DIRECTORS' REPORT

Dear Stakeholders,

The Board of Directors welcome you all in the 13th 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, 2025. 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- 2025
Robust growth challenged with higher fragilities

The global economy has proved more resilient than expected this year, supported by improved financial conditions, rising AI-related investment and trade, and macroeconomic policies. However, underlying fragilities are increasing. Labor markets are showing first signs of weakening despite the unemployment rate steady at 4.9%, with job vacancies falling below their 2019 average in many countries and confidence softening. Risks around the outlook remain significant, including the prospect of further trade barriers, a potential sharp repricing of risk in financial markets, potentially amplified by stresses in leveraged non-bank financial institutions and volatile crypto-asset markets. Lingering fiscal concerns could lead to further increases in long-term bond yields, which may tighten financial conditions and elevate debt-service burdens, potentially weighing on economic growth.

Global growth has been resilient but is projected to moderate. Global GDP growth is projected to ease from 3.2% in 2025 to 2.9% in 2026 and then strengthen slightly to 3.1% in 2027. Near-term activity is expected to soften as higher effective tariff rates gradually feed through, weighing on investment and trade, amid persistent geopolitical and policy uncertainty. Growth is expected to firm again later in 2026 as the impact of tariffs fades, financial conditions improve and lower inflation supports demand, with emerging Asian economies remaining the key contributors to global growth.

Inflation is projected to continue to decline towards central bank targets. Headline inflation remains sticky in some regions but is projected to be back to target by 2027 in almost all major economies. Annual consumer price inflation in the G20 is projected to ease from 3.4% this year to 2.8% in 2026 and 2.5% in 2027. Structural reforms are essential to reinforce growth prospects. Productivity and economic dynamism have slowed over the past two decades. Since the late 1990s, growth in output per capita has declined by about one percentage point across the OECD and the sustained slowdown in multi-factor productivity has raised concerns that the engines of innovation and business dynamism have been losing momentum. Stronger growth would emerge if governments further advanced structural reforms. In particular, regulatory reforms could boost business dynamism and productivity growth.

A further rise in trade barriers, especially around critical inputs, could inflict significant damage on supply chains and global output. High asset valuations based on optimistic expectations of AI-driven corporate earnings pose a risk of potentially abrupt price corrections. Fiscal vulnerabilities may push long-term sovereign yields higher, tightening financial conditions and hampering growth. Constructive dialogue between countries, vigilant role of central banks to control inflationary pressure, fiscal disciplinary impact from government to rising and already high public debt to accommodate greater efficiency in fiscal management can be used for better support to opportunities and growth.

Further increases or swift changes in trade barriers, including the application of higher tariff rates to a broader range of goods or stricter controls on the export of critical products such as rare earth elements, would weaken growth, add to policy uncertainty, and generate significant disruptions in global supply chains. Weaker-than-expected growth, lower-than-expected returns from net AI investment, or upside inflation surprises could all trigger widespread risk repricing given stretched asset valuations and optimism about corporate earnings, and be amplified by forced asset sales by highly leveraged financial institutions.

[Source: OECD Economic Outlook, Volume 2025 Issue 2]

Macroeconomic Situation: Bangladesh Context

The current global economy is advancing through dynamic and rapidly changing process. Due to geopolitical conflicts, war conditions, technological advancements and changes in tariff policies, the global economy is continuously facing new challenges and opportunities. The tariff policies adopted by major global economic powers are disrupting international supply chains and hindering the export growth of developing countries. Due to various internal and external factors, the growth rate of Bangladesh is estimated to be 3.97 percent in FY 2024-25, which is lower than the 4.22 percent achieved in FY 2023-24. Several positive trends have been observed in the country's macroeconomic indicators during FY 2024-25. Export earnings increased by 8.60 percent, reaching to USD 48.30 billion. At the same time, remittance inflows rose by 26.83 percent to USD 30.33 billion. The trade deficit decreased to USD 20.39 billion. As a result, the current account balance recorded a surplus of USD 149 million, compared to a deficit of USD 6.60 billion in the previous fiscal year. After three consecutive fiscal years of deficits, a surplus of USD 3.39 billion in the balance of payments was achieved in FY 2024-25, which is a positive aspect. However, the pressure of high inflation, resulting from geopolitical instability and disruptions in the supply chain, was also felt in Bangladesh. The general inflation rose to 10.03 percent in FY 2024-25. To address this situation, the present interim government has given top priority to inflation control and has undertaken various effective measures. As a result, inflation gradually decreased starting from December 2024, with the general, food, and non-food inflation rates reaching at 8.48 percent, 7.39 percent, and 9.37 percent, respectively, in June 2025. At the same time, measures taken to maintain stability in the foreign exchange market helped to increase the country's foreign exchange reserves to USD 31.77 billion at the end of June 2025, which was USD 26.71 billion at the end of June 2024. Overall, it can be said that despite global instability and internal challenges, Bangladesh is moving towards the path to restoring growth maintaining the economic stability. Macro-economic fundamentals are as following.

Macroeconomic situations

- According to the provisional estimates by BBS, the GDP for FY 2024-25 amounts to Tk. 55,52,753 crore, which is Tk. 5,50,099 crore higher than the previous fiscal year. The GDP growth rate of Bangladesh started picking up since the 1990s and before 2022 the country has maintained a growth rate of around 6%. It is recognized that the economy has the potential to grow at an even higher growth rate if the growth constraints such as poor governance, rampant corruption, infrastructure bottlenecks, underdeveloped financial markets and failure to attract FDI are removed. According to the provisional calculations by BBS, the GDP growth rate for FY 2024-25 is estimated to be 3.97 percent, Due to the Ukraine-Russia war, geopolitical instability, and various internal and external factors.
- Over time, there has been structural transformation in the economy with a shift from predominantly agriculture-led economy towards industry-led economy; the contribution of agricultural sector to GDP was 38% in early 70s but declined to 10.94% in 2024-25. growth in the agriculture sector is projected at 1.79 percent in FY 2024-25, which is 1.51 percentage points lower than in FY 2023-24. The agriculture sector's contribution to GDP in FY 2024-25 is provisionally estimated at 10.94 percent, which is 0.25 percentage points lower than the previous fiscal year, while the contribution of industrial sector' contribution to the GDP is around 37.44% and from service sector, it is around 51.62%.
- The inflation for the several years has been double-digit since 2007-08 mainly due to supply shocks arising from substantial increases in the international prices of fuel, fertilizer and food items as well as natural calamities. In June 2025, the general, food, and non-food inflation rates stood at 8.48 percent, 7.39 percent, and 9.37 percent, respectively, whereas in June 2024, the corresponding rates were 9.72 percent, 10.42 percent, and 9.15 percent.

- Investment remained stagnated until the 1980s but started picking up since early 1990s, mainly attributable to the openness of economy and the introduction of a liberal policy environment; creating increased opportunities for private investment. According to provisional estimates of BBS, total investment in FY 2024-25 stands at 29.38 percent of GDP, of which private investment is 22.48 percent and public investment is 6.90 percent. Total investment has decreased by 1.32 percentage points compared to the previous fiscal year.
- According to provisional estimates of BBS, domestic savings in FY 2024-25 stand at 23.25 percent of GDP, which is 0.71 percentage points lower than the previous fiscal year. However, provisional estimates show that gross national savings in FY 2024-25 stand at 29.01 percent, which is 0.59 percentage points higher than the previous fiscal year. The mobilization of domestic resources and the transforming of national savings into investible surplus are critical for the continued growth of the economy.
- According to the Labor Force Survey 2024 published by BBS, the working-age population aged 15 years and above stood at approximately 121.76 million in 2024. Of this total, 60.06 million were male and 61.70 million were female. 69.10 million labor force are deployed in different professions. The sectoral distribution of the workforce in Bangladesh’s economy shows that the majority of employed persons, approximately 44.68 percent, are engaged in agriculture, 37.95 percent in the services sector, and 17.37 percent in the industrial sector.

Fiscal Sector, Revenue Mobilization and Public Expenditure

- Amid the ongoing trade volatility among major global economies and with the post-July nation-building objectives in view, the government is working to accelerate economic activity combined with revenue growth. The revised revenue mobilization target for the current FY 2024–25 has been set at Tk 5,18,000 crore, equivalent to 9.33 percent of the national GDP. Of this amount, revenue to be collected by the National Board of Revenue (NBR) has been fixed at Tk 4,63,500 crore (8.35% of GDP); non-NBR tax revenue at Tk 14,500 crore (0.26% of GDP); and non-tax revenue at Tk 40,000 crore (0.72 % of GDP). There have been structural changes in the revenue structure replacing pre-dominance on customs duties by income taxes and VAT.
- From FY 2019-20 to FY 2022-23, the primary objective of the government’s budget was to mitigate the impact of the COVID-19 pandemic through the implementation of an economic recovery program, supported by revenue measures and financial stimulus packages. To this end, substantial additional allocations were made for sectors such as health, agriculture, social welfare, food security, disaster management, and employment protection. In FY 2024-25, the budget emphasizes allocations for reform initiatives necessary to effectively address the ongoing volatility in the global economy and to ensure development within a democratic framework, while determining priority areas of government expenditure.
- Over the years, expenditure on subsidies and current transfers, pay and allowances, interest payments and goods and services has increased gradually. However, the rate of increase in expenditure on subsidies and current transfers, interest payments and goods and services is much higher than others particularly from 2005-06 onwards. Among the operating expenditures, notable allocations were pay and allowances 17.19 percent, goods and services 9.88 percent, interest payments 23.23 percent (of which interest on external loans constituted 3.49%) and subsidies and incentives and current transfers 44.76 percent as per revised budget for FY 2024-25
- The fiscal deficit has remained within a tolerable limit. In 2024-25, the budget deficit stood at 4.6% of GDP excluding grants.

Monetary and Financial Sector

- The fiscal deficit has remained within a tolerable limit. In 2024-25, the budget deficit stood at 4.6% of GDP excluding grants.
- To control inflation, ensure stability in the foreign exchange market, and achieve GDP growth, a contractionary monetary policy was adopted for FY 2024-25. The policy interest rate was raised in three phases during the period July-December 2024 and set the policy

rate at 10.00 percent, the Standing Lending Facility (SLF) at 11.50 percent, and the Standing Deposit Facility (SDF) at 8.50 percent effective from 27 October 2024. By the end of June 2025, broad money growth stood at 6.95 percent, while reserve money declined by 0.11 percent.

- Credit growth in the public and private sectors stood at 13.09 percent and 6.49 percent respectively, which were below the targets. However, net foreign assets exceeded the target, registering a growth of 8.74 percent. Inflation fell from 9.72 percent in June 2024 to 8.48 percent in June 2025.
- Recently, in addition to the rise in the call money rate, both the deposit and lending rates of the banks have increased significantly. Competitive market-based lending system, the withdrawal of the minimum deposit rate, increases in the policy rate due to contractionary monetary policy, and the removal of the lending rate cap—all contributed to the rise in deposit and lending rates.
- At the end of June 2024, the weighted average interest rate on loans was 11.52 percent, which increased to 12.08 percent by the end of June 2025. During the same period, the weighted average interest rate on deposits rose from 5.49 percent to 6.26 percent.
- Between the two capital markets, the broad index of Dhaka Stock Exchange PLC (DSEX) stood at 5,328.40 points at the end of June 2024, which decreased by 9.20 percent to 4,838.39 points as of 30 June 2025. On the other hand, the overall price index of the Chittagong Stock Exchange PLC stood at 15,066.81 points at the end of June 2024, which declined by 10.81 percent to 13,438.38 points as of 30 June 2025.

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

- The current global economic structure is undergoing a dynamic and transformative process. The ever changing landscape of global politics, geopolitical conflicts, technological advancements, and shifts in tariff policies are continuously presenting the economy and export trends with new challenges and opportunities. For a long time, international politics has played a crucial role in shaping the trajectory of global trade and the economy. The fluctuations in political and commercial relations among the United States, China, the European Union, India, and Russia have a significant impact on global export flows.
- Due to geopolitical conflicts and sanctions, many countries are being forced to seek alternative markets, which is consistently altering the dynamics of exports. Major economic powers often attempt to protect their own economies through tariff policies. The recent US-China trade war, which involved the imposition of high tariffs on each other's goods, is a prime example. These tariff policies disrupt international supply chains and increase production costs. Consequently, this leads to a reduction in product competitiveness and hinders export growth in developing countries.
- According to the IMF’s World Economic Outlook Updated (July 2025), the volume of global trade in goods and services increased from 1.0 percent in 2023 to 3.5 percent in 2024 and is projected to decrease to 2.6 percent in 2025, potentially falling further to 1.9 percent in 2026. The deficit in the services sector, which had decreased in FY 2022-23, rose again to USD 4,241 million in FY 2023-24 and further increased to USD 5,405 million in FY 2024-25.
- In the FY 2024-25, Bangladesh's overall balance of payments recorded a surplus of USD 3,394 million, a significant improvement from the USD 4,300 million deficit in the previous fiscal year. This surplus in the overall balance has led to an increase in foreign exchange reserves.

- As of the end of June 2025, the gross foreign exchange reserves of Bangladesh Bank stood at USD 31,772 million, compared to USD 26,714 million at the same time the previous year.
- This reserve amount is sufficient to cover 5.6 months of import expenses for goods. Concurrently, the Bangladeshi Taka depreciated by 8.80 percent against the US Dollar. Bangladesh is set to graduate from the list of least developed countries (LDCs) in 2026, a major milestone for its economy. However, this transition necessitates fundamental changes in economic policies and export strategies.

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.
- Operationalize 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

- Minimize 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

[Source: Ministry of Finance, Finance Division, https://mof.gov.bd, Bangladesh Economic Review 2025]

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.
- Implementation of Expected Credit Loss (ECL) framework based on IFRS 9, with full mandatory adoption as per regulatory requirement by December 2027.

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 2025, the branch network is as following.

- → 42 branches (21 Urban Branches & 21 Rural Branches),
- → 23 Sub Branches,
- → 74 ATMs & CRMs,
- → 142 Agent Banking Centers (ABCs) and
- → 10 Bill Collection Booths

The overall branch network is 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 2026.

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 the Financial Statements section.

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 Authorized Dealer (AD) in Bangladesh against usance LCs in accordance with Bangladesh Bank (BB) guidelines. Separate financial statements of Off-shore banking unit have been disclosed in the Financial Statements section.

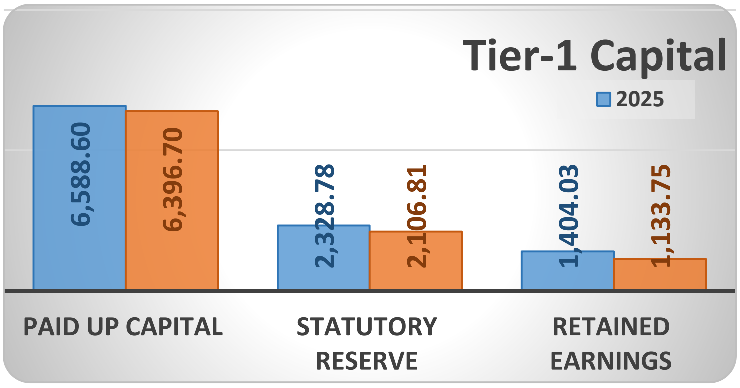
Capital Strength (Capital to Risk Weighted Assets Ratio-CRAR):

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 10,481.02 Million at the end of 2025 from BDT 9,676.78 Million in 2024. The Capital to Risk Weighted Assets of the Bank reached to BDT 63,142.51 Million in 2025 from BDT 55,955.60 Million in 2024. As a result, Capital to Risk Weighted Assets Ratio (CRAR) reported to 15.92% in 2025, 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.

Core Capital (Tier- 1):

Particulars	In BDT Million		% of Growth in 2025 over 2024
	December 2025	December 2024	
Paid-up Capital	6,588.60	6,396.70	3.00%
Statutory Reserve	2,328.78	2,106.81	10.54%
Retained Earnings	1,404.03	1,133.75	23.84%
Intangible Assets	135.95	74.80	81.74%
Deferred Tax adjustment	815.39	704.64	15.72%
Sub-Total (A)	**9,370.07**	**8,857.82**	**5.78%**

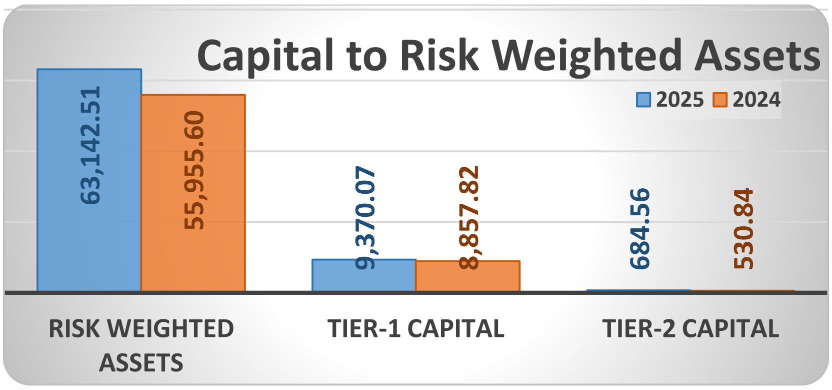


Supplementary Capital (Tier- 2):

Particulars	In BDT Million		% of Growth in 2025 over 2024
	December 2025	December 2024	
General Provision	684.56	530.84	28.96%
Securities Revaluation Reserve	-	-	-
Sub-Total (B)	**684.56**	**530.84**	**28.96%**
Total (A+B)	**10,054.63**	**9,388.66**	**7.09%**

Capital to Risk Weighted Assets Ratio (CRAR):

Particulars	In BDT Million		% of Growth in 2025 over 2024
	December 2025	December 2024	
Total Risk Weighted Assets	63,142.51	55,955.60	12.84%
Tier-I (Core) Capital Ratio	14.84%	15.82%	-0.99%
Tier-II (Supplementary) Capital Ratio	1.08%	0.95%	0.14%
Capital to Risk Weighted Asset Ratio (CRAR) Minimum Requirement is 12.50%	**15.92%**	**16.78%**	**-0.86%**



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FINANCIAL PERFORMANCE OF MDB

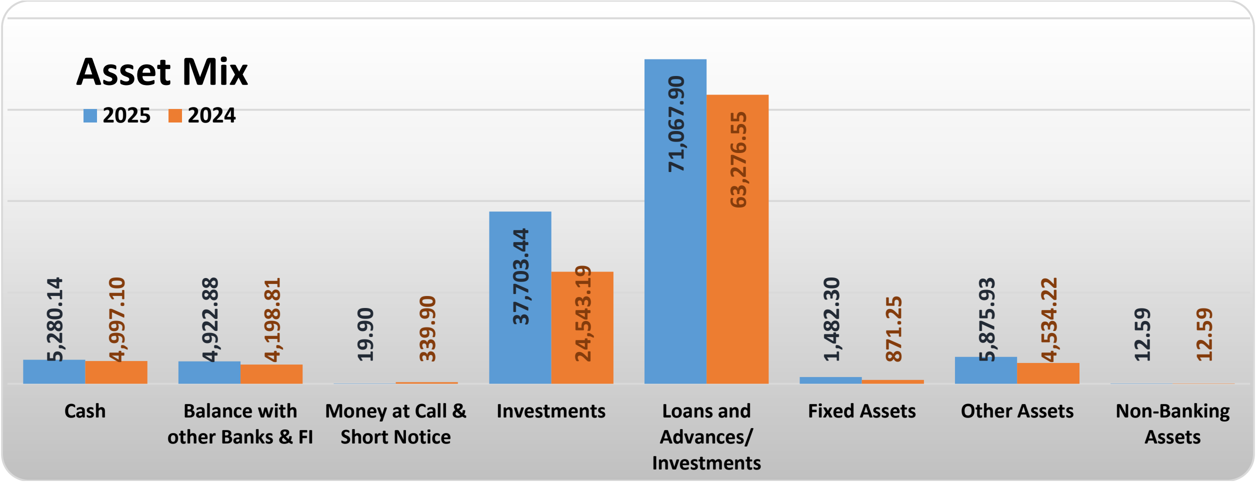
BALANCE SHEET

Particulars	In BDT Million		% of Growth in 2025 over 2024
	December 2025	December 2024	
Cash	5,280.14	4,997.10	5.66%
Balance with other Banks & Financial Institutions	4,922.88	4,198.81	17.24%
Money at Call and Short Notice	19.90	339.90	-94.15%
Investments	37,703.44	24,543.19	53.62%
Loans and Advances/ Investments	71,067.90	63,276.55	12.31%
Fixed Assets including Premises Furniture & Fixtures	1,482.30	871.25	70.14%
Other Assets	5,875.93	4,534.22	29.59%
Non-Banking Assets	12.59	12.59	0.00%
Total Property and Assets	**126,365.08**	**102,773.59**	**22.95%**
Borrowings from other Banks Financial Institutions & Agents	18,391.46	8,971.08	105.01%
Deposits and other Accounts	86,432.19	75,205.07	14.93%
Other Liabilities	11,060.42	8,920.66	23.99%
Capital/Shareholders' Equity	10,481.02	9,676.78	8.31%
Total Liabilities and Shareholders' Equity	**126,365.08**	**102,773.59**	**22.95%**

ASSETS:

Total Assets of the Bank stood at BDT 126,365.08 Million in 2025 compared to BDT 102,773.59 Million in 2024, i.e., growth up by 22.95% over 2024. During the year 2025, Loans & Advances growth was 12.31% and Investment in Govt. Treasury bills/bonds and others increased by 53.62% over the previous year 2024. Fixed assets increased by 70.14% over 2024, due to remarkable amount of fixed assets were procured during the reporting year. 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 14.93% and shareholders' equity grew by 8.31% over 2024. 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 2025.



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

- **Cash in hand**

  Cash in hand balance stood at BDT 5,280.14 Million in 2025 compared to BDT 4,997.10 Million in 2024, i.e., 5.66% growth over 2024.

- **Balance with other Banks, Financial Institutions and Its Agents**

  The aggregate position of cash at Banks and NBFIs, including call money was BDT 4,922.88 Million in 2025, compared to BDT 4,198.81 Million in 2024, reflected by 17.24% increase from 2024, which indicating a commendable rise in holding liquid funds and enhanced incoming payments in accounts held with other Banks and NBFIs. Whereas, a decline to BDT 19.90 Million in 2025 in Money at Call and Short Notice (around 94.15% decrease) indicates a lower reliance to interbank lending in money market.

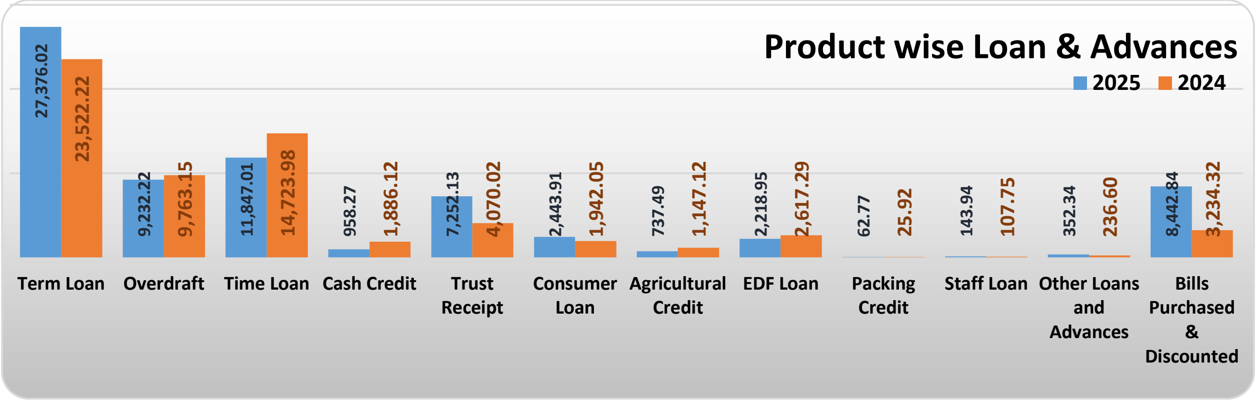
- **Investments**

  During the year ended on December 31, 2025, the investment increased by 53.62% to BDT 37,703.44 Million in 2025 from BDT 24,543.19 Million in 2024. Bank's investment comprises of government securities of BDT 32,694.59 Million and others investment of BDT 5,008.85 Million (investment in debenture, corporate bond, etc.). Investment in government securities increased by BDT 11,549.89 Million over 2024 (54.62% increase), due to fresh investment in Treasury bills/bonds during the year.

- **Loans and Advances**

  Loans and Advances was stood at BDT 71,067.90 Million in 2025 compared to BDT 63,276.55 million in 2024, i.e. representing a growth up by 12.31% year-on-year basis. Yield on loans and advances increased to 10.72% in 2025 from 10.33% in 2024, due to rise in lending rate during the year. Non-performing Loans (NPLs) increased to BDT 2,189.94 million in 2025 from BDT 2,390.54 million in 2024, i.e., NPL ratio reduced to 3.08% in 2024 from 3.78% in 2024.

  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 56.17% of the current loan portfolio will be matured less than one year, 30.55% will be matured more than one year, but less than 5 years and rest 13.28% will be matured more than 5 years **(note # 7.04).** Bank's Advance to Deposit Ratio (ADR) at the end of 2025 decreased to 75.15% from 77.29% in 2024 and this slight decrease reflect increasing demand for loan and advances due to higher confidence from business and industry in overall economy.



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❖ Fixed Assets and Other Assets

The aggregate amount of written down value of fixed assets of the Bank stood at BDT 1,482.30 million in 2025, compared to BDT 871.25 million in 2024 **(note # 8),** demonstrating growth of 70.14%, 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 5,875.93 million in 2025, compared to BDT 4,534.22 million in 2024 **(note # 9)**, showing grew up by 29.59% over 2024.

❖ 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

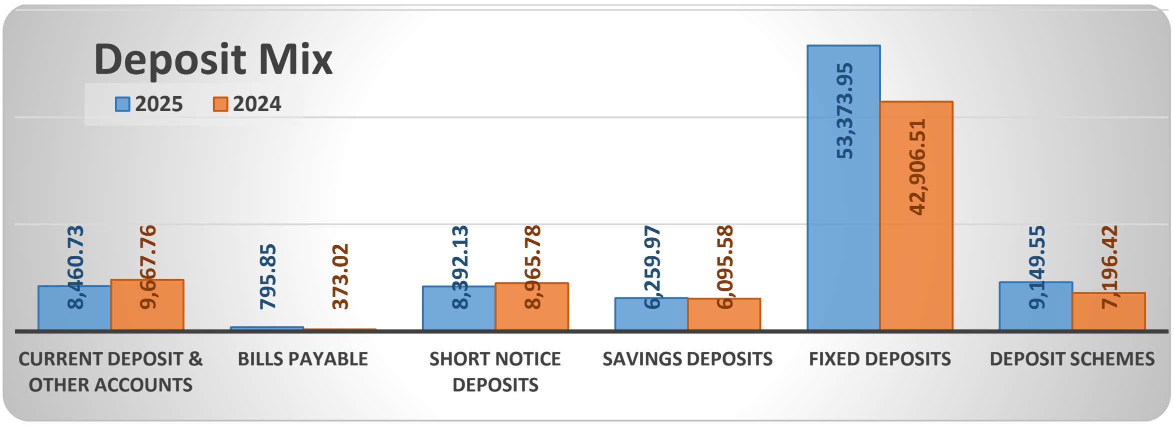
The borrowing represented call borrowing, REPO of Treasury Bills and refinances against SME loans from Bangladesh Bank, etc. The borrowings were mainly used for Bank's liquidity, purchasing Treasury Bills/Bonds as a Primary Dealer (PD) Bank, which were devolved on the Bank in excess of CRR & SLR requirements. During the year 2025, Borrowings of the Bank increased by 105.01% to BDT 18,391.46 million in 2025 from BDT 8,971.08 million in 2024 **(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 2025 over 2024**	**Deposit Mix (%)**	
	2025	**2024**		**2025**	**2024**
Current Deposit & Other Accounts	8,460.73	9,667.76	-12.49%	9.79%	12.86%
Bills Payable	795.85	373.02	113.35%	0.92%	0.50%
Short Notice Deposits	8,392.13	8,965.78	-6.40%	9.71%	11.92%
Savings Deposits	6,259.97	6,095.58	2.70%	7.24%	8.11%
Fixed Deposits	53,373.95	42,906.51	24.40%	61.75%	57.05%
Deposit Schemes	9,149.55	7,196.42	27.14%	10.59%	9.57%
Total Deposits	**86,432.19**	**75,205.07**	**14.93%**	**100.00%**	**100.00%**

The Bank successfully enhanced the deposit portfolio to BDT 86,432.19 Million in 2025 with a growth of 14.93% compared to BDT 75,205.07 million in 2024 **(note # 12)**. Cost of deposit and cost of fund stood at 8.27% and 10.43% in 2025, respectively as against 7.18% and 9.51% in 2024, respectively. The strong customer-based deposits comprise of individual, corporation, small & medium size enterprises, NBFIs, government entities, NGOs, autonomous bodies and others.



Graph

During the financial year 2025, MDB's deposit blend was stable with no-cost and low- cost Deposits was at 27.66% of total Deposits, Fixed Deposits to total Deposits was at 61.75% and Scheme Deposits to total Deposits was at 10.59%. 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 24.48% with a total volume of BDT 115,884.06 million in 2025 against BDT 93,096.81 million in 2024. Core Deposits of the Bank increased by 14.93% to BDT 86,432.19 million in 2025 from BDT 75,205.07 million in 2024.

❖ **Shareholders' Equity**

The shareholders' equity stood at BDT 10,481.02 million in 2025 compared to BDT 9,676.78 million in 2024, i.e., up by 8.31% over 2024. Statutory reserve was increased by BDT 10.54% to BDT 2,328.78 million in 2025 against BDT 2,106.81 million in 2024, while retained earnings increased by 23.84% to BDT 1,404.03 million in 2025, as against BDT 1,133.75 million in 2024.

- ❖ **Statutory Reserve**

As per section 24 of the Bank Company Act 1991 (Amendment up to 2023), 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 2025 stood at BDT 2,328.78 million, compared to BDT 2,106.81 million in 2024, i.e., increased by 10.54% over 2024.

- ❖ **INCOME STATEMENTS**

- ➢ **Operating profit and Net profit after tax**

The Bank reported operating profit before tax and provision of loans BDT 2,701.59 million in 2025 against BDT 2,114.45 million in 2024, representing 27.77% growth over 2024. On the other hand, net profit after tax increased by 0.94% to BDT 825.68 million in 2025 from BDT 817.95 million in 2024, due to increasing investment income by 72.55%as well as reduction in Commission, fees and brokerages etc. by 24.26% and other operating income by 0.90%. Net interest income decreased by 1650.10% during 2025, which is mostly attributed to rising costs of funds and costs of deposits during 2025. However, EPS slightly increased by 0.81% to 1.25 in 2025 compared to BDT 1.24 in 2024 and corresponding ROA during the period reduced to 0.72% in 2025 from 0.88% in 2024 and ROE also decreased to 8.19% in 2025 from 8.69% in 2024. However, NAV per share grew to BDT 15.91 in 2025 against 14.69 in 2024, i.e., grew by 8.31% year on year basis.

Details of net profit after tax given below table:

Particulars	BDT in Million		% of Growth in 2025 over 2024
	2025	2024	
Interest Income/Profit on Investment	7,159.63	6,020.82	18.91%
Interest/Profit Paid on Deposits and Borrowings etc.	8,065.00	5,962.41	35.26%
Net Interest Income	**(905.37)**	**58.41**	**-1650.10%**
Income from Investment	4,663.11	2,702.43	72.55%
Commission, Exchange and Brokerage	595.59	786.36	-24.26%
Other Operating Income	147.24	148.58	-0.90%
Total Operating Income	**4,500.56**	**3,695.78**	**21.78%**
Total Operating Expenses	1,798.98	1,581.33	13.76%
Profit before provision	**2,701.59**	**2,114.45**	**27.77%**
Total Provision	1,591.73	989.25	60.90%
Profit Before Tax	**1,109.86**	**1,125.21**	**-1.36%**
Provision for corporate tax	284.18	307.25	-7.51%
Net Profit After Tax	**825.68**	**817.95**	**0.94%**
Earnings per share (EPS)	**1.25**	**1.24**	**0.81%**

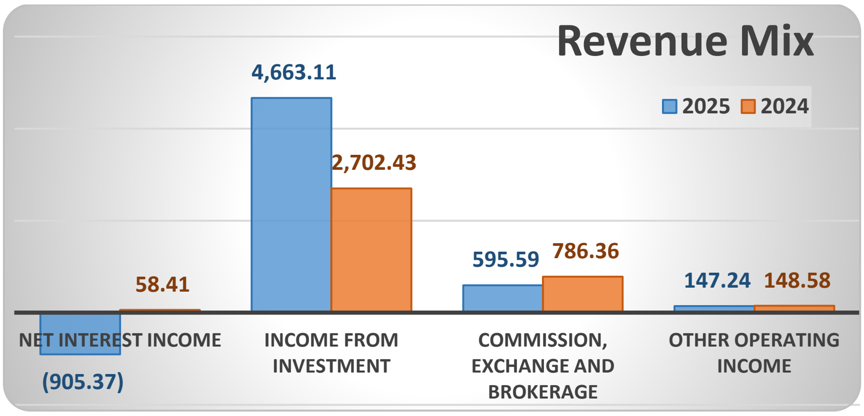
- ➢ **Net Interest Income:**

The interest income on loans and advances increased by BDT 1,138.81 million to BDT 7,159.63 million in 2025 against BDT 6,020.82 million in 2024, i.e., 18.91% growth up over 2024, due to increase loan portfolio by BDT 7,791.35 million as well as rise in yield rate by 0.39% over 2024.

On the other hand, interest paid on deposit & borrowings increased by BDT 2,102.59 million to BDT 8,065.00 million in 2025 from BDT 5,962.41 million in 2024, i.e., up by 35.26% over 2024, due to rise in cost of deposit by 1.09% over 2024, as well as volume of deposit increased by BDT 11,227.12 million over 2025. Rising cost of deposits and funds has resulted in decrease in net interest income by BDT 963.78 million from BDT 58.41 million in 2024 to negative BDT 905.37 million in 2025, i.e., decline by 1650.10% over 2025.

- **Operating Expenses:**

Operating expenses of the Bank increased by BDT 217.64 million to BDT 1,798.98 million in 2025 compared from BDT 1,581.33 million in 2024, i.e., increased by 13.76% over 2024, due to increasing the branch networks and expansion of business activities during the year. By and large, Bank's administrative expenses remained steady during 2025 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.



Graph

- **HR Productivity:**

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

Particulars	2025	2024	% of Growth in 2025 over 2024
Number of regular employee (excluding contractual employees in 2025 and 2024 were 291 and 317, respectively)	602	549	9.65%
	In BDT Million		**In %**
Operating income per employee	4.49	6.73	-33.34%
Operating expenses per employee	2.99	2.88	3.75%
Operating profit before provision and tax per employee	4.49	3.85	16.52%
Net profit after tax per employee	1.37	1.49	-7.94%

Graph

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

General provision against UCLs (Standard & SMA) was BDT 684.56 million in 2025 against BDT 530.84 million in 2024 (**note # 13.01**). General provision increased by BDT 153.71 million over the last same corresponding year, due to increase of loans by BDT 7,791.35 million over 2024. The Bank also maintained general provision against off-balance sheet exposures of BDT 209.54 million in 2025, compared to BDT 124.62 million in 2024 (**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 2025, Bank's specific provision increased by BDT 307.78 million to BDT 2,285.71 million in 2025 from

BDT 1,977.93 million in 2024, due to classification of some default loan accounts during the year, so that NPL ratio stood at 3.08% in 2025 against 3.78% in 2024 (**note # 13.01**).

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

General provision against investment in Shares/Debentures/Commercial Papers was BDT 344.92 million in 2025 compared to BDT 418.58 million in 2024. The provision decreased by BDT 73.66 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**).

- **Net profit after tax:**

As per Income Tax Act 2023 and Finance Act 2025, the Bank has to made adequate provision of current tax and deferred tax. As such, we have made a provision of BDT 284.18 million in 2025 against BDT 307.25 million in 2024 (note # 36.00). After making appropriate provision of tax, net profit after tax stood at BDT 825.68 million in 2025, compared to BDT 817.95 million in 2024, representing 0.94% decline over 2024. 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.

- **Transferred to Statutory Reserve:**

As per section 24 of the Bank Company Act 1991 (Amendment up to 2023), 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 transferred to Statutory Reserve as guided by Bank Company Act which is BDT 221.97 Million at the end of 2025, compared to BDT 225.04 Million in 2024, i.e., decreased by 1.36% over 2024.

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

Particulars	**2025**	**2024**
ROE-Return on average equity	8.19%	8.69%
ROA-Return on average assets	0.72%	0.88%
Cost to income ratio	39.97%	42.79%
Capital to Risk Weighted Assets Ratio (CRAR)	15.92%	16.78%
Advance Deposit Ratio (AD Ratio)	75.15%	77.29%
Non-Performing Loans (NPLs) Ratio	3.08%	3.78%
Earnings per share (EPS) in BDT	1.25	1.24
Net Asset Value per Share (NAV) in BDT	15.91	14.69

- **Appropriation of Profit:**

Profit after tax (PAT) stood at BDT 825.68 million at the end of 2025, compared to BDT 817.95 million in 2024. Profit available for distribution among the shareholders is BDT 319.83 million after a mandatory transfer to statutory reserve of BDT 221.97 million, i.e., 20% on profit before tax, BDT 8.26 million for Startup Fund, i.e., 1% of net profit after tax and adjustment of deferred tax BDT 171.83 million. The Board of Directors in its 179th meeting held on April 28, 2026 recommended 3.00% cash dividend & 3.00% stock dividend for the financial year 2025, which will be reviewed and approved by the shareholders in its next 13th Annual General Meeting (AGM).

➢ Summary of appropriation of profit:

Particulars	In BDT Million	
	2025	2024
Profit after tax (PAT)	**825.68**	**817.95**
Retained earnings brought forward from previous year	749.95	549.02
Net effect of all item directly recognized in retained earnings	58.63	-
To be appropriated	**1,634.26**	**1,366.97**
Transfer to statutory reserve	(221.97)	(225.04)
Transfer to CSR	-	-
Transfer to Startup Fund	(8.26)	(8.18)
Retained Surplus	**1,404.03**	**1,133.75**
Adjustment of deferred tax	(171.83)	(212.71)
Net Distributable Profit	**1,232.20**	**921.04**
Paid-up Capital	6,588.60	6,396.70
Dividend Potential Ratio/ Profit Distribution Rate per Unit of Capital	**18.70%**	**14.40%**

- ❖ We may pay dividend after adjustment of deferred tax income on provision for classified loans & advances as per BRPD circular 11 dated 12 December 2011.
- ❖ We are also eligible for dividend declaration and payment as we fulfill all the criteria mentioned in DOS Circular No. 01 dated- 13-03-2025 and SPCD Circular No. 05 dated- 15-03-2026 regarding 'Dividend Declaration Policy for Banks'.
- ❖ CSR expenses for the year 2025 reported in other expenses note # 34.

➢ 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 20 (Twenty) NOSTRO Accounts in five major international currencies and ACU currency and 169 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	48,575	38,455	26,685	113,714
Non-interest earning assets	5,922	3,334	3,395	12,651
Total assets	**54,496**	**41,789**	**30,079**	**126,365**
Interest bearing liabilities	60,820	36,142	2,686	99,648
Non-Interest bearing liabilities	5,707	4,181	6,348	16,236
Total liabilities	**66,527**	**40,323**	**9,034**	**115,884**
Maturity Gap	**(12,030)**	**1,466**	**21,045**	**10,481**

- **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 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 2025, the Bank spent an amount of BDT 5.00 million & BDT 8.33 million respectively for annual CSR activities & Charitable (under IBW Compensation amount) 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 2025 (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.

- **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 2023) 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 settles.

- **Internal Control Environment**

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

- **Supplier Payment Policy**

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

- **Shareholders' Value**

  The Board of Directors is fully committed to accretion the high value of its shareholders' investment by earning solid profitability through delivering excellence in services to its valued clients and stakeholders. The Board was able to keep its commitment by settling excellence profitability trends in the year 2025. During the year, earning per share (EPS) stood at BDT 1.25 against BDT 1.24 in 2024, Return on Equity (ROE) at 8.19% in 2025 against 8.69% in 2024, Return on Average Assets (ROA) stood at 0.72% in 2025, against 0.88% in 2024 and Net Assets Value per share (NAV) stood at BDT 15.91 compared to BDT 14.69 in 2024.

- **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 2025, a total 14 meetings of the Board of Directors were held.

- **Appointment of Auditors**

Hussain Farhad & Co., Chartered Accountants had conducted the audit of the Bank for the financial year 2025. They have completed 2nd term (2nd year). As per Bangladesh Bank's guideline regarding list of Audit Firms (Chartered Accountants) eligible for auditing banks and financial companies (updated as on 05.02.2024) and Hussain Farhad & Co., Chartered Accountants expressed their willingness to conduct audit for the FY 2025 along with other audit firms. Accordingly, the shareholders of the Bank in the 12th Annual General Meeting (AGM) of the Bank elected and appointed Hussain Farhad & Co., Chartered Accountants as the statutory auditors of the Bank for the audit of the financial statements for the year ended 2025.

- **Annual General Meeting (AGM)**

The schedule of 13th 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 179th meeting held on April 28, 2026 to be placed before the shareholders of the Bank in the 13th AGM for review and approval.

- **Outlook of Financial Year 2025**

The Management of MDB is conscious of increased regulatory pressure related to implementation of Expected Credit Loss (ECL) methodology-based Classification of Loan and Provisioning System for banks in accordance with International Financial Reporting Standard (IFRS 9) by 2027, which can be challenging. In this respect, 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, 2025. However, MDB has gained resilience to absorb any sudden shock of deposit outflow by huge improvement in the deposit mix. At present, 38.79% 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 2026.

- **Positive Growth: Last 05 Years**

Midland Bank PLC. has proven consistent financial growth over the past five years, reflecting its commitment to strategic management and operational efficiency.

Midland Bank PLC 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
2021	1,571	514
2022	1,527	562
2023	1,743	1,133
2024	2,114	817
2025	2,701	825

Over the past five years, Midland Bank PLC has shown steady financial growth. Profit before provision and tax increased from BDT 1,571 million in 2021 to BDT 2,701 million in 2025. Profit after tax remained consistent with expected growth over the year and remained strong at BDT 825 million in 2025, 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 Declared
2021	5%
2022	5%
2023	5%
2024	6% (3% Cash, 3% Stock)
2025	6% (3% Cash, 3% Stock)

The 2025 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 clienteles 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