely replaced by VAT and income taxes, which collectively account for the majority of domestic revenue.
- 🌀 Public expenditure, as a % of GDP, was recorded at 14.15% in FY2023-24, reflecting modest growth relative to previous years.
- 🌀 Over time, expenditures on subsidies, current transfers, salaries and wages, interest payments, and procurement of goods and services have increased in both nominal and real terms. Notably, subsidies and current transfers, particularly for fuel, electricity, and fertilizers, have remained significant fiscal burdens, especially amid global commodity price volatility in recent years.
- 🌀 The composition of subsidies has shifted over time. Although fertilizer subsidies still receive substantial allocation, recent years have seen increased focus on energy subsidies due to rising fuel import costs and adjustments in domestic utility pricing.
- 🌀 The fiscal deficit has remained within the manageable threshold of 5.2% of GDP. In FY2023-24, the overall budget deficit was estimated at around 5.1% of GDP, including subsidies and other contingent liabilities.
- 🌀 Social safety net programmes (SSNPs) have expanded in scope and allocation. In FY2023-24, allocation for SSNPs stood at approximately 17.5% of the total budget.

Monetary and Financial Sector

- 🌀 Inflation Target: BB aims to bring inflation down to 7%-8% by June 2025, from 9.94% in January.
- 🌀 GDP Growth: FY25 growth is projected at 4.0%-5.0%, with recovery to 6.0%+ expected in FY26.
- 🌀 Exchange Rate Stability: The Taka depreciated 1.7% in H1FY25, with future stability expected due to BoP improvements.
- 🌀 Forex Reserves: Reserves rebounded to USD 21.4 billion, bolstered by remittances and exports.
- 🌀 Private Sector Credit Growth: Decelerated to 7.3% in December 2024, the lowest since October 2021.
- 🌀 Non-Performing Loans (NPLs): Exceeded 30%, prompting aggressive reforms and asset recovery initiatives.
- 🌀 Interest Rates: Policy rate remains at 10.0%, with lending rates rising after the removal of the cap.
- 🌀 Global Inflation: Projected to fall to 4.2% in 2025, offering relief for imported inflation pressures.
- 🌀 RMG Exports: Grew 12.3% year-on-year in H1FY25, and Remittance Growth: Increased 27.6% in H1FY25.
- 🌀 Capital Market: DSEX declined 2.3% in H1FY25, with initiatives underway to restore stability and investor confidence.

Development of Government Bond Market

Government has initiated reforms in the area of debt management since 2005. It has enacted the Bangladesh Government Treasury Bonds (BGTB) Rules, 2003 under which treasury bonds are being marketed on a regular basis. Development of a primary market for buying and selling of government bonds of varying maturity (5 years, 10-year, 15-year and 20-year) to raise funds from the domestic market is one of the significant achievements of these reform initiatives.

External Sector

- 🌀 Average export growth increased to around 13.70% in the 2023-2024 period from 9.51% in 2022-2023 period.
- 🌀 In the total export basket, RMG accounts for 81.29%, Frozen Food 1.80%, Jute and Jute Goods 13.60%, Leather and Leather Goods 2.20% and others 1.11%.
- 🌀 Capital machinery import drop 24% to 2.6 billion in FY 2024 and goods declined 12% to 4.84 billion in FY 2024.
- 🌀 In 2024, Bangladeshi expatriates sent a record \$26.9 billion in remittances. This represents a 23% increase compared to the previous year.
- 🌀 In 2024, Foreign Direct Investment (FDI) in Bangladesh as a percentage of GDP was 0.3%. Gross FDI inflows were \$3.97 billion in 2023, marking a decrease of 17.8% compared to 2022. The investment-to-GDP ratio in Bangladesh declined to 30.70% in FY2023-24.
- 🌀 Bangladesh's foreign exchange reserves reached over 21 billion U.S. dollars in December 2024

Recent Global Financial Crisis: Bangladesh Context

The global economic uncertainty triggered in 2024 by geopolitical tensions, supply chain disruptions, and tightening monetary policies has significantly impacted the world economy. For Bangladesh, key areas of vulnerability include exports, remittances, and foreign investment. While the full impact is yet to materialize, early indicators suggest potential strain on these critical economic pillars. The extent and severity of the effect on Bangladesh will largely depend on how deep and prolonged the global downturn becomes.

Challenges and Policy Responses

In order to face the challenges identified, the new government needs to come up with a set of appropriate policy interventions. The challenges identified and the suggested policy responses are categorized in three groups:

1. Immediate challenges and policy responses
2. Short and mid-term challenges and policy responses
3. Long-term challenges and policy responses

Immediate Challenges and Policy Responses

- ☞ Ensure effective market monitoring, removal of market barriers for key essential commodities.
- ☞ Rationalize and prioritize projects and maximize ADP implementation.
- ☞ Operationalise Agricultural Endowment Fund and Climate Change Fund.
- ☞ Increase domestic revenue mobilization through the expansion of tax-net.
- ☞ Expedite recent initiatives for power generation.
- ☞ Boost up energy sector through Public-Private Partnership (PPP).
- ☞ Diversify exports in terms of both regions and items.
- ☞ Ensure smooth supply of fertilizer at a reasonable price.
- ☞ Ensure food security.
- ☞ Expedite implementation of the 100 days Employment Generation Scheme.
- ☞ Ensure early implementation of ongoing reform programs in Public Financial Management, Insurance Sector, Financial sector and other relevant areas.
- ☞ Expand credit support to SME, IT, Agriculture and rural economy.
- ☞ Check any sort of manipulation in the capital markets.
- ☞ Ensure proper utilization of IT Equity Fund.

Short and Medium-term Challenges and Policy Responses

- ☞ Minimise the losses of and subsidies to SOEs.
- ☞ Maintain a tolerable limit of budget deficit.
- ☞ Maintain stability in the financial markets.
- ☞ Ensure proper policy intervention in terms of resource allocation to mitigate regional disparity, especially modernization of Mongla Port to utilize its full potential.
- ☞ Improve quality of education both at secondary and tertiary level.
- ☞ Establish a Skill Development Foundation to provide training to enhance the skill base of the prospective expatriate workers.
- ☞ Strengthen Bangladesh Bureau of Statistics (BBS) to enhance its capacity to provide real sector data.
- ☞ Widen the coverage of Medium Term Budget Framework (MTBF) to all ministries/ divisions

Long-term Challenges and Policy Responses

- ☞ Ensure good governance to accelerate economic growth.
- ☞ Restructure civil service to ensure a well-balanced ratio of officers and staff within the government.
- ☞ Restructure government institutions to support ongoing reform agenda.
- ☞ Establish venture capital through Public-Private Partnership (PPP) to promote IT sector to realize the vision of Digital Bangladesh.
- ☞ Manage the risks of climate change.
- ☞ Expand communication network particularly railways and water ways.
- ☞ Develop comprehensive land use and land management policy including planned township.
- ☞ Explore natural gas and increase its supply.
- ☞ Reduce regional disparity

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, SME, 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 PLC. 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 2024, the number of branches stood at 41 (20 Urban Branches & 21 Rural Branches), 22 Sub Branches, 69 ATMs, 148 Agent Banking Centers (ABCs) and 10 Bill Collection Booths covering commercially important locations across the country. The Management foresees to open another 1 Urban Branches, 1 Rural Branches, 10 Sub-Branches, 50 Agent Banking Centers in the coming year 2025.

Islami Banking Window (MDB Saalam)

The Bank obtained permission for two (2) Islami Banking Windows (IBW) from Bangladesh Bank. Islami banking windows (MDB Saalam) after getting approval from Bangladesh Bank 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 Annexures G.

Off-shore Banking Unit (OBU):

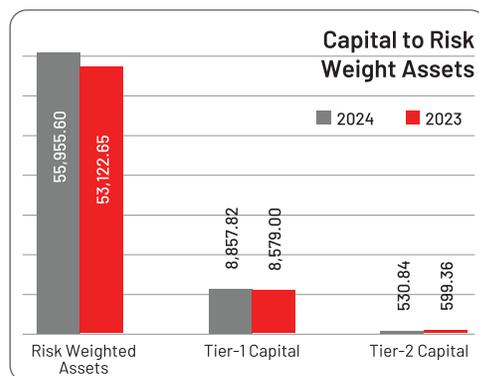
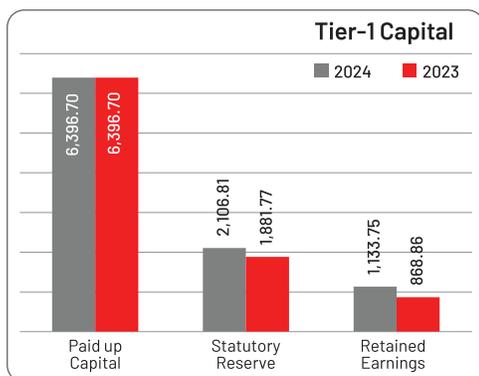
Off-shore Banking Unit (OBU) after getting approval from Bangladesh Bank launched its operation on 20 June 2020. It is a separate business unit of the Bank, operates its business through a separate counter at Head Office, as governed under the rules and guidelines vide Bangladesh Bank's letter reference 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 Annexures H.

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 9,676.78 Million at the end of 2024 from BDT 9,150.66 Million in 2023. The Capital to Risk Weighted Assets of the Bank reached to BDT 55,955.60 Million in 2024 from BDT 53,122.65 Million in 2023. As a result, Capital to Risk Weighted Assets Ratio (CRAR) reported to 16.78% in 2024, against regulatory requirement of 12.50% under Basel-iii regime including 2.50% capital buffer.

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

Particulars of Capital Fund	2024	2023	% of growth in 2024 over 2023
Paid up capital	6,396.70	6,396.70	0.00%
Statutory reserve	2,106.81	1,881.77	11.96%
Retained earnings	1,133.75	868.86	30.49%
Sub-total	9,637.26	9,147.32	5.36%
Deduction from Tier-I (core capital):			
Intangible assets and Deferred Tax adjustment	(779.44)	(568.33)	37.15%
Total Tier - I (core) capital	8,857.82	8,579.00	3.25%
General provision including off-balance sheet items	530.84	599.36	-11.43%
Revaluation reserve on investment in securities	-	-	
Total Tier - II (supplementary) capital	530.84	599.36	-11.43%
Total capital (Tier I + II)	9,388.66	9,178.36	2.29%
Total risk weighted assets	55,955.60	53,122.65	5.33%
Tier - I (core) capital ratio	15.83%	16.15%	-0.32%
Tier-II (supplementary) capital ratio	0.95%	1.13%	-0.18%
Capital to Risk Weighted Asset Ratio-CRAR (Regulatory requirement is 12.50%)	16.78%	17.28%	-0.50%



FINANCIAL PERFORMANCE OF MDB

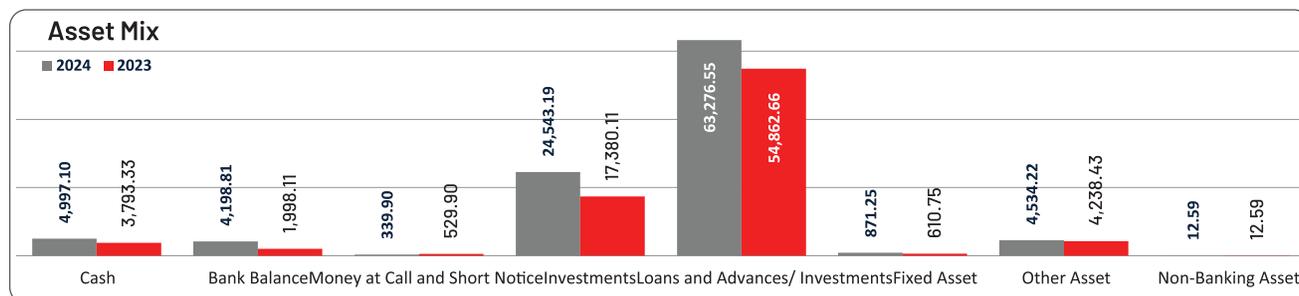
BALANCE SHEET

Particulars	In BDT Million		% of Growth in 2024 over 2023
	December 2024	December 2023	
Cash and Bank Balances	9,535.80	6,321.34	50.85%
Investments	24,543.19	17,380.10	41.21%
Loans & Advances	63,276.55	54,862.66	15.34%
Fixed Assets	871.25	610.75	42.65%
Other Assets	4,534.22	4,238.43	6.98%
Non-banking Assets	12.59	12.59	0.00%
Total Assets	102,773.59	83,425.87	23.19%
Borrowings from other Banks, Financial Institutes and Agents	8,971.08	6,315.70	42.04%
Deposits and Other Accounts	75,205.07	60,302.72	24.71%
Other Liabilities	8,920.66	7,656.78	16.51%
Capital/Shareholders' Equity	9,676.78	9,150.66	5.75%
Total Liabilities & Shareholders' Equity	102,773.59	83,425.87	23.19%

ASSETS:

Total Assets of the Bank stood at BDT 102,773.59 Million in 2024 compared to BDT 83,425.87 Million in 2023, i.e., growth up by 23.19% over 2023. During the year 2024, Loans & Advances growth was 15.34% and Investment in Govt. Treasury bills/bonds and others increased by 41.21% over the previous year 2023. Fixed assets increased by 42.65% over 2023, due to procurement of fixed assets and revaluation of lease rent as per IFRS 16. The flow in assets was evident in the increase of Loans and Advances, fixed assets and liquid assets as maintained by the Bank.

On the other hand, the growth of deposits was at 24.71% and shareholders' equity grew by 5.75% over 2023. The growth of deposits was used for funding credit growth, as well as holding of securities for CRR and SLR purpose with Bangladesh Bank in accordance with Bangladesh Bank guideline. Shareholders' equity increased remarkable because of growth in Retained Earnings, and increase in Statutory Reserve and Revaluation Reserve on Investment during 2024.



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

Cash in hand

Cash in hand balance stood at BDT 4,997.10 Million in 2024 compared to BDT 3,793.33 Million in 2023, i.e., 31.73% growth over 2023.

Balance with other Banks, Financial Institutions and Its Agents

The aggregate position balance of Banks and NBFIs, was BDT 4,198.81 Million in 2024, compared to BDT 1,998.11 Million in 2023, reflected by 110.14% increase from 2023, which indicating a commendable rise in holding liquid funds and enhanced incoming payments in accounts held with other Banks and NBFIs. Whereas, a decline in BDT 190.00 Million in Money at Call and Short Notice (around 35.86%) indicates a reduction in interbank lending in money market.

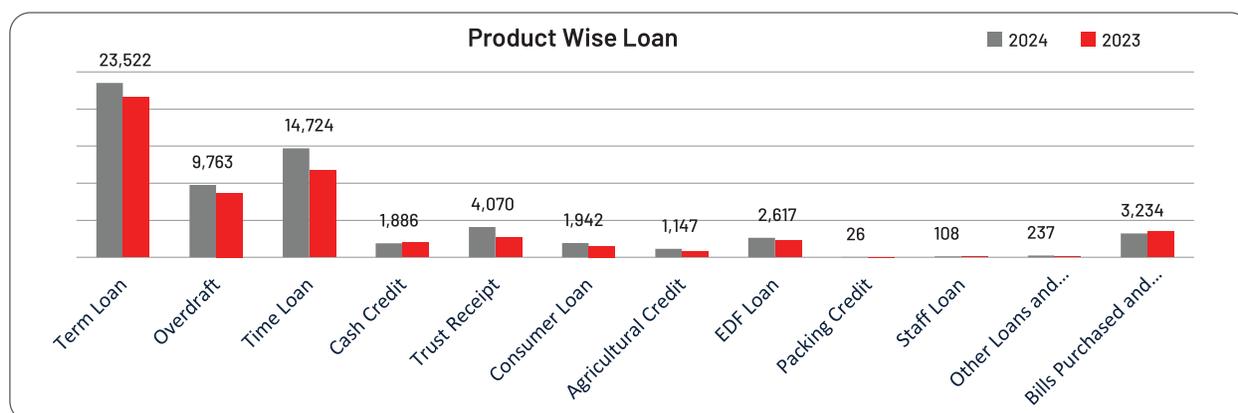
Investments

During the year ended on December 31, 2024, the investment increased by 41.21% to BDT 24,543.19 Million in 2024 from BDT 17,380.10 Million in 2023. Bank's investment comprises of government securities of BDT 21,144.71 Million and others investment of BDT 3,398.48 Million (investment in debenture, corporate bond, etc.). Investment in government securities increased by BDT 7,255.07 Million over 2023 (52.23% increase), due to fresh investment in Treasury bills/bonds during the year.

Loans and Advances

Loans and Advances was stood at BDT 63,276.55 Million in 2024 compared to BDT 54,862.66 million in 2023, i.e. representing a growth up by 15.34% year-on-year basis. Yield on loans and advances increased to 10.33% in 2024 from 8.34% in 2023, due to rise in lending rate during the year. Non-performing Loans (NPLs) increased to BDT 2,390.54 million in 2024 from BDT 2,091.57 million in 2023, but NPL ratio decreased to 3.78% in 2024 from 3.81% in 2023.

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 63.13% of the current loan portfolio will be matured less than one year, 20.38% will be matured more than one year, but less than 5 years and rest 16.50% will be matured more than 5 years (note # 7.04). Bank's Advance to Deposit Ratio (ADR) at the end of 2024 down to 77.29% from 84.51% in 2023, marking an increased regulatory pressure for slowing mobilization of fund and equity in the most liquid banking industry in Bangladesh during the reporting period within the guideline of Bangladesh Bank.



Fixed Assets and Other Assets

The aggregate amount of written down value of fixed assets of the Bank stood at BDT 871.25 million in 2024, compared to BDT 610.75 million in 2023 (note # 8), demonstrating growth of 42.65%, due to procured/amortization of assets 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 4,534.22 million in 2024, compared to BDT 4,238.43 million in 2023 (note # 9B), showing grew up by 6.98% over 2023.

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 Artha 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

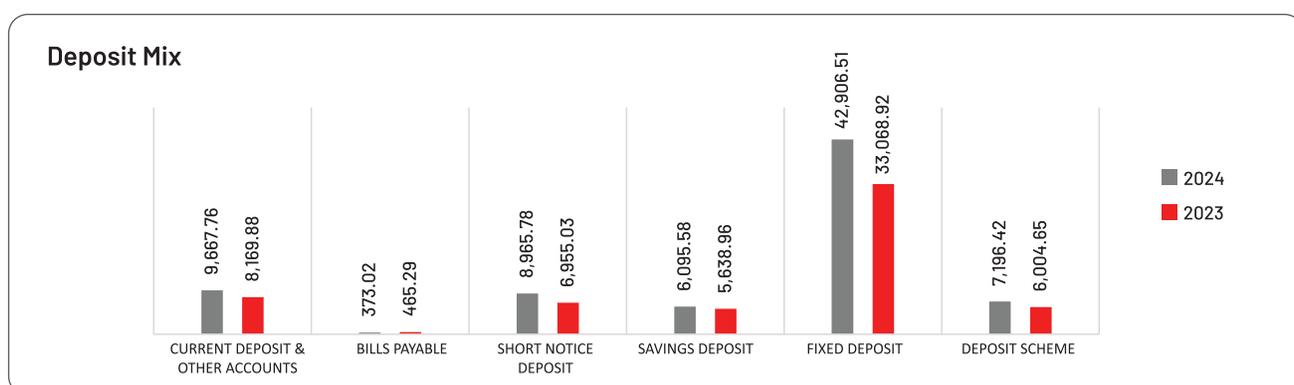
The borrowing represented call borrowing, REPO of Treasury Bills and refinances against SME loans from Bangladesh Bank, etc. The borrowings were mainly used for Bank's liquidity, purchasing Treasury Bills/Bonds as a Primary Dealer (PD) Bank, which were devolved on the Bank in excess of CRR & SLR requirements. During the year 2024, Borrowings of the Bank increased by 42.04% to BDT 8,971.08 million in 2024 from BDT 6,315.70 million in 2023 (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.

Deposit Mix	Outstanding Amount In BDT Million		% of Growth in 2023 over 2022	Deposit Mix (%)	
	2024	2023		2024	2023
Current Deposits	9,667.76	8,169.88	18.33%	12.86%	13.55%
Bills Payables	373.02	465.29	-19.83%	0.50%	0.77%
Short Notice Deposits	8,965.78	6,955.03	28.91%	11.92%	11.53%
Saving Deposits	6,095.58	5,638.96	8.10%	8.11%	9.35%
Fixed Deposits	42,906.51	33,068.92	29.75%	57.05%	54.84%
Scheme Deposits	7,196.42	6,004.65	19.85%	9.57%	9.96%
Total Deposits	75,205.07	60,302.72	24.71%	100.00%	100.00%

The Bank successfully enhanced the deposit portfolio to BDT 75,205.07 Million in 2024 with a growth of 24.71% compared to BDT 60,302.72 million in 2023 (note # 12). Cost of deposit and cost of fund stood at 8.01% and 9.51% in 2024, respectively as against 7.47% and 7.83% in 2023, 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 2024, MDB's deposit blend was stable with no-cost and low-cost Deposits was at 33.38% of total Deposits, Fixed Deposits to total Deposits was at 57.05% and Scheme Deposits to total Deposits was at 9.57%. A wide range of liability products are now available at MDB to meet variant needs of deposit clients of which are:

Total liabilities other than shareholders' equity

Total liabilities excluding shareholders' equity of the Bank registered growth of 25.34% with a total volume of BDT 93,096.81 million in 2024 against BDT 74,275.21 million in 2023. Deposits of the Bank increased by 24.71% to BDT 75,205.07 million in 2024 from BDT 60,302.27 million in 2023.

Shareholders' Equity

The shareholders' equity stood at BDT 9,676.78 million in 2024 compared to BDT 9,150.66 million in 2023, i.e., up by 5.75% over 2023. Statutory reserve was increased by 11.96% to BDT 2,106.81 million in 2024 against BDT 1,881.77 million in 2023, while retained earnings increased by 30.49% to BDT 1,133.75 million in 2024, as against BDT 868.86 million in 2023.

INCOME STATEMENTS

Operating profit and Net profit after tax

The Bank reported operating profit before tax and provision of loans BDT 2,114.45 million in 2024 against BDT 1,743.00 million in 2023, representing 21.31% growth over 2023. On the other hand, net profit after tax decreased by 27.81% to BDT 817.95 million in 2024 from BDT 1,133.11 million in 2023, due to increase provision for loan advance investment and other assets by BDT.523.44 Million, i.e., 112.37% higher compared to 2023. As a result, EPS slightly decreased by 27.68% to 1.28 in 2024 compared to BDT 1.77 in 2023 and corresponding ROA during the period reduced to 0.88% in 2024 from 1.39% in 2023 and ROI or ROE also decreased to 8.69% in 2024 from 13.49% in 2023. However, NAV per share grew to BDT 15.13 in 2024 against 14.31 in 2023, i.e., grew by 5.75% year on year basis.

Details of net profit after tax given below table:

Particulars	In BDT Million		% of Growth in 2024 over 2023
	December 2024	December 2023	
Interest income	6,020.82	4,503.46	33.69%
Interest paid	(5,962.41)	(3,740.46)	59.40%
Net interest income	58.41	763.00	-92.35%
Investment income from Dividend	2,702.43	1,612.53	67.59%
Commission, fees and brokerage, etc.	786.36	684.07	14.95%
Other operating income	148.58	132.14	12.44%
Total operating income	3,695.78	3,191.74	15.79%
Operating expenses	(1,581.33)	(1,448.74)	9.15%
Net operating profit before provision	2,114.45	1,743.00	21.31%
Total Provision of Loans & Advances, & Off-balance sheet	(989.25)	(465.80)	112.37%
Net Profit before tax	1,125.21	1,277.20	-11.90%
Provision for corporate tax	(307.25)	(144.09)	113.23%
Net Profit after tax	817.95	1,133.11	-27.81%
Earnings per share (EPS)	1.28	1.77	-27.68%

Net Interest Income:

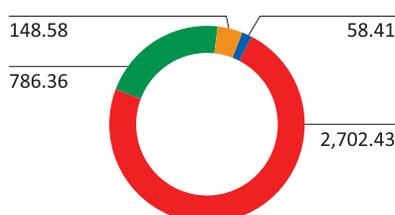
The interest income on loans and advances increased by BDT 1,517.36 million to BDT 6,020.82 million in 2024 against BDT 4,503.46 million in 2023, i.e., 33.69% growth up over 2023, due to increase loan portfolio by BDT 8,413.89 million as well as rise in yield rate by 1.97 basis point over 2023.

On the other hand, interest paid on deposit & borrowings increased by BDT 2,221.96 million to BDT 5,962.41 million in 2024 from BDT 3,740.46 million in 2023, i.e., up by 59.40% over 2023, due to rise in cost of deposit by 1.72 basis point over 2023, as well as volume of deposit increased by BDT 14,902.34 million over 2023. Rising cost of deposits and funds has resulted in decrease in net interest income by BDT 704.59 million from BDT 763.00 million in 2023 to BDT 58.41 million in 2024, i.e., decline by 92.35% over 2023.

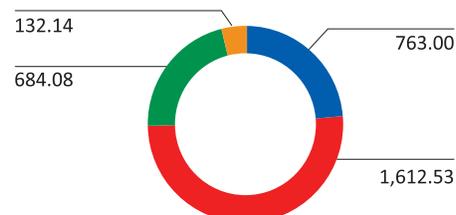
Operating Expenses:

Operating expenses of the Bank increased by BDT 132.59 million to BDT 1,581.33 million in 2024 compared from BDT 1,448.74 million in 2023, i.e., increased by 9.15% over 2023, due to increasing the branch networks and expansion of business activities during the year. By and large, Bank's administrative expenses remained steady during 2024 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.

Revenue Mix 2024



Revenue Mix 2023



HR Productivity:

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

Particulars	In BDT Million		Growth in 2024 over 2023
	December 2024	December 2023	
Number of regular employee (excluding contractual employees in 2024 and 2023 were 292 and 292, respectively)	549	515	6.60%

Particulars	In BDT Million		Growth in 2024 over 2023
	December 2024	December 2023	
Operating income per employee	6.73	6.20	8.58%
Operating expenses per employee	2.88	2.81	2.50%
Operating profit before provision and tax per employee	3.85	3.38	13.95%
Net profit after tax per employee	1.49	2.20	-32.28%

General provision against Unclassified Loans (UCL)

General provision against UCLs (Standard & SMA) was BDT 530.84 million in 2024 against BDT 494.57 million in 2023 (note # 13.01). General provision increased by 36.78 million over the last same corresponding year, due to increase of loans by BDT 8,413.89 million over 2023. The Bank also maintained general provision against off-balance sheet exposures of BDT 124.62 million in 2024, compared to BDT 104.79 million in 2023 (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 2024, Bank's specific provision increased by BDT 529.14 million to BDT 1,977.93 million in 2024 from BDT 1,448.79 million in 2023, due to classification of some default loan accounts during the year (note # 13.01).

Provision for investment in Shares/Debentures

General provision against investment in Shares/Debentures/Commercial Papers was BDT 418.58 million in 2024 compared to BDT 161.81 million in 2023. The provision increased by BDT 256.77 million over the last same corresponding period, due to unrealized the overdue of treasury investment during the year, in line regulatory guideline (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 for the period of 2023. As per BB instruction through BRPD Circular Letter No. 48, Dated: 31-12-2024, this provision amount has been transferred to Specific Provision (Note # 13.02 & 13.01).

Net profit after tax

As per Income Tax Act 2023 and Finance Act 2024, the Bank has to made adequate provision of current tax and deferred tax. As such, we have made a provision of BDT 307.25 million in 2024 against BDT 144.09 million in 2023 (note # 36.00). After making appropriate provision of tax, net profit after tax stood at BDT 817.95 million in 2024, compared to BDT 1,133.11 million in 2023, representing 27.81% decline over 2023. The decline in net profit after tax during the period is largely due to higher provisioning amount for tax of BDT 307.25 (increase by 113.23%) and loans, advances & off-balance sheet items of BDT 989.25 (increase by 112.37%) in line with regulatory guideline. However, due to moderate level of growth in operating income and strict control on operating expenses has remarkable impact on the profitability of the Bank.

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 2024 stood at BDT 2,106.81 million, compared to BDT 1,881.77 million in 2023, i.e., increased by 11.96% over 2023.

Key Financial Ratios of the Bank

Particulars	2024	2023
ROE-Return on average equity	8.69%	13.49%
ROA-Return on average assets	0.88%	1.39%
Cost to income ratio	42.79%	45.39%
Capital to Risk Weighted Assets Ratio (CRAR)	16.78%	17.28%
Advance Deposit Ratio (AD Ratio)	77.29%	84.51%
Non-Performing Loans (NPLs) Ratio	3.78%	3.81%
Earnings per share (EPS) in BDT	1.28	1.77
Net Asset Value per Share (NAV) in BDT	15.13	14.31

Appropriation of Profit

Profit after tax (PAT) stood at BDT 817.95 million at the end of 2024, compared to BDT 1,133.11 million in 2023. Profit available for distribution among the shareholders is BDT 392.03 million after a mandatory transfer to statutory reserve of BDT 225.04 million, i.e., 20% on profit before tax, BDT 8.18 million for Startup Fund, i.e., 1% of net profit after tax and adjustment of deferred tax BDT 212.71 million. The Board of Directors in its 166th board meeting held on April 29, 2025 recommended 3.00% cash dividend and 3.00% stock dividend for the financial year 2024 which will be reviewed and approved by the shareholders in its next 12th Annual General Meeting (AGM).

Summary of appropriation of profit

Particulars	2024	2023
Profit after tax (PAT)	817.95	1,133.11
Retained earnings brought forward from previous year	549.02	2.52
To be appropriated	1,366.97	1,135.63
Transfer to statutory reserve	-225.04	-255.44
Transfer to Startup Fund	-8.18	-11.33
Retained Surplus	1,133.75	868.86
Adjustment of deferred tax	741.72	543.30
Net Distributable Profit for dividend	392.03	325.56
Paid-up Capital	6,396.70	6,396.70
Dividend payout Ratio	6.00%	5.00%

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 19 (Nineteen) NOSTRO Accounts in five major international currencies and ACU currency and 160 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	49,873	23,233	18,956	92,062
Non-interest earning assets	3,303	3,321	4,087	10,711
Total assets	53,176	26,555	23,043	102,774
Interest bearing liabilities	46,922	26,459	3,853	77,234
Non-Interest bearing liabilities	5,049	5,452	5,362	15,863
Total liabilities	51,971	31,912	9,214	93,097
Maturity Gap	1,205	(5,357)	13,829	9,677

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 PLC. was earlier approved by the Board of Directors of the Bank in February 2015. The Sustainable Finance Department of Bangladesh Bank in January 2023 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 2024, the Bank spent an amount of BDT 4,763,432 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.

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 2024 (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 # 2, dated February 11, 2024, 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. Independent Directors receiving Tk. 50,000 monthly as per BRPD Circular No. 04 dated 14 February 2024.

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.

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 2021) and Company Act, 1994. Midland Bank PLC. 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 its any customer or stakeholder since of its inception.

Shareholders' Value

The Board of Directors is fully committed to accretion the high value of its shareholders' investment by earning solid profitability through delivering excellence in services to its valued clients and stakeholders. The Board was able to keep its commitment by settling excellence profitability trends in the year 2024. During the year, earning per share (EPS) stood at BDT 1.28 against BDT 1.77 in 2023, Return on Equity (ROE) at 8.69% in 2024 against 13.49% in 2023, Return on Average Assets (ROA) stood at 0.88% in 2024, against 1.39% in 2023 and Net Assets Value per share (NAV) stood at BDT 15.13 compared to BDT 14.31 in 2023.

Meeting of the Board of Directors

The Board of Directors hold meeting on a regular basis, usually once in a month but emergency meetings are being called when deemed necessary. Management provides information, references and detailed working papers for each of the agenda to all Directors well ahead of the scheduled date for meeting. Each Meeting, the Chairman of the Board of Directors allows sufficient time for the Directors to consider respective agenda item in a prudent way and permits them to freely discuss, inquire, and express independent opinions on the issues of interest so that they can fulfill their duties to the best of their abilities. During the year 2024, a total 14 meetings of the Board of Directors were held.

Appointment of Auditors

The Board of Directors of MDB recommended to appoint Hussain Farhad & Co. at such fees that will be agreed finally by MDB, and Hussain Farhad & Co. as per the fees schedule of ICAB (after revision; if any) and lastly approved by Bangladesh Bank. Accordingly, the shareholders of the Bank in the ensuing 12th AGM will consider re-appointment of Hussain Farhad & Co., Chartered Accountants as the statutory auditors of the Bank for conducting statutory audit for the year ended 2025.

Annual General Meeting (AGM)

The schedule of 12th Annual General Meeting (AGM) of the Bank to be decided later. The Directors' Report along with the financial statements of the Bank was approved at the 166th meeting held on April 29, 2025 to be placed before the shareholders of the Bank in the 12th AGM for review and approval.

Outlook of Financial Year 2025

The Management will operate in a compliant manner as usual taking the prudent guidance of the Honorable Board of Directors to address the situations after December 31, 2024. However, MDB has gained resilience to absorb any sudden shock of deposit outflow by huge improvement in the deposit mix. At present, 38.61% of total deposit consists of individual deposits, retail and small deposits base. Back in 2013, the nine of 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 2025.

Positive Growth: Last 05 Years

MDB has proven consistent financial growth over the past five years, reflecting its commitment to strategic management and operational efficiency. MDB has proven a strong and consistent pattern of financial growth over the past five years, underscoring its steadfast commitment to strategic planning, prudent management, and operational excellence. This steady growth shows that the Bank is strong and able to handle economic challenges well. It also proves that Midland Bank can adjust to changes, bring in new ideas, and manage its finances wisely while staying focused on long-term success.

Financial Performance Summary (in BDT million)

Year	Profit Before Provision and Tax	Profit After Tax
2020	1,218	656
2021	1,571	514
2022	1,527	562
2023	1,743	1,133
2024	2,114	818

Over the past five years, Midland Bank PLC has shown steady financial growth. Profit before provision and tax increased from BDT 1,218 million in 2020 to BDT 2,114 million in 2024. Profit after tax peaked in 2023 at BDT 1,133 million and remained strong at BDT 813 million in 2024, even with higher provisions. This growth reflects the Bank's good management, careful risk handling, and focus on customer needs. Midland Bank is on a strong path to continue growing and adding value for its stakeholders.

Dividend: Last 05 Years

Over the past five years, Midland Bank PLC. has maintained a stable dividend policy, reflecting its commitment to delivering value to shareholders while ensuring sustainable financial management. The Bank's dividend declarations of last 05 years are summarized below:

Year	Dividend
2020	7.50% Cash
2021	5.00% Cash
2022	5.00% Cash
2023	5.00% Cash
2024	Proposed: 6.00% (3.00% Cash, 3.00% Stock)

The 2024 dividend includes both cash and stock components, aiming to reward shareholders while supporting the Bank's capital base. This balanced approach reflects Midland Bank's prudent dividend strategy aligned with its long-term growth objectives.

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,


Ahsan Khan Chowdhury
Chairman